

2007-02-15

DME 386

HM BOTHA
165
☎ (012) 460-7992



DEPARTMENT: MINERALS AND ENERGY
REPUBLIC OF SOUTH AFRICA

MINING RIGHT

Granted in terms of section 23(1) of the Mineral and Petroleum Resources Development Act, 2002
(Act No. 28 of 2002)

Minerals and Energy for Development and Prosperity

A handwritten signature in black ink, appearing to be 'A. Botha'.

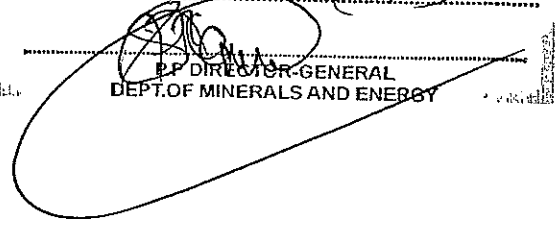
A handwritten signature in black ink, appearing to be 'D. C.'.

TABLE OF CONTENTS

Heading	Clause
Preamble	
Definitions	
Description of the Mining Area	1
Granting of Mining Right	2
Commencement, Duration and Renewal	3
Amendment, Variation and Abandonment	4
Payment of Royalties	5
Payment of Interest	6
Restrictions and Obligations Imposed on the Holder	7
Conditions on disposal of minerals and or products derived from mining	8
Mortgage, Cession, Transfer, and Alienation	9
Protection of Boreholes, Shafts, Adits, Openings and Excavations	10
Holder's liability for Compensation for Loss or Damage	11
Inspection of Mining Area	12
Cancellation or Suspension of Mining Right	13
Records and Returns	14
Minister's liability for Compensation	15
Compliance with Laws	16
Provisions relating to Section 2(d) and (f) of the Act	17
Social and Labour Plan	18
Severability	19
Domicilia citandi et executandi	20
Costs	21

Mining Right: Granted in terms of Section 23 of the Mineral and Petroleum Resources Development Act, No. 28 of 2002

Registered in the MINERAL & PETROLEUM TITLES
 REGISTRATION OFFICE: PRETORIA
 In the Register of MINING RIGHT
 on this 05th day of MAR 2007
 Under 1872007 (MR)
 P.P. DIRECTOR-GENERAL
 DEPT. OF MINERALS AND ENERGY



1005/2007

Protocol No-----/2005

LET IT HEREBY BE MADE KNOWN:

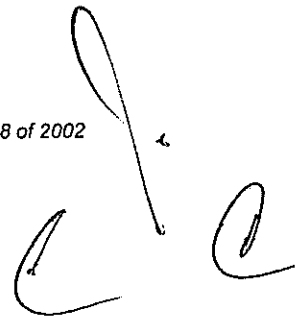
THAT on this 25th day of **Janurary** in the year 2007, before me, **Izak Cornelius Potgieter** a Notary Public, duly sworn and admitted, residing and practising at **Kimberley**, in the **Northern Cape** Province of South Africa, and in the presence of the subscribing competent witnesses, personally came and appeared:

Maleka Jerry Mndaweni, Regional Manager, **Northern Cape** Region of the Department of Minerals and Energy, and as such in his / her capacity as the duly authorised representative of:

THE MINISTER OF MINERALS AND ENERGY

The said Regional Manager, being duly authorised thereto under and by virtue of a Power of Attorney granted by the **DEPUTY DIRECTOR-GENERAL: MINERAL REGULATION** of the Department of Minerals and Energy on the **07th** day of **November** in the year 2006 in terms of the powers delegated by the Minister on the 12th day of May 2004 in terms of section 103 (1) of the Act,

Mining Right: Granted in terms of Section 23 of the Mineral and Petroleum Resources Development Act, No. 28 of 2002

AND

Willem Stephanus Grobbelaar in his capacity as the company's Business Leader: Iron Ore, and as such, the duly authorised representative of Assmang Limited, Registration number:

1	9	3	5	/	0	0	7	3	4	3	/	0	6	
---	---	---	---	---	---	---	---	---	---	---	---	---	---	--

(Hereinafter together with his/her/ its successors in title and assigns referred to as" the Holder", he or she, the said representative, being duly authorised thereto under and by virtue of a Power of Attorney/ Resolution of directors or members of the Holder, signed or passed at **Chislehurston** on the **15th** day of **December** in the year **2006** which Power of Attorney or a certified copy of a resolution has this day been exhibited to me, the Notary, and remain filed of record in my protocol with the minutes hereof.

