

DEPARTMENT OF MINERAL RESOURCES
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DEPARTMENT OF MINERAL RESOURCES



HOTAZEL, DEVON & KIPLING SOCIAL AND LABOUR PLAN



Table of Content

	PAGE
SECTION 1	4
PREAMBLE	
1. Preamble	5
1.1 Location of the mine	6
1.2 Details of the proposed mine	8
SECTION 2	9
HUMAN RESOURCE DEVELOPMENT	
2. Human Resource Development	10
2.1 Compliance with skills development legislation	10
2.2 Human Resource Development Programme	10
2.2.1 Education levels of employees	11
a) Education levels of KMR employees	12
2.2.2 Human Resource Development Plan	13
2.2.2.1 Adult Basic Education Training (ABET)	14
2.2.2.2 Learnership	15
a) Internal learnership	15
b) External learnership	15
2.2.2.3 Portable skills	16
2.2.2.4 Bursaries and Internships	16
2.3 Hard to fill posts	17
2.4 Career path	17
2.5 Mentorship plan	18
3. Employment Equity	18
3.1 Employment Equity profile	19
3.2 Disability	19
3.3 Women	20
SECTION 3	21
COMMUNITY DEVELOPMENT	
4. Mine Community Development	22
4.1 Social and Economic background	22
a) Population profile	22
b) Economic profile	22
c) Education levels	23
d) Employment, income and expenditure profile	23
e) Infrastructure	24
f) Housing	25
4.2 Economic activities of the area in which the mine operates	26
4.2.1 Primary, Secondary and Tertiary Economic activities	26
4.2.2 Impact of the mine on local and labour sending communities	26
4.3 LED programme	27
4.3.1 Infrastructure and poverty eradication project	27

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4.3.2	Community development projects	28
a)	Water infrastructure challenges	29
b)	Communities that lack source supply	29
4.3.2.1	Projects	29
a)	Magojaneng water infrastructure	29
b)	Tsineng & Gatshekedi water infrastructure	30
c)	Clinic	31
d)	Mobile clinic	32
4.4	Housing and living conditions	33
SECTION 4		34
MANAGEMENT OF DOWNSCALING & RETRENCHMENT		
5.	Management of downscaling and retrenchments	35
5.1	Establishment of Future Forum	35
5.2	Mechanisms to save jobs and avoid job losses and a decline in employment	37
5.2.1	Consultations	37
5.2.2	Implementing section 189 of the Labour Relations Act, 1995	37
5.2.3	Notification to the Minerals and Mining Development Board	37
5.2.4	Compliance with Ministerial directive	37
5.3	mechanisms to provide alternative solutions and procedures for creating job security where job losses cannot be avoided	39
5.3.1	Notification of all relevant parties	39
5.4	Mechanisms to ameliorate social and economic impact on individuals, regions and economies where retrenchment or closure of mine is certain	41
5.4.1	Assessment and counselling service	41
5.4.2	Comprehensive self-employment training programmes and portable skills	41
SECTION 5		
FINANCIAL PROVISION		43
6.	Budget	44
7.	Undertaking	45
Annexure A		46
i.	Water Source, Reticulation and Storage needs	46
ii.	Additional infrastructure needs	47
iii.	<i>Communities that have infrastructure and lack of source supply</i>	50



SECTION 1

PREAMBLE



1. PREAMBLE

Name of mine	Kudumane Manganese Resources
Mining Right	NC 30/5/1/2/2/10053MR
Physical Address	Hotazel 280, Devon 277 & Kipling 271
Postal Address	P O Box 1010, Houghton, 2041
Telephone number	011 880 2771 or 053 742 3500
Fax number	011 447 5912
Location of mine/ production operation	Farms: Farm Hotazel 280, Devon 277 & Kipling 271 Municipality: John Taolo Gaetsewe District Municipality Joe Morolong Local Municipality
Commodity	Manganese
Life of mine	10 years
Financial year	31 st March
Responsible person	Nompumelelo Gaven Transformation Manager Tel: +27 11 880 2771 Fax: +27 11 447 5912 Email: Mpumi.gaven@kmr.co.za
Geographic origin of employees (mine community Labour sending areas)	Northern Cape North West, Free State and Gauteng
Employees	It is estimated that the operation will employ 125 people.

Table 1: Background Information

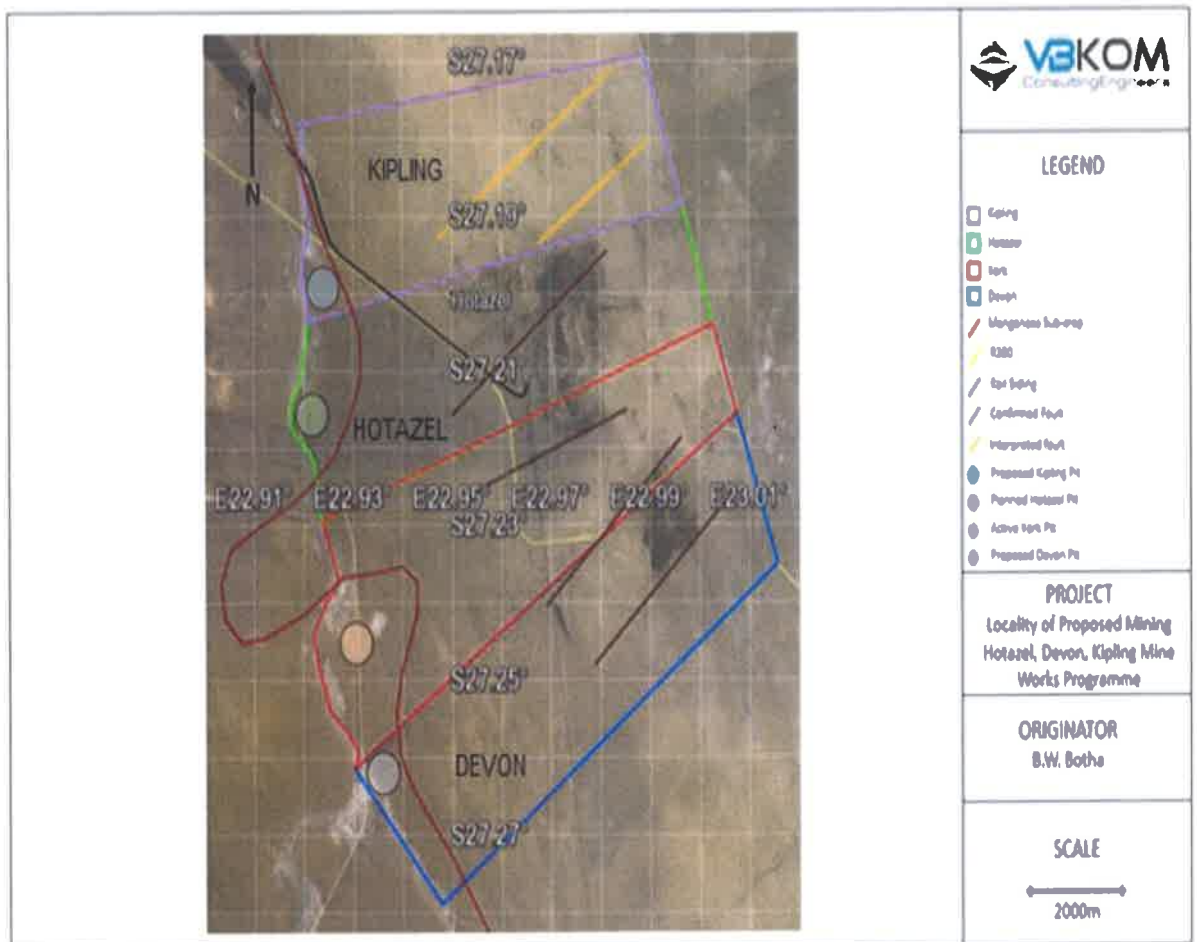
Socio economic development of communities and employees are an integral part of KMR operations. The objective of KMR SLP programme is to:

- Develop employee skills through education and training to improve the quality of life of workers, productivity in the workplace and to become employer of choice.
- Contribute towards community infrastructure development.
- Ensure that employees are skilled post mining operation.

