

Scope of Work

A Five (5) Year Contract for the Assessment of Closure and Rehabilitation Cost for Financial Provision in terms of applicable Legislation in South Africa including the Government Notice R1147 as amended at Foskor Mine.



FOSKOR (PTY) LIMITED SCOPE OF REQUIREMENTS

for

**A Five (5) Year Contract for the Assessment of Closure and Rehabilitation Cost