AND THE MINISTER AND HOLDER DECLARED THAT:

WHEREAS The State is the custodian of the Nation's mineral and petroleum resources in terms of section 3 of the Act.

AND WHEREAS The Holder has applied for a mining right in terms of section 22 of the Act,

AND WHEREAS The **DEPUTY DIRECTOR-GENERAL: MINERAL REGULATION** of the Department of Minerals and Energy has by virtue of powers delegated to him, granted to the Holder, a mining right in terms of section 23(1) of the Act.

NOW THEREFORE THE MINISTER GRANTS A MINING RIGHT SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

Mining Right: Granted in terms of Section 23 of the Mineral and Petroleum Resources Development Act, No. 28 of 2002

Definitions

In this mining right, the following words and expressions shall have the meanings assigned to them:

'**Act**' means the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) and includes the Regulations, guidelines, circulars, directives and orders made in terms of that Act;

'**Effective date**' means 25th day of January in the year 2007 (being the date on which the environmental management programme is approved in terms of section 39(4) of the Act);

'**Environmental Management Programme**' is as defined in the Act and includes any other Environmental Management Programme approved in terms of the previous mining legislation;

'**Financial year**' means a complete financial year of the Holder which, at the time of the granting of this mining right, commences on 01st day of July in the year 2006; and ends on 30th day of June in the year 2007;

'**Holder**' is as defined in the Act, and specifically in relation to this right, it means **Assmang Limited**, Registration No/Identification No 193500734306;

'**Mineral**' is as defined in the Act, and specifically in relation to this right means **iron ore**;

'**Mining Area**' is as defined in the Act and includes any additional area of environmental liability as may be reflected on the Environmental Management Programme relating to this right;

'**Mining operations**' is as defined in the Act;

'**Mining right**' is as defined in the Act and includes all the Annexures to it, agreements and inclusions by reference;

'**Mining Work Programme**' is as defined in the Act and as reflected in the attached **Annexure A** to this mining right;

'**Minister**' means the Minister of Minerals and Energy and includes the successors in title, the assignee or any person duly authorised to act in the Minister's place and stead;

'**Regional Manager**' is as defined in the Act and specifically in relation to this right means the Regional Manager for the **Northern Cape Region** of the Department of Minerals and Energy; and

'**Social and Labour Plan**', is as contemplated in regulation 36 of the Regulations to the Act and is as reflected in the attached **Annexure B** to this mining right.

Mining Right: Granted in terms of Section 23 of the Mineral and Petroleum Resources Development Act, No. 28 of 2002

1. Description of the Mining Area

The Mining Area shall comprise the following:

Certain: **Remainder & Portion 5 of Bruce no 544; Remainder & Portion 1 of King no 561; Remainder, Remainder of Portion 2, Portions 1, 3, 4 & 5 of Mokaneing no 560 also Remainder of Parsons no 564**

Situated: **in Magisterial/Administrative District of Kuruman**

Measuring: **8489,5497 hectares in extent.**

(In the case of various farms being involved, a list can be attached and referred to as **Annexure N/A**);

Which Mining Area is described in detail on the attached Diagram/sketch plan marked **Annexure C**.

2. Granting of Mining Right

Without detracting from the provisions of sections 5 and 25 of the Act, the Minister grants to the Holder the sole and exclusive right to mine, and recover the mineral/s in, on and under the mining area for the Holder's own benefit and account, and to deal with, remove and sell or otherwise dispose of the mineral/s, subject to the terms and conditions of this mining right, the provisions of the Act and any other relevant law in force for the duration of this right.