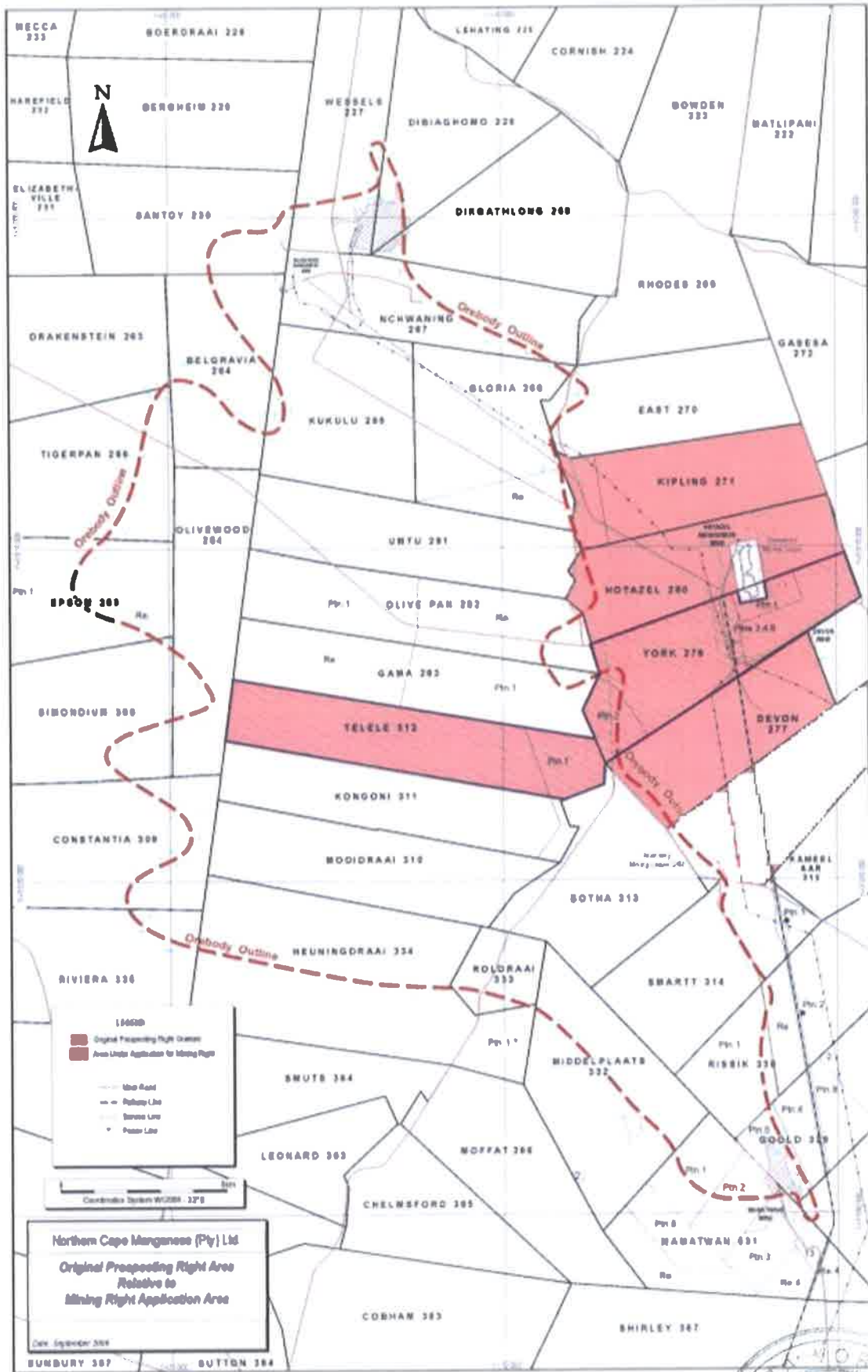
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1.1 LOCATION OF THE MINE

The proposed operation, farms Hotazel 280, Devon 277 & Kipling 271 is located in Northern Cape, in the John Taolo District Municipality, which is 60 kilometres from Kuruman and seven kilometres from Hotazel town. The farms are adjacent to one another, farm Kipling 271 is located on the north side of the farm Hotazel 280 and Devon 277 is on the south side of the existing KMR operation (York).



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1.2 DETAILS OF THE PROPOSED MINE

The extent of the area required for mining is 112 hectares, farms Hoazel, Devon and Kipling. The project is fairly small (three year life of mine each) with pockets of high grade ore, hence it is regarded as an extension of the existing mine operation. The project is expected to yield about 500 000 tonnes per annum for ten years.

The operation is an open cast mine and will make use of existing infrastructure from York operation. KMR is considering a combination of owner operator and contract mining. Specialist functions such as drilling and blasting would be outsourced whereas the majority of the support function will make use of shared services with the existing operation (York farm).



SECTION 2

HUMAN RESOURCE DEVELOPMENT



2. HUMAN RESOURCE DEVELOPMENT

The industry has evolved from the conventional to mechanised methods of mining over a century. The commodities are cyclical and such does not only compel the industry to concoct new strategies to innovatively find opportunities in the myriad of challenges facing the sector, it also puts forth the need for more efficient and cost effective labour, and these may drive the need for technology advancements which will require more skilled people.

The manganese subsector is relatively small (<20 operations) in number compared to other commodities (Coal, PGMs, gold, etc.). Concerted efforts will be put in place to seek joint projects to implement SLP projects as the approach has potential to wield impact for the beneficiaries (employees and community) as well as the Kalahari basin mining operations.

Skills shortage cannot be under stated, the challenge is not only in the mining industry, but in the mining industry nationwide. The HRD programme highlights the initiatives sought to contribute towards socio economic development, particularly employees and communities in and around the mine operation.

2.1 COMPLIANCE WITH SKILLS DEVELOPMENT LEGISLATION

Currently, KMR employs more than 80% local employees and few employees from North-West, Free State and Gauteng. KMR is registered with the Mining Qualification Authority (MQA) SETA and is compliant with the regulatory requirements, i.e. the 2015 Works Skills Plan (WSP) annual report and the Annual Training Report (ATR) have been duly submitted. KMR is committed to contribute 1% of its payroll towards skills development and the item will form part of regulatory costs as soon as the project commences.

Name of SETA	Mining Qualification Authority
Skills Development Facilitator	Copper Sunset
Work Place Skills plan (WPS) proof of submission	The WPS plan was submitted on 30 April 2015.

Table 2: SETA compliance

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2.2 HUMAN RESOURCE DEVELOPMENT PROGRAMME

The KMR HRD seeks to align and integrate the organic resource development of the organisation to a skills development programme [skills development (i.e. ABET, Learnership, portable skills & bursaries); career progression; mentorship and employment equity].

INTEGRATED HUMAN RESOURCE DEVELOPMENT			
↓			
Skills Development	Career Progression	Mentorship	Employment Equity

Table 3: Integrated HRD

The majority of Northern Cape FET colleges are in need of curricula upgrade to supply the required skills needed and practical training. As a result, there is significant skills gap in artisanal skills as well as Engineering related positions in management level.

Once the mine is operationalised, KMR will undertake a skills audit to identify educational and illiteracy levels to develop a training programme to address skills gaps that may exist. As at December 2015, the total complement of KMR workforce was 322, of which 68 is direct employees and 254 indirect (contractors) employees.

2.2.1 Education levels of employees

Currently, KMR has 24% of employees who do not have Grade 12. Table 4 below stipulates the number and education levels of the current KMR employees.

