The Sandpiper Phosphate Project, Namibia

September 2011
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JV Rationale

- Consolidation of world class deposit in combined area
- Co-operative approach
- Combined people skills – operating and management
- Not competing in the market
- Shorter lead time to production start

![Diagram showing the joint venture structure with logos of Minemakers Limited, Tungeni Investments cc, and Union Resources Limited, and companies involved in the project.](image-url)
Board of Directors

- Ambassador Tonata Itenge-Emvula (Tungeni)
- Mr Andrew Drummond (Minemakers MD)
- Mr Chris Jordinson (Union MD)
- Mr Roger Daniel (Union)
- Mr Mike Woodborne (Minemakers)

Major milestones

- Shareholders Agreement signed July 2010 governing company management, financing, project development & product marketing
- Completed positive pre feasibility study November 2010
- Mining Licence granted July 2011
- Resource upgrade August 2011
- Definitive Feasibility Study in progress
Project Location - Resource and Facilities
Sandpiper JV Project

- Mining Licence granted July 2011 (MLA 170 – 2,233 km²)
- Additional 4,767 km² area held as EPLs with identified P₂O₅ mineralisation
- Modern unconsolidated sea-floor sediment, about 60km offshore
- No overburden, laterally continuous P₂O₅ deposit
- Water depth of 180–300m, initial dredging depth <225m
- Accessible by current conventional dredging technology
Resource Development

- Standard equipment and techniques
- Established QC/QA procedures
- JORC & NI 43-101 compliant resource estimates
## Sandpiper JV Resources

<table>
<thead>
<tr>
<th>Resource Category</th>
<th>10% Cut off</th>
<th>15% Cut off</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Million tonnes</td>
<td>$P_2O_5$ Grade</td>
</tr>
<tr>
<td>Indicated</td>
<td>74</td>
<td>20.57</td>
</tr>
<tr>
<td>Inferred</td>
<td>1 877</td>
<td>18.40</td>
</tr>
<tr>
<td>Total</td>
<td>1 951</td>
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</table>

- Resources estimated for only the upper part of deposit (up to 3m)
- Historical coring data shows sediment thickness up to 6m in places
- Deeper testing on-going to upgrade from inferred to indicated and measured resources to support DFS
International Resource Comparisons

Billion Tonnes

<table>
<thead>
<tr>
<th>Country</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morocco</td>
<td>26.7</td>
</tr>
<tr>
<td>China</td>
<td>14.1</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>7.7</td>
</tr>
<tr>
<td>USA</td>
<td>4.6</td>
</tr>
<tr>
<td>South Africa</td>
<td>4.0</td>
</tr>
<tr>
<td>Jordan</td>
<td>2.6</td>
</tr>
<tr>
<td>NAMIBIA</td>
<td>1.8</td>
</tr>
<tr>
<td>Russia</td>
<td>1.2</td>
</tr>
<tr>
<td>Israel</td>
<td>0.9</td>
</tr>
<tr>
<td>Syria</td>
<td>0.9</td>
</tr>
<tr>
<td>Egypt</td>
<td>0.9</td>
</tr>
<tr>
<td>Tunis</td>
<td>0.7</td>
</tr>
<tr>
<td>Rest of World</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Source: USGS
Facilities & Environment

Key considerations

- An attractive African country in which to invest in mining
- Commitment to development in Walvis Bay/Erongo Region
- Established marine mining industry with defined protocols for operations/environmental permitting, control and management
- Established port and infrastructure at Walvis Bay
- Contact with key local and regional agencies

Environment

- Reconnaissance baseline assessment completed for marine component
- Specialist environmental studies for EIA on marine and land sites commissioned
- Public scoping in progress
# Economic Scoping Study

## Base Case Financial Model
- **25 years**

## Scoping Study parameters
- ±30%

## Saleable Rock Phosphate per annum
- 3.0mtpa

## Cash Operating Costs, FOB Walvis Bay
- **US$57.76/t**

## Selling Price, FOB Walvis Bay
- US$90

## Capital Costs (Years 1-3)
- US$144M

## Capital Costs per tonne
- US$7.65.t

## NPV @ 10% discount rate
- US$312M

## NPV @ 15% discount rate
- US$133M

## IRR
- 25.5%
Marine Phosphate Mining Development Concept

Dredge and Transport

Buffer pond area

Proposed Plant site

Walvis Bay Port
Resources at water depth of 180–300m; dredging to commence at <225m confirmed by JDN

- JDN conducting DFS for dredging >225m
- Conventional temporary pipeline to move slurry from ship to shore
- JDN dredging using vessel Cristóbal Colón
Product Marketing

- Commercial product beneficiated to 26% to 28%
- Highly reactive product
- Product identification
  - Direct application
  - Single Super Phosphate
  - Phosphoric acid
- Target markets
  - Africa
  - South America
  - India
  - Asia
Easy Distribution
Development Plans

- Bulk sampling - Q3, 2011
- Complete pilot plant test work - Q4, 2011
- Complete Marketing Studies - Q4, 2011
- Sampling to upgrade resource for DFS - Q1, 2012
- Complete Definitive Feasibility Study - Q1, 2012
- Development decision - Q2, 2012
- Construction and commissioning - Q1, 2013
- Campaign dredging commences - Q1, 2013
- First commercial shipment - Q2, 2013
Thank you
Environmental Matters

- Project overview
Dredge the deposit
Transport the slurry
Transfer the slurry to shore

Project overview
Retain in coastal buffer pond

Project overview
Pump station – pipeline transfer

Project overview
Processing & Stockpiling

Project overview
Transporting final product

Project overview
Bulk loading & Export

Project overview
Mining Options:

1. Mother vessel & transport barges
2. Dredging & transport in the same vessel
Dredging important factors

- Safety
- Activity Footprint
- Port handling & Storage capacity
Dredging: Technology options

- Crawler & Flexible Hose
- Mechanical Grab
- Large Diameter Drill
Dredging: Selected technology

Trailing Suction Hopper Dredge

Dredging technology options
The selected system

- 3 day – dredge & discharge cycle
- Established enviro controls
- Dredge head positional control
- Year 1 – 1.33mt solids mined ~ 11 weeks working
- Year 2 – 2.75 mt solids mined ~ 22 weeks working
- Year 3 – 5.5mt solids mined ~ 47 weeks working
- Ongoing – 5.5mt solids mined ~ 47 weeks working

Dredging technology options
Mining Licence Area
The marine dredging operation

Dredging and the environment
Production ramp up

- Yr 1 – 1.33mt solids mined: 0.5 – 1.0mt export
- Yr 2 – 2.75mt solids mined: 1.0 – 1.5mt export
- Yr 3 – 5.5mt solids mined: 3.0mt export
- Ongoing: 3.0mt export

Mining areas
Dredging

- 20 yr – mining licence
- 1.5 to 3.0m thick deposit
- Up to 3km² mined pa
- 5.5mt solids mined pa
- Approx area 16x8km
The environment & impacts

- Annual removal of between 1.5 to 3km²
- Removal of between 1.5 and 3m of the sea bed
- Mortalities to benthic infauna
- Disturbance of benthic species foraging areas and food sources
- Modifications to the water column
- Localised disturbance to normal benthic ecosystem functionality
Understanding the marine environment

Establishing a baseline of information

Marine fauna – fish
Sea bed and benthos
The water column

......and their interrelation

Dredging and the environment