3. Commencement, Duration and Renewal

- 3.1. This mining right shall commence on **25 January 2007** and, unless cancelled or suspended in terms of this clause 13 of this right and or section 47 of the Act, will continue to be in force for a period of **30 years ending on 24 January 2037**.
- 3.2. The Holder must commence with the mining operations within a year from the date on which the mining right becomes effective in terms of section 23 (5) of the Act, or any later date as may, upon a written request by the Holder, be authorised in writing by the Minister in terms of the Act, failing which this right will automatically lapse.
- 3.3. Any application for renewal must be submitted to the Regional Manger not later than 60 working days prior to the date of expiry of this right.

4. Amendments, Variation and Abandonment

- 4.1. The terms of this right (including by extension of the area covered by it or by the addition of minerals or a share or shares or seams, mineralized bodies, or strata, which are not at the time the subject thereof) may not be amended or varied without the written consent of the Minister.

Mining Right: Granted in terms of Section 23 of the Mineral and Petroleum Resources Development Act, No. 28 of 2002

- 4.2. The Holder shall be entitled to abandon or relinquish the right or the area covered by the right entirely or in part, in which case the applicant must apply for a closure certificate in terms of section 43 (3) of the Act
- 4.3 With effect from the date the Holder has abandoned or relinquished a portion or portions of the mining area, and after issuing of a closure certificate, the Minister is entitled to grant any prospecting rights or mining rights or any right or permit referred to in the Act in, on, or under the portion/s, so abandoned or relinquished, to any person/s.
- 4.4 Upon abandonment or relinquishment of the mining area or any portion thereof, the Holder will furnish the Regional Manager with all prospecting and /or mining results and/or information, as well as its general evaluation of the geological, geophysical and borehole data in respect of such abandoned area in so far as it applies to the mineral or any other mineral/s obtained in respect of this right.

5. Payment of Royalties

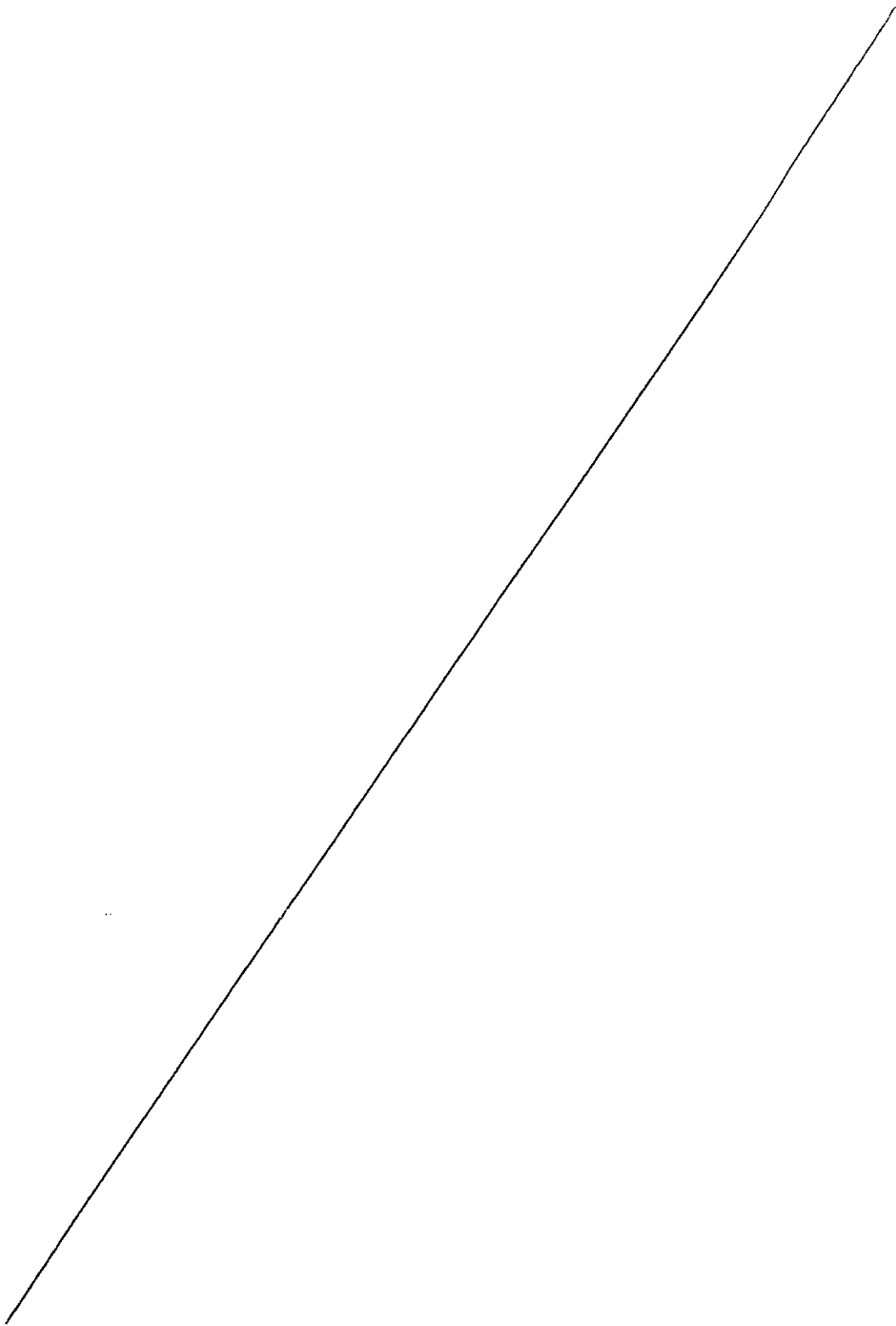
- 5.1. The Holder shall as contemplated in section 25 (2) (g) pay to the State throughout the duration of this mining right any levy, fees, royalty or consideration payable in terms of any Act or Amendment to an Act of Parliament implemented.