Therefore, the programme is designed to place emphasis on developing artisanal skills including internal and external (communities and resident contractors) employees. Table 5 depicts a summary of HRD plan.



a) Education Level s of KMR Employees

NQF BAND	NQF LEVEL	EDUCATION CLASSIFICATION SYSTEM	DEMOGRAPHICS										TOTAL	%
			A	C	I	W	F	M	FN	<35	35-55	55>		
General Education and Training (GET)	Below NQF 1	ABET 1	-	-	-	-	-	-	-	-	-	-	0	0%
		ABET 2 / Std. 3, Grade 5	2	-	-	-	-	2	-	-	1	1	2	3%
		ABET 3 / Std. 5, Grade 7	1	-	-	-	1	-	-	-	1	-	1	1.4%
	1	ABET 4 / Std. 7, Grade 9	-	-	-	-	-	-	-	-	-	-	-	-
Further Education and Training (FET)	2	Std. 8 / Grade 10, NATED 1 / NCV Level 1	0	1	-	-	-	1	-	1	-	-	1	1.4%
	3	Std. 9 / Grade 11, NATED 2 / NCV Level 2	11	2	-	-	4	9	-	10	3	-	13	19%
	4	Std. 10 / Grade 12, NATED 3 / NCV Level 3	9	3	-	-	5	7	-	9	3	-	12	18%
Sub Total			23	6	0	0	10	19	0	20	8	1	29	43%

Higher Education and Training (HET)	5	National/Higher Certificate	4	5	-	4	6	7	-	7	6	-	13	19%
	6	National Certificate /Diploma / Advanced Certificate/NATED 4 – 6	8	0	-	0	3	5	-	4	4	-	8	12%
	7	National Certificate/Advanced Diploma/ B Tech Degree/Bachelor's Degree	9	1	-	2	4	8	1	4	8	-	12	17%
	8	Bachelor Honor's Degree/Postgraduate Diploma/Bachelor's Degree (480 credits)	3	-	-	1	3	1	-	-	4	-	4	6%
	9	National Certificate/Master's Degree/Master's Diploma	2	-	-	-	1	1	-	-	2	-	2	3%
	10	Doctoral Degree and Post-doctoral Degree	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total			26	6	0	7	17	22	1	15	24	0	39	57%
Total			49	12	0	7	27	41	1	35	32	1	68	100%

Table 4: Education Level of Employees

2.2.2 HRD Plan

TRAINING	CLASSIFICATION	PERIOD				
ABET	PROGRAM	Year 1	Year 2	Year 3	Year 4	Year 5
	ABET 1	5	5	5	5	5
	ABET 2	5	5	5	10	10
	ABET 3	5	10	10	10	10
	ABET 4 / NQF 1	10	10	10	15	15
	NQF 2	10	10	10	12	12
LEARNERSHIPS	NQF 3	5	10	10	10	10
	NQF 4	5	5	6	8	8
Portable Skills	Basic Life Skills	5	5	10	10	10
	Basic Artisanal skills	5	5	5	5	5
	Basic Entrepreneurship skills	0	5	5	5	5
Internship		1	1	1	1	1
Bursaries		0	1	1	1	1

Table 5: HRD Plan

2.2.2.1 Adult Basic Education Training (Abet)

The sector has more than 40% of employees who do not have Standard 10/Grade 12. It is envisaged that the operation will attract approximately 100 general operators. Therefore it is most likely that the proposed project may attract employees in need of training in functional literacy and/or numeracy. An in-house facility is being established to provide ABET training. Due administrative processes are on course to ensure that the facility is registered with the MQA and operationalised. A phased in approach will be considered to align ABET training with portable skills and basic artisanal skills.

Once the project is operational a skills audit will be conducted to determine the actual data to determine training needs on general education and training. The table (Table 5) below depicts the projected targets.

ABET	TARGET					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
ABET 1, 2, 3 & 4	25	30	30	40	40	165
BUDGET	87,500	105,000	105,000	140,000	140,000	577,500

Table 6: ABET plan

2.2.2.2 *Learnership*

The focus of KMR learnership is a structured learning which combines institutional and workplace experience that is directed towards the achievement of a SAQA-registered qualification. The approach seeks to provide artisanal training for internal employees and also target unemployed learners, particularly the youth, as a mechanism to provide training of new entrants to the mining and minerals sector.

The implementation of a learnership will be conducted by KMR in collaboration with resident contractors in partnerships with MQA and FET colleges. The objective is primarily to:-

- assist learners to achieve a national qualification;
- build skills in specific occupations (trade related learnership);

- provide access to skills that have immediate economic value; and
- provide artisanal and technical related skills including but not limited to, fitting and turning; boiler making; diesel mechanic; instrumentation; electricity; etc.

a) Internal Learnership programme (KMR and Contractors)

The internal learnership is a collaboration of KMR and predominantly resident contractors. Learners undertake their studies at an identified institution and offered in-service training. Students are encouraged to undertake courses/fields of study in areas of need (e.g. diesel mechanic, instrumentation, etc.) as it provides an opportunity for in-service training. However in situations where they elect to divert, they are assisted to apply to seek practical externally.

LEANERSHIP						
	NQF level	Year 1	Year2	Year 3	Year 4	Year 5
Classification	NQF 2	10	10	10	12	12
	NQF 3	5	10	10	10	10
	NQF 4	5	5	6	8	8
Budget	-	90,000	112,500	117,000	135,000	135,000

Table 7: Learnership plan (internal)

b) External learnership programme (Community)

LEANERSHIP						
	NQF level	Year 1	Year2	Year 3	Year 4	Year 5
Classification	NQF 2	10	10	10	12	12
	NQF 3	5	10	10	10	10
	NQF 4	5	5	6	8	8
Budget	-	90,000	112,500	117,000	135,000	135,000

Table8: Learnership plan (External)

2.2.2.3 Portable skills

As part of enabling employees to become skilled personnel post mining, portable skills will be identified focusing on:

- Basic life skills (Occupational, Health and safety and environment, first aid, fire-fighting, HIV/AIDS awareness, etc.);
- Basic artisanal skills (welding, brick laying, fitting, boiler making, etc.); and
- Basic entrepreneur skills (financial management, retirement planning, franchising, farming, etc.)

PORTABLE SKILLS					
Target	Year 1	Year 2	Year 3	Year 4	Year 5
No of Trainees	20	20	20	20	20
Budget	250,000	250,000	250,000	250,000	250,000

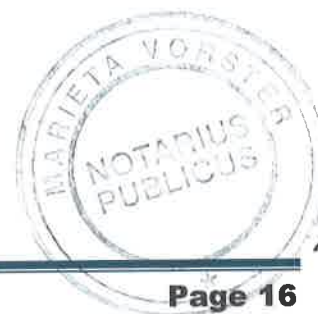
Table 9: Portable skills plan.

2.2.2.4 Bursaries & Internship

KMR will offer bursaries to eligible students who seek to pursue their career in mining related fields of study. The internship plan will be aligned to the employment equity of resident contractors to ensure 40% compliance target for the core skills.

BURSARY & INTERNSHIP					
	Year 1	Year 2	Year 3	Year 4	Year 5
Bursary	0	1	1	1	1
Internship	0	0	1	1	1
Budget	0	50,000	100,000	100,000	100,000

Table 10: Bursary & Internship plan



2.3 HARD TO FILL POSTS

During the past 12 months, the following skills could not be filled due to the following:

#	Occupational level	Job title	Reasons
1.	Top Management	N/A	
2.	Senior Management	N/A	
3.	Professionally qualified and experienced specialists in mid management	i. Mine Engineer ii. Occupational Hygienist (OH)	Lack of skilled personnel in the province and unwillingness to relocate.
4.	Skilled technically and academically qualified workers, junior management, supervisors, foremen and superintendents	N/A	-
5.	Semi-skilled and discretionary decision making	N/A	-
6.	Unskilled and defined decision making	N/A	-

Table 11: Hard to fill vacancies

2.4 CAREER PATH

The development of employees incorporates employment equity imperatives particularly artisanal and technical skills. KMR will develop a programme in collaboration with MQA to implement succession plan initiatives. The envisaged career clusters that will form part of the career path will include amongst others:

CAREER	MAJOR QUALIFICATIONS	COMPETENCIES	TARGETS	PERIOD (YEARS)
Mine Overseer	▪ Mine Overseer's ticket	▪ Basting cert ▪ 5yr mining experience ▪ Planning	1	3
Production Supervisor	▪ Blasting certificate	▪ 2yr mining experience ▪ Supervisory training	1	3
Miner	▪ Blasting certificate	▪ 1yr mining experience	4	3
Engineering Manager	▪ GCC ▪ Relevant Degree	▪ 5yr experience in middle management ▪ Project man ▪ Sound technical background ▪ Understanding of mining layout ▪ Environment, Health & safety	1	5
Artisan	▪ Trade test	▪ 2yr relevant experience	3	3

Table 12: Career path plan

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2.5 MENTORSHIP PLAN

HDSA employees are identified through learnership programme and career progression and/or career pathing. The envisaged areas of development would encompass technical skills in collaboration with resident contractors with a view to improve employment equity status in core skills. The anticipated targets are as follows:

MENTORSHIP PLAN					
Career	Yr1	Yr2	Yr3	Yr4	Yr5
Section Engineer		1			1
Junior Geologist			1		
Junior Surveyor			1		
Artisan			2	2	

Table 13: Career Progression plan for Engineering

3. EMPLOYMENT EQUITY

KMR promotes policy imperatives to promote equality in employment, occupation and income in the workplace. The current occupational categories, that is, executive, senior management, middle and junior management levels are well represented and measures will be in place to address core function (technical and artisanal) categories.

3.1 EMPLOYMENT EQUITY PROFILE

KMR has adopted a hybrid model of owner and contract mining. It is envisaged that the core mining function (mining, drilling and blasting) would be outsourced, whereas functions such as crushing and screening will be operated by KMR. The Hotazel, Devon and Kipling operation will employ approximately 125 employees. About 10% of the staff will constitute direct KMR employees and the remainder will be hosted by the mining and drilling resident contractor/s.

Given the close proximity of the operation, the operation will make use of existing infrastructure at the York complex as well as shared services in as far as support function, logistics and technical services is concerned.

KMR embraces diversity in the workplace. The table below is the profile of KMR management.

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KMR EMPLOYMENT EQUITY PROFILE								
Management level	White	African	Coloured	Indian	Foreign	Total	Target	Actual
Board	0	2	0	0	2	4	50%	50%
Senior management	2	5	0	0	0	7	60%	71%
Middle management	2	6	0	0	0	8	60%	75%
Junior management	2	3	2	0	0	7	60%	71%
Core	2	7	1	0	0	10	60%	80%
Total	6	25	3	0	2	36	60%	78%

Table 14: Employment Equity profile

3.2 DISABILITY

KMR is currently integrating its HR policies to promote and recruit people with disabilities. The 2015 initiatives have started to yield results and the profile has improved. The company will continue to identify barriers to increase the number of disabled persons. The current disability profile is 1%.

3.3 WOMEN

KMR is cognisant of the plight of women in mining. KMR will develop initiatives to promote women participation. That is:

- career awareness in schools;
- 30% minimum intake of girl child in the learnership programme (external programme);
- promote women participation in core function (technical and artisanal skills); and
- HR policies that promote women participation.

Currently, about 40% of the total KMR workforce is women. There is some level of disparities particularly employees within resident contractors in core functions, an inherent structural issue across the mining industry. Once the operation commences, KMR will undertake a skills audit to determine gaps and mitigating measures thereof. The HRD and Employment Equity initiatives will be designed to cater for a poised and equitable profile.

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SECTION 3

COMMUNITY DEVELOPMENT



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4. MINE COMMUNITY DEVELOPMENT

4.1 SOCIAL AND ECONOMIC BACKGROUND

The Northern Cape is 'the largest province occupying a third of South Africa's surface with the lowest population of about 1.2 million people, a 2.2% of the total population. Africans are the dominant racial group at 55.4%, followed by Coloureds (27.2%), Whites (17.1%) and Indians (0.3%) and 68% of people speak Afrikaans and 33% speak Setswana. The province is endowed with mineral resources.

The KMR operations fall under John Taolo Gaetsewe (JTG) District Municipality district. The district has three local municipalities, Ga-Segonyane, Gamagara and Joe Morolong, and the KMR host local municipality is Joe Morolong.

The JTG district was declared by government in 2000 as a 'nodal zone' due to abstract poverty levels in some communities. Joe Morolong is the poorest of the local municipalities. This local municipality has limited infrastructure (roads and water), poor schooling, structural challenges, unemployment and limited access to health care.

There are 12 operating mines in Joe Morolong, that is KMR, UMK, South 32, Assmang Blackrock, Tshipi-e-Ntle, Kalagadi, Sebilo, Aquila mine, etc.

a) Population profile

The Joe Morolong municipality has a population of about 100 000 people with a population growth of -0,9%. 68% of people in the province speak Afrikaans and 33% speak Setswana. The communities have Tribal authorities with nine Paramount Chiefs.

b) Health and HIV prevalence

The majority of people, about 85%, rely on public service for medical services. JTG Morolong local municipality has 28 health facilities (24 clinics and 3 health centres) and there is no hospital. None of these facilities operate 24hrs and some are closed on week-ends. The district lacks medical, eye and oral care,

thus eye screening and treatable causes of blindness are left undiagnosed. There is high shortage of dentists and optometrists in the public sector.

Not all villages have clinics or health centres. The existing facilities offer limited services, people travel long distances before they can be assisted. Although government provides mobile clinics and ambulances, they are not within close reach and poor gravel roads hinder prompt response to emergencies.

The provincial HIV/AIDS prevalence as at 2015 is 17.5% and 26% nationally. As at 2013, the province recorded antenatal HIV infection rate of 18.4% and co-infection rate of HIV-TB and STI of 3.6%.

c) Economic profile

The main economic activity is mining, followed by agriculture, tourism and retail. Mpumalanga, North West, Northern Cape, Limpopo and Gauteng are the key mining provinces, as they produce just above 90% of total primary mineral sales. As at 2013, mining contributed R12.8 billion to the state revenue and 9.2% to the GDP. Iron ore is the highest (33.3%) followed by platinum (17.9%) and chrome (16.6%).

The province has the largest reserves of manganese globally at just above 80%. These resources occur over a distance of approximately 150km from south of Postmansburg to the north of Hotazel. There are various mineral resources, i.e. diamonds; lead and zinc; iron ore; manganese; lime; CLAS, etc.

The total share of primary mineral export sales of ferrous minerals (chrome, iron and manganese ore) was 23%, R89.3 billion in value. Manganese accounts for 16% of the total ferrous metals basket. Ferro metals rank second after coal at 24%. Whereas locally, just above 10% of SA's primary mineral local sales comes from Northern Cape province.

d) Education levels

JTG district has 168 schools and only 23 high schools. More than five communities share one high school.



The MQA report is indicative that the majority of employees in the mining and mineral sector has little and/or no formal education. As at 2013, 12.7% of employees in the mining sector were in possession of post school qualification, 25% have matric and/or equivalent qualification whereas 40% of employees in the mining industry do not have a Grade 12 certificate, a necessary tool essential to access to tertiary institutions and colleges.

The province is the second lowest province in literacy levels, partly due to the absence of tertiary institutions (university, etc.). About 50% of Grade 12 learners drop out of school due to socio-economic challenges. There is high shortage of artisans and engineering related skills. Such is an impediment to job creation. It is therefore imperative to devise an integrated sub sector approach as such could yield significant impact for the youth in the communities, skilled employees in the mines, return on investment for the mines and a formidable pool of technical skills in the region.

e) Employment, income and expenditure profile

The province employs 7.4% of the total mining industry workforce, which has since dropped to 5.93%.