6. Payment of Interest

If mining fees, any fees, any levy, royalties or consideration referred to in clause 5 are not paid punctually, the Holder shall be in mora and shall pay interest thereon at the rate prescribed in terms of section 80 of the Public Finance Management Act, 1999(Act 1 of 1999) reckoned from the date on which payment is due and payable, to the date of actual payment.

7. Restrictions and Obligations Imposed on the Holder

- 7.1 The Holder is entitled to the rights referred to in section 5(2), (3) and section 25 of the Act, and such other rights as may be contained in this mining right or such other right as may be granted to, acquired by or conferred upon the Holder by any other applicable law.
- 7.2 Mining operations in the mining area must be conducted in accordance with the Mining Work Programme and any amendment to such Mining Work Programme and an approved Environmental Management Plan.
- 7.3 The Holder shall not trespass or enter into any homestead, house or its curtilage nor interfere with or prejudice the interests of the occupiers and/or owners of the surface of the Mining Area except to the extent to which such interference or prejudice is necessary for the purposes of enabling the Holder to properly exercise the Holder's rights under this mining right.



Mining Right: Granted in terms of Section 23 of the Mineral and Petroleum Resources Development Act, No. 28 of 2002

A handwritten signature in black ink, consisting of several loops and a trailing line.

A handwritten signature in black ink, featuring a large, prominent loop at the top and a stylized 'e' at the bottom.

8. Conditions on disposal of Minerals and/ or Products Derived from Mining

It is a condition of the granting of this mining right that the Holder shall dispose of all minerals and/ or products derived from the exploitation of the mineral at competitive market prices which shall mean in all cases, non-discriminatory prices or non-export parity prices. If the minerals are sold to any entity, which is an affiliate or non-affiliated agent or subsidiary of the Holder, or is directly or indirectly controlled by the Holder, such purchaser must unconditionally undertake in writing to dispose of the minerals and any products produced from the minerals, at competitive market prices.

9. Mortgage, Cession, Transfer, Alienation

9.1 This mining right, a shareholding, an equity, an interest or participation in the right or joint venture, or a controlling interest in a company, close corporation or joint venture, may not be encumbered, ceded, transferred, let, sublet, assigned, alienated or otherwise disposed of without the written consent of the Minister, except in the case of a change of controlling interest in listed companies.