The majority of mine operations in the province are small scale mines (<50 employees) which constitute 39% of the sector, and one large scale mining company employing 35% of the sector, and few medium to large scale operations which take up the variance. Therefore, despite the economic value of the iron ore and manganese, the subsector is relatively small (less than 20 operational mines) as compared to other primary resources (PGM's, coal, etc.).

Employee migration is minimal and the main labour sending area is Northern Cape. Currently, more than 80% of KMR employees are from the local municipality and it is envisaged that the status would remain same in the proposed operation is simply an extension of the current operation. The proposed operation will employ approximately 125 people.

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f) Infrastructure

The municipality rural establishments are connected through gravel roads and limited public transport. This exacerbates cost of providing goods and services in the area and access to amenities. As a result there is heavy reliance on the mining industry to help support the local economy.

Majority of households have below-standard sanitation service.

The primary source of energy is electricity. About 9 0% of residents have access to electricity.

The majority of people in Joe Morolong have no access to water. There is a high backlog of water infrastructure built. There is need to improve water quality and management thereof (particularly borehole water) to ensure that it is within acceptable standards. The aging water infrastructure, poor operation and maintenance, etc. are some of the challenges facing the municipality.

The province is a water scare area characterised by extreme climate. Shortage of water is a grave concern. The majority of communities rely on shared services from communal boreholes, i.e. piped water from an access point outside their dwelling as most residents do not have access to taps or piped water in their yards.

There are 33 villages that do not have access to water. Areas which experience frequent failures are Churchill, Loopeng, Manyeding and Magobing West.

The municipality has a backlog in providing services hence infrastructure development in communities focus for most mines is provision of water infrastructure.

g) Housing

The JTG district is largely rural and few peri-urban areas which are sparsely populated, averagely 60km apart. The main towns within the district borders are Kuruman, Kathu, Deben, Olifantshoek, Van Zylsrus, Bothitong, Churchill, Mayeding, Laxey, Batlharos, Mothibistad, Hotazel and Heuningvei. Informal settlements are not prominent in the province. The

land is mainly tribal or state owned land. There is about 200 settlements, and the majority of people reside in Joe Morolong Municipal area.

Joe Morolong Local Municipality covers 20, 172km² area and one semi-urban area, 145 rural villages, two small towns and commercial farms. Joe Morolong has 20 707 households.

There is about 23 707 informal households of which 50.7% is female headed, 48.3% male headed and 1% is child heads. A minor percentage ($\pm 27\%$) of households in Northern Cape province live in shacks of which the majority of dwellers do so with intent to build a traditional or formal dwelling. About 5% of these households reside in JTG district. Less than 20% shacks are rented and migrant labour is not alarming in the area. In 2015, government issued 520 for qualifying beneficiaries.

4.2 ECONOMIC ACTIVITIES OF THE AREA IN WHICH THE MINE OPERATES

4.2.1 *Primary, Secondary and Tertiary economic activities*

The mining sector plays a pivotal role in the economy of the province as a whole. *Please refer to Item 4.1.*

4.2.2 *Impact of the Mine on Local and Labour-Sending Communities*

The proposed operation will not necessitate relocation or exhumation. It is also envisaged that the operation will not attract an influx of informal settlements as this would be regarded as a small mining operation –less than 150 employees.

The, mine communities are inadvertently part of mining development and prone to adverse effects of mine closure and/or downscaling. The commodity cycle had an adverse impact on communities. Iron ore and manganese producing operations downscaled and/or retrenched personnel. The resultant thereof is

job losses, decline in economic viability, a lower income profile of the region and so forth. If these are not well managed, they manifest community unrest.

4.3 LED PROGRAMME

The underlying principle of local economic development programme is mainly to contribute towards eradicating poverty and uplifting communities within the mine operations as well as labour sending areas.

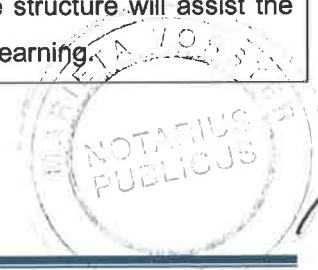
The LED of Joe Morolong local municipality has factored in mining and skills development as priority areas that drive the economic growth of the province as envisioned in the national framework. The overall priorities for economic development focus is on mining, construction, agriculture, tourism and also capacity building and SMME development. The development of green- fields contribute significantly to economic development of the region, especially rural communities.

4.3.1 Infrastructure and Poverty eradication projects

There are two projects envisaged, a pre-primary facility and road construction. The communities located within close proximity of the mine have requested assistance with road infrastructure from the manganese operations and the municipality is looking at the matter to ensure that it is included in the IDP. An integrated approach is being considered.

PROJECT	SPECIFIC	MUNICIPALITY	BENEFICIARY
Education	Pre Primary facility (Creché)	Joe Morolong	Lokaleng
IMPACT			
Currently, 20 children utilise an informal settlement structure (shack) which is not conducive for learning. During winter, unpadded corrugated material is very cold and extremely hot in summer. Whereas during rainy season, learning is interrupted and cause damage to learning material. Such has a negative effect on performance and health. The structure will assist the children of Lokaleng to have access to education that is conducive for learning.			

Table 15: KMR Poverty Alleviation project



4.3.2 COMMUNITY DEVELOPMENT PROJECTS

The challenges besetting Joe Morolong Local Municipality are mainly infrastructure backlogs (water infrastructure and roads), health care and education.

KMR has, in consultation with stakeholders, identified water infrastructure and health as focal areas for community development. On annual basis, KMR conducts stakeholder management session to appraise stakeholders on developments, validate and confirm projects.

Stakeholders consulted involve provincial (departments), district and local municipality, Kgosi of a respective jurisdiction and well as tribal authority (and council) of the community that is a beneficiary. Continuous engagements also take place through steer committees and forums.

a) Water infrastructure challenges

There are 33 villages without access to water and 910 households. Municipality delivers water with trucks to 68 villages. The existing source of water supply is mainly truck delivery and windmills. Areas which experience frequent failures are **Churchill, Loopeng, Manyeding and Magobing west**.

There are 61 villages that are in need of extension to existing infrastructure. These include, but not limited to, scattered households falling outside the existing water reticulation infrastructure which is 200 meter to the nearest water point/tap. See attached Annexure A for detailed information.

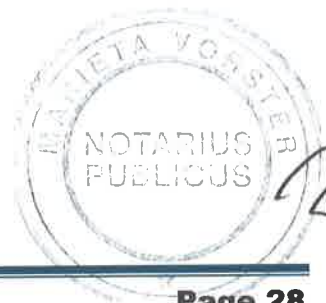


b) Communities that have infrastructure and lack of source supply

There are 11 villages that have infrastructure and do not have access to water due to source related problems. These communities are in need of bulk water supply, and development of new source scheme or connection to an existing water resource. They are as follows:

VILLAGE	PROBLEM AREA	HOUSEHOLDS (BACKLOG)	COST (R)
1. Bendell	Source and storage	620	9, 920, 000
2. Deurham	Source development	380	6,080,000
3. Ditshipeng	Additional boreholes	5	80,000
4. Eiffel Klein Eiffel	Water source/ source development	206	640,000
5. Ellendale	Source reticulation, additional source development	73	1,168,000
6. Heuningvlei	Reticulation	860	13,760,000
7. Magobing	Source and storage	512	8,192,000
8. Magojaneng	Source and storage	500	1,856,000
9. Mahukubung	Reticulation source/dry source	116	1,856,000
10. Rusfontein Wyk 9	Reticulation and source development	31	160,000
11. Shalaneng	Reticulation	26	416,000

Table 16: Communities in need of Source, Reticulation and Storage Infrastructure



a) Magojaneng Water Infrastructure

Table 17: Magojaneng project

b) Tsineng & Gatshekedi Water infrastructure

Project Name	Reticulation extension for a) Tsineng village b) Gatshekedi village		Classification	Water Infrastructure	
Background	Tsineng - 10 households do not have access to water - Two households need access to water - Water source exists and there is a need for additional reticulation Getshekedi - Two households need access to water - Water source exists and there is a need for additional reticulation				
Geographic Location	District Municipality	Local Municipality	Village name	Project start date	End Date
	John Taolo Gaetsewe	Joe Morolong	Tsineng Gatshekedi	Year 1	End of financial year - Year 2
Output	KPA	KPI	Stakeholders	Quarterly timelines and/year	Quarterly timelines and year
Access to ground water for all households	- Reticulation Extension	- Additional network of water infrastructure - Provide plumbing material (pipes, taps, etc.)	JTG Joe Morolong Municipality Department of Water Affairs Tribal Authority Magojaneng Community	Quarterly timelines and/year	R327,500
Classification of jobs	No of jobs to be created	Male	Female	Male Youth	Female Youth
Short/term	±15				
Due Date	Year 1				
				Total	Comments

Table 18: Tsineng & Gatshekedi project

c) Clinic

Project Name			Magoqing & Magojaneng			Classification	Clinic
Background			<ul style="list-style-type: none"> - Community travel to nearby communities to access health care - Five villages make use of one facility in Tsineng village - There are 150 households in the village 				
Geographic Location	District Municipality	Local Municipality	Village name	Project start date	End Date		
	John Taolo Gaetsewe	Joe Morolong	Magoqing	Year 4	End of financial year		
Output	KPA	KPI	Stakeholders	Quarterly timelines and/year	Quarterly timelines and/year	Budget	
Access to a health care facility	- Vehicle - Equipment		JTG Joe Morolong Municipality of Department of Health Tribal Authority Magojaneng Community			R2, 000,000	
Classification of jobs	No of jobs to be created	Male	Female	Male Youth	Female Youth	Total	Comments
Short/term	±30						
Due Date	Year 5						

Table 19: Magoqing & Magojaneng



d) Mobile Clinic

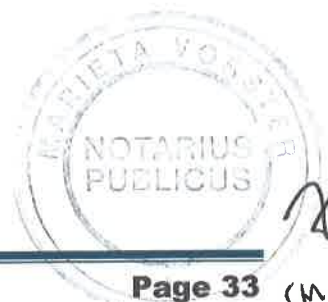
Project Name		Magobing, Magojaneng,			Classification	Mobile Clinic
Background		<ul style="list-style-type: none"> - Health service relating to eye screening and treatable causes of blindness; circumcision, and other specialised services cannot be diagnosed / service cannot provide them because clinics do not have capacity. - The department of health make use of mobile clinics to render these services, however there is not enough equipment to cover the entire municipality. - An average of 150 households in each village is in need of such service 				
Geographic Location	District Municipality	Local Municipality	Village name	Project start date	End Date	
	John Taolo Gaetsewe	Joe Morolong	Magobing	Year 5	End of financial year	
Output	KPA	KPI	Stakeholders	Quarterly timelines and/year	Quarterly timelines and/year	Budget
Access to a health care facility	- Vehicle - Equipment	-	JTG Joe Morolong Municipality Department of Health Tribal Authority Community			R1,100,000
Classification of jobs	No of jobs to be created	Male	Female	Male Youth	Female Youth	Total
Short term	To be confirmed					
Due Date	Year 5					

Table 19: Magobing & Magojaneng

4.4 HOUSING AND LIVING CONDITIONS

The underpinning principle of housing and living conditions is to ensure decent housing and living standards for employees. The location of mine operations is far from existing settlements (60km). The surrounding communities lack infrastructure and amenities. The occupancy rate of housing is prevalent, particularly low income earning employees.

A housing strategy will be developed during the feasibility study to promote and facilitate home ownership and incorporated into the SLP. The strategy will seek to promote home ownership options for its workers and establish measures to improve nutrition of mine employees.



SECTION 4

MANAGEMENT OF DOWNSCALING & RETRENCHMENT



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5. MANAGEMENT OF DOWNSCALING AND RETRENCHMENTS

PROCESS ON DOWNSCALING AND RETRENCHMENT			
<i>Establishment of Future Forum</i>	<i>Mechanism to save jobs and avoid job losses</i>	<i>Mechanisms to provide alternative solutions and procedures for instances where job losses cannot be avoided</i>	<i>Mechanisms to ameliorate the social and economic impact on individuals, region and economies where retrenchment or closure is certain</i>

Table 20: Management of downscaling and retrenchment process

5.1 THE ESTABLISHMENT OF THE FUTURE FORUM

KMR will establish a Future Forum with all affected stakeholders to discuss issues regarding:

- Skills Development
- Employment Equity (including w disability and women in core mining)
- Management development programmes
- Health and Wellness programmes
- Community Skills Development
- Local Economic Development
- Community Engagement Plans
- Preferential Procurement

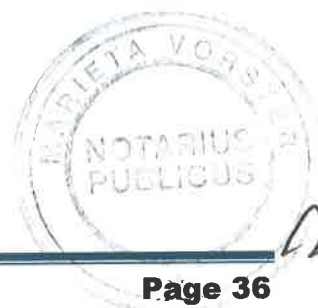
The forum shall meet bi-annually and consist of representatives of the employees through their unions, both directly employed and employed by contractors and mine management. The Future Forum shall be comprised of company employees each represented by a maximum of five persons. The members of the Future Forum will consist of representation from the following entities and departments:

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- HR Manager
- Sustainable Development Manager/ Safety Manager
- Transformation Manager
- Recognised Organised Labour Representatives
- Local Municipality Representative
- Resident contractors

The objectives of the Future Forum:

- To promote discussion between company and employees or their representatives and other relevant parties in respect of any problems and challenges experienced by either party in relation to possible retrenchments and/or job losses by employees.
- Jointly discuss employee issues of concern with regards to employees' future, and jointly structure and implement potential solutions to job losses
- Jointly engage in strategic planning to seek measures to avoid or minimise retrenchments whilst taking into account the viability and operational requirements of the company.
- Initiate turnaround and/or redeployment or other appropriate strategies to prevent job losses.
- Jointly structure and implement solutions to prevent job losses and retrenchments as well as impact thereof.
- Promote self sustenance to improving access to employment opportunities for those that become unemployed through skills development.
- Promote on-going discussions between the union(s) and other relevant parties in respect of any problems and challenges experienced by either of the parties, and in relation to possible alternative job creation projects.



5.2 MECHANISMS TO SAVE JOBS AND AVOID JOB LOSSES AND A DECLINE IN EMPLOYMENT

5.2.1 Consultations

KMR will implement a communication process that strives for participation by employees, mine management, local community representatives, government authorities, local business as well as structures of civil society where applicable.

In the event the employer contemplates dismissing any employee/(s) for reasons based on the employer's operational requirements, the employer will consult with representatives / employees as required by section 189 (1) of the LRA.

In terms of carrying out constructive consultation, the following process shall be followed:

- Consult with all parties as required by Trade Union Agreements;
- Consult with affected employees and or groups;
- Seek and attempt to reach consensus with consulting parties on appropriate measures to avoid dismissals, minimise dismissals, change timing of dismissals and to mitigate the adverse effects of dismissals;
- Seek and attempt to reach consensus with consulting parties on the method for selecting the employees to be dismissed and the severance packages for dismissed employees; and
- Provide consulting parties with written information as per the requirements of the Labour Relations Act.

5.2.2 Implementing section 189 of the Labour Relations Act, 1995

Should the eventuality of downscaling and retrenchments occur, consultation with employees will be effected in accordance with Section 189 of the Labour Relations Act (66) of 1995, as amended, (LRA) and any collective agreement that exists.