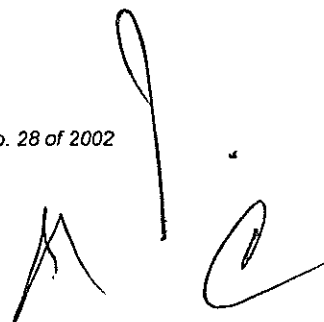
9.2 Any transfer, encumbrance, cession, letting, sub-letting, assignment, alienation or disposal of this right or any interest therein or any share or any interest in the Holder, without the consent of the Minister referred to in section 11(1) is of no force, no effect and is invalid.

10. Protection of Boreholes, Shafts, Edits and Openings.

All boreholes, shafts, edits, excavations, and openings sunk or made, by the Holder during the currency of this mining right shall be sealed, closed, fenced, made safe by the Holder in accordance with the approved Environmental Management Programme, the Mine Health and Safety Act, 1996 or any other applicable laws and Regulations.

11. Holder's liability for Compensation for Loss or Damage

11.1. Subject to section 43 of the Act, the Holder shall, during the tenure of this right while carrying out the mining operations under this right, take all such necessary and reasonable steps to adequately safeguard and protect the environment, the mining area and any person/s using or entitled to use the surface of the mining area from any possible damage or injury associated with any activities on the mining area.



- 11.2. Should the holder fail to take reasonable steps referred to above, and to the extent that there is legal liability, the holder shall compensate such person or persons for any damage or losses, including but not limited to damage to the surface, to any crops or improvements, which such person or persons may suffer as a result of, arising from or in connection with the exercise of his/her rights under this mining right or of any act or omission in connection therewith.

12. Inspection of Mining Area

The Minister and/or any person duly authorised thereto in writing by the Minister shall be entitled to inspect the mining area, the Holder's mining operations and the execution of the approved Environmental Management Programme on the Mining Area as provided for in the Act, and any instruction conveyed in writing by the Minister to the Holder requiring the proper performance by the Holder of the Holder's obligations under this mining right shall be put into effect by the Holder in terms of the Act.

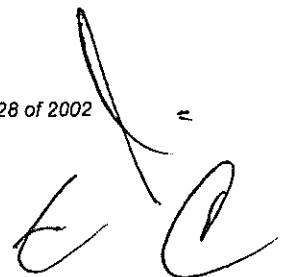
13. Cancellation or Suspension

13.1 Subject to section 47 of the Act, this mining right may be cancelled or suspended if the Holder:

- 13.1.1 Submitted incorrect and or misleading information for the purposes of the application for this right;
- 13.1.2 Submits inaccurate, incorrect and or misleading information or during the duration of the right;
- 13.1.3 Fails to honour or carry out any agreement, arrangement, or undertaking, including the undertaking made by the Holder in terms of the Broad Based Socio Economic Empowerment Charter and Social and Labour plan, on which the Minister relied for the granting of this right;
- 13.1.4 Breaches any material term and condition of this mining right;
- 13.1.5 Conducts mining operations in contravention of the provisions of the Act;
- 13.1.6 Contravenes the requirement of the approved Environmental Management Programme; or
- 13.1.7 Contravenes any provisions of this Act in any other manner.

13.2 Before the Minister cancels or suspends this right, the Minister shall:

- 13.2.1 Give written notice to the Holder indicating the intention to suspend or cancel this right;
 - 13.2.2 Give reason/s why the Minister is considering the suspension or cancellation of this right;
 - 13.2.3 Give the Holder 30 days to show cause why the right should not be suspended or cancelled;
 - 13.2.4 Notify, the mortgagee [if any], of the intention to suspend or cancel this right; and
 - 13.2.5 Direct the Holder, where it is possible to remedy any contravention, breach or failure, to comply or to take such specified measures to remedy any contravention, breach or failure to comply.
- 13.3 If the Holder does not take the measures as specified by the Minister to remedy a contravention, breach or failure, the Minister may cancel or suspend this right after considering representations made by the Holder in terms of clause 13.2.3.

14. Records and Returns

- 14.1. The Holder shall maintain all such books, plans and records in regard to mining on the Mining Area as may be required by the Act and shall furnish to the office of the Regional Manager such reports and documents as may be relevant under this agreement.
- 14.2. The Holder shall furnish to the Regional Manager all such monthly returns contemplated in section 28 (2) A of the Act not later than the 15th day of the month following the month in respect of which it was reported.
- 14.3. The Holder shall furthermore at the end of each year following commencement of this mining right, inform the Regional Manager in writing of any new developments and of the future mining activities planned in connection with the exploitation/mining of the minerals on the Mining Area.