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5.2.3 Notification to the Minerals and Mining Development Board

The Minerals and Mining Development Board will be notified as required by Section 52 of the Act, where retrenchment of 500 employees or 10% of the labour force, whichever is the lesser, is to take place in any 12-month period; and to the Minister of Labour if retrenchment of 500 employees or 10% of the workforce, whichever is the greater, is contemplated. Ministerial directives will be complied with.

Should the Minister impose a directive based on the Board's investigation, KMR will comply with the said directive and confirm in writing that the corrective measures have been taken.

5.2.4 Complying with Ministerial Directive

KMR is committed to comply with the provisions of the Labour Relations Act of 1995 and the Codes of Good Practices on dismissals based on operational requirements whenever the retrenchments of employees are contemplated. In compliance with the Minister's directive the following legislative processes will be taken:

- When initiating a retrenchment process, the parties will jointly notify the Minerals and Mining Development Board of the situation at the mine
- KMR and / or all the affected parties will comply with the Ministerial directive that may be issued in respect of this process.
- Section 189 of the Labour Relations Act, 1995 shall regulate the retrenchment processes to be followed.



5.3 MECHANISMS TO PROVIDE ALTERNATIVE SOLUTIONS AND PROCEDURES FOR CREATING JOB SECURITY WHERE JOB LOSSES CANNOT BE AVOIDED

5.3.1 Consultations

In circumstances where KMR is of the view that retrenchments are unavoidable, the company will embark on a comprehensive process with all interested and affected parties as prescribed in Section 189 of the Labour Relations Act (LRA). KMR shall:

- Consult with all parties as required by Trade Union Agreements.
- Consult with affected employees and or groups.
- Discussions with Future Forum will continue on an ongoing basis and share information on the financial and operational status of the mine..
- Seek and attempt to reach consensus with consulting parties on appropriate measures to avoid dismissals, minimise dismissals, change timing of dismissals and to mitigate the adverse effects of dismissals.
- Seek and attempt to reach consensus with consulting parties on the method for selecting the employees to be dismissed and the severance packages for dismissed employees.
- Provide consulting parties with written information as per the requirements of the Labour Relations Act.

5.3.2 Notification of all relevant parties

• Informing employees of possible retrenchments

Employees will be notified through levels of effective communication sessions by senior management. Continuous information sessions will be in place to address employees when potential retrenchments might come into effect, taking cognizance of the sensitivity of these issues.

- **Informing outside parties (media, etc.) of the possible retrenchments at the operation**

Informing other affected parties (sending areas, municipalities, etc.) of the possible retrenchments at the operation:

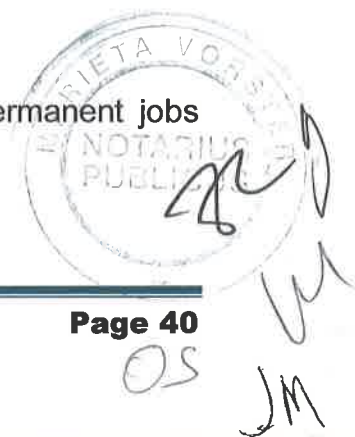
- Future Forum
- Department of Labour
- JTG district Municipality
- Joe Morolong Municipality
- Community and /or Tribal Authority

Parties as mentioned above, will be addressed through the Future Forum. KMR shall undertake engagements with the appropriate local municipality organs such as the Local Economic Development Forum, the IDP Representative Forum, and all other appropriate forums which may exist at that point in time on all aspects of the downscaling or closure of the mine.

The Minerals and Mining Development Board will be notified as required by Section 52 of the Act, where retrenchment of 500 employees or 10% of the labour force, whichever is the lesser, is to take place in any 12-month period; and to the Minister of Labour if retrenchment of 500 employees or 10% of the workforce, whichever is the greater, is contemplated. Ministerial directives will be complied with.

KMR shall endeavour to put in place measures to prevent job losses at least two years in advance. That is:

- Offer early retirement packages to long serving employees who are within retirement age.
- Offer voluntary separation packages.
- Reduce or eliminate work outsourced to contractors on site where it can be performed by full time employees.
- Provide a comprehensive portable skills programme to diversify skills base of affected employees.
- Offer redeployment where possible
- Limit or curb overtime where possible
- Suspension of employment of temporary staff where permanent jobs can be prolonged.
- Suspension on external appointments.



- Suspension of all new and / or renewal of contracts with external contractors.
- Involve stakeholders to look at ways and strategies to eliminate working cost (excluding labour) to ease the financial burden on operation.

5.4 MECHANISMS TO AMELIORATE THE SOCIAL AND ECONOMIC IMPACT ON INDIVIDUALS, REGIONS AND ECONOMIES WHERE RETRENCHMENT OR CLOSURE OF THE MINE IS CERTAIN

5.4.1 Assessment and Counselling Service

Initiatives will be considered to mitigate effects of downscaling and/or retrenchments. Affected employees who are retrenched will where possible, practically and reasonably may be offered:

- Basic life skills, financial life skills and counselling services to lessen the effects of retrenchments. Training and other services will be provided by and/or a nominated service provider. All the above services will be available for a duration set by the company on voluntary basis. KMR shall bear training costs and counselling services.
- Psychological counselling and financial services.
- Portable skills training interventions.
- Comprehensive self-employment programmes.
- Facilitate the completion of UIF claim forms at the mine premises.

5.4.2 Comprehensive self-employment training programmes & Portable Skills

The measures shall include but will not be limited to the following:

- Ensure that the HRD programme contains Portable Skills
- Provide integrated HRD programme
- Conduct a comprehensive skills audit of the affected employees.
- Develop and implement learnership programmes that are aligned to the interests of the affected employees as well as the current and forecast skills requirements for the region.

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- Employees to be retrenched by the employer will be offered basic life skills, financial skills, SMME training and training related to the economic sectors in the region where poverty eradication opportunities can be achieved.

A comprehensive plan shall be in place as part of the HRD programme once the project is operationalised.



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SECTION 5

FINANCIAL PROVISION



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5. SLP BUDGET

The SLP budget is R10 million (R10,005,000) of which HRD is R3,067,000 and Infrastructure and Community development is R6,938,000.

HUMAN RESOURCE DEVELOPMENT					
AREA	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
ABET	87,500	105,000	105,000	140,000	140,000
LEARNERSHIP	90,000	112,500	117,000	135,000	135,000
PORTABLE SKILLS	250,000	250,000	250,000	250,000	250,000
INTERNSHIP	0	50,000	50,000	50,000	50,000
BURSARY	50,000	100,000	100,000	100,000	100,000
TOTAL	477,500	617,500	622,000	675,000	675,000

Table21: HRD Budget

INFRASTRUCTURE PROJECTS		
Project	Budget	Year
Pre School Facility	538,000	1
Road	1000,0000	3
Total	1,538,000	

Table 22: Infrastructure projects

COMMUNITY DEVELOPMENT					
AREA	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Water infrastructure	300,000				
Water infrastructure		2,000,000			
Clinic				2,000,000	
Mobile clinic					1100,000
TOTAL	300,000	2,000,000	-	2,000,000	1,100,000

Table 23: Community development projects

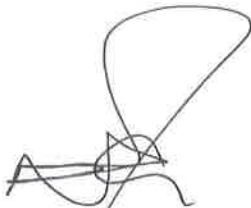
6. UNDERTAKING

**I THEMBELANI GANTSHO THE UNDERSIGNED AND DULY AUTHORISED THERETO
BY KUDUMANE MANGANESE RESOURCES**

Undertake to adhere to the information, requirements, commitments and conditions as set out in the Social and Labour Plan.

Signed at **JOHANNESBURG** on this 29th day April 2016

Signature of responsible person:



Designation: **TRANSFORMATION MANAGER**

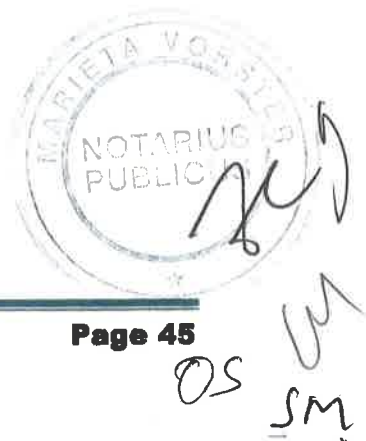
APPROVED

Signed at **JOHANNESBURG** on this 29 day APRIL 2016



T. Gantsho

Designation: **CEO**



Annexure A

WATER INFRASTRUCTURE NEEDS

i. Source, Reticulation and Storage needs

The settlements without access to water which need source, reticulation and storage are listed below:-

VILLAGE	SOURCE OF SUPPLY	COST
1. Daderos	Truck delivery	Unknown
2. Dihotshane	Truck delivery	Unknown
3. Dithlarapeng	Windmill	708,000
4. Diwatshane	Windmill	852,000
5. Gakhue	Windmill	2,996,000
6. Gamakgatlé;	Truck delivery	Unknown
7. Ga Moheete;	Windmill	1,188,000
8. Ganghaai;	Truck delivery	Unknown
9. Gamosokwane;	Truck delivery	Unknown
10. Kanana;		1,780,000
11. Kgebetlwane;	Truck delivery	
12. Khankhudung	Windmill	1,172,000
13. Kiangkop	Windmill	580,000
14. Kikahela	Windmill	2,548,000
15. Kilokilo	Truck delivery	Unknown
16. Logaganeng	Truck delivery	Unknown
17. Magobing west	Truck delivery	Unknown
18. Majanking	Truck delivery	Unknown
19. Makhubung	Truck delivery	Unknown
20. Makgaladi'	Truck delivery	Unknown
21. Manaring	Windmill	628,000
22. Manyeding	Truck delivery	Unknown
23. Mosekeng	Truck delivery	Unknown

24. Moseohatshe	Windmill	1,428,000
25. Mothloeng	Windmill	868,000
26. Pompong	Truck delivery	Unknown
27. Segwaneng	Windmill	2,644,000
28. Setshwatshwaneng	Windmill	1,444,000
29. Slough	Windmill	1,572,000
30. Wateraar	Windmill	884,000
31. Wesselsvlei	Windmill	1,012,000
32. Wilstead	Windmill	756,000
33. Wingate	Truck delivery	Unknown

ii. Additional infrastructure needs

There are 61 villages that are in need of extension to existing infrastructure. These include, but not limited to, scattered households falling outside the existing water reticulation infrastructure which is 200 meter to the nearest water point/tap.

VILLAGE	SUPPLY SOURCE	HOUSEHOLDS (Backlog)	COST (R)
1. Battlemount	Reticulation extension	24	384,000
2. Bojlapotsane	Reticulation extension	4	64,000
3. Bosra	Reticulation extension	3	48,000
4. Bush Buck	Reticulation extension	2	32,000
5. Cahar	Reticulation extension	36	576,000
6. Camden	Reticulation extension	81	1,296,000
7. Cassel	Reticulation extension	150	2,400,000
8. Churchill	Reticulation extension	167	144,000
9. Colston	Reticulation extension	5	80,000

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10. Deurward	Reticulation extension	42	672,000
11. Dikhing	Reticulation extension	155	144,000
12. Dinyaneng	Reticulation extension	2	32,000
13. Dithakong	Reticulation extension	150	2,400,000
14. Dockson	Reticulation extension	21	336,000
15. Esperanza	Reticulation extension	2	32,000
16. Gadiboe	Reticulation extension	33	528,000
17. Galothlare	Reticulation extension	1	16,000
18. Gamadubu	Reticulation extension	84	1,344,000
19. Gamokatedi	Reticulation extension	96	1,536,000
20. Gamothibi	Reticulation extension	5	80,000
21. Ganap	Reticulation extension	11	176,000
22. Gapitia	Reticulation extension	10	160,000
23. Ga-Sehunelo Wyk 1	Reticulation extension	1	16,000
24. Ga-Sehunelo Wyk 4	Reticulation extension	19	304,000
25. Ga Sehunelo Wyk 9	Reticulation extension	1	16,000
26. Gasese	Reticulation extension	8	128,000
27. Gatshekedi	Reticulation extension	2	32,000
28. Heiso	Reticulation extension	15	240,000
29. Keang/Dihotsane	Reticulation extension	1	16,000
30. Kokfontein	Reticulation extension	Unknown	Unknown
31. Laxey	Reticulation extension	11	176,000
32. Legobate	Reticulation extension	26	416,000
33. Loopeng	Reticulation extension	43	688,000

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34. Lothlakajaneng	Reticulation extension	19	304,000
35. Magwagwe	Reticulation extension	1	16,000
36. Mamebe	Reticulation extension	Unknown	Unknown
37. March	Reticulation extension	3	48,000
38. Masankong	Reticulation extension	16	256,000
39. Mathathanyaneng North	Reticulation extension	44	704,000
40. Mathathanyaneng South	Reticulation extension	1	16,000
41. Mathlabanelong	Reticulation extension	3	48,000
42. Mentu	Reticulation extension	3	48,000
43. Metsimantsi Wyk 1	Reticulation extension	14	224,000
44. Metsimantsi Wyk 3	Reticulation extension	3	48,000
45. Metsimantsi Wyk 4	Reticulation extension	9	144,000
46. Metsimantsi Wyk 5	Reticulation extension	11	176,000
47. Metsimantsi Wyk 6	Reticulation extension	1	16,000
48. Metsimantsi Wyk 7	Reticulation extension	10	160,000
49. Metswetsaneng	Reticulation extension	3	48,000
50. Ntswaneng	Reticulation extension	15	240,000
51. Ntswelengwe	Reticulation extension	31	496,000
52. Padstow	Reticulation extension	3	48,000
53. Penryn	Reticulation extension	5	80,000
54. Permonkie	Reticulation extension	1	16,000
55. Radiatsongwa	Reticulation extension	23	368,000
56. Rustfontein Wyk 10	Reticulation extension	2	32,000

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57. Segwaneng	Reticulation extension	Unknown	Unknown
58. Tsineng	Reticulation extension	10	160,000
59. Tsineng kop	Reticulation extension	2	32,000,
60. Tzaneen	Reticulation extension	38	608,000
61. Zero	Reticulation extension	29	464,000

iii. Communities that have infrastructure and lack of source supply

There are 11 villages that have infrastructure and do not have access to water due to source problems.

VILLAGE	PROBLEM AREA	HOUSEHOLDS (BACKLOG)	COST (R)
12. Bendell	Source and storage	620	9, 920, 000
13. Deurham	Source development	380	6,080,000
14. Ditshipeng	Additional boreholes	5	80,000
15. Eiffel Klein Eiffel	Water source/ source development	206	640,000
16. Ellendale	Source reticulation, additional source development	73	1,168,000
17. Heuningvlei	Reticulation	860	13,760,000
18. Magobing	Source and storage (reticulation is in place)	512	8,192,000
19. Magojaneng	Source and storage (reticulation in place)	500	1,856,000
20. Mahukubung	Reticulation source/dry source	116	1,856,000
21. Rusfontein Wyk 9	Reticulation and source development	31	160,000
22. Shalaneng	Reticulation	26	416,000

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APPROVAL

I, Sunday Mishack Mabaso, the undersigned and duly authorized thereto by the Department of Mineral Resources, have studied and approved the contents of this Social and Labour Plan (SLP).

Signed at Kimberley on this the 20 day of January 2017.

.....
REGIONAL MANAGER
MINERAL REGULATION
NORTHERN CAPE



A circular notary seal for Marietjie Erasmus, Notarius Publicus, is stamped in the bottom right corner. Overlaid on the seal is a handwritten signature and the initials 'WJ' and 'SM'.