15. Minister's liability for Compensation

The Minister shall not at any time be liable or responsible for the payment of compensation of whatever nature to the Holder, the Holder's successors-in-title or assignee, or any person whomsoever as a result of the granting of this right.

16. Compliance with the Laws of the Republic

The granting of this Right, does not exempt the Holder and its successors in title and/or assigns from complying with the relevant provisions of the Mine Health and Safety Act, (Act No.29 of 1996) and any other law in force in the Republic of South Africa.

17. Provisions relating to section 2(d) and (f) of the Act

In the furthering of the objects of this Act, the Holder is bound by the provisions of an agreement or arrangement dated 09 November 2005 entered into between the Holder/ empowering partner and Assore Limited and African Rainbow Minerals Limited (the empowerment partner) which agreement or arrangement was considered by the Department for purposes of compliance with the requirements of the Act and or Broad Based Economic Empowerment Charter developed in terms of the Act and such agreement shall form part of this right.

18. Social and Labour Plan

The holder must annually, not later than three months before the end of its financial year, submit detailed implementation plan to give effect to Regulation 46(e)(iii)(iv)(v) and (vi) in line with the Social and Labour Plan.

19. **Severability**

Notwithstanding anything to the contrary, any provision of this mining right which is contrary to any provision of the Act or which is otherwise ultra vires, null and void, voidable, or unenforceable, shall be severable from the rest of this right, such rest thus being and remaining of full force, effect and enforceable.

20. **Domicilia citandi et executandi**

20.1. The parties hereto choose the following addresses as their *domicilia citandi et executandi* and for all purposes arising from this mining right, in particular for the purposes of serving of any notice in terms of this mining right, and any notice properly addressed to the under mentioned postal addresses of the parties shall be deemed to have been received by the addressee within 14 days if given in writing and posted by prepaid registered post addressed to the addressee at the relevant postal address:

20.1.1. In the case of the **Minister**:

Physical Address	Postal Address
First Floor, Liberty Corner 29-31 Currey Street, Kimberley Code 8301 Tel 053 830 0800 Fax 053 832 5631	Private Bag X6093 Kimberley 8301

20.1.2. In the case of the **Holder**:

Physical Address	Postal Address
Khumani Iron Ore Mine C/O Beeshoek Mine, Postmasburg Code 8420 Tel 053 311 6666 Fax 053 311 4642	PO Mancorp Mine Postmasburg 8420

20.2. Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a party at any place other than the chosen *domicilia citandi et executandi* shall constitute adequate notice or communication to the party notwithstanding that it was not sent to or delivered at such party's chosen *domicilium citandi et executandi*.

20.3 Either party shall be entitled from time to time to change the *domicilia citandi et executandi* or postal address furnished above after giving at least 14 days prior written notice of such change to the other party, failing which the above mentioned addresses will remain in force.

20.4 Any written notice or communication contemplated in this clause which is forwarded by one party to the other by registered post will be presumed to have been received by the addressee on the fourteenth day following the date of posting from an address within the Republic of South Africa to the addressee at the postal address of the addressee for the time being as determined in accordance with the provisions of this clause.

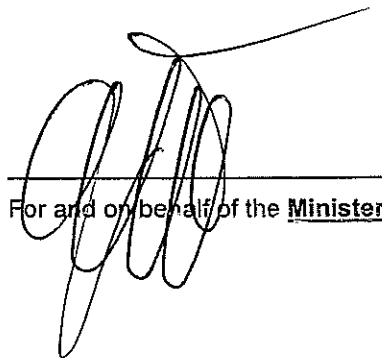
21. Costs

The Holder shall pay all costs and charges incurred in connection with the negotiation, preparation, execution and registration of this mining right.

Thus done and signed at **Kimberley** on the **25th** day of **January** in the year **2007** in the presence of the undersigned witnesses:

AS WITNESS:





For and on behalf of the Minister

AS WITNESS:



For and on behalf of the Holder

Notary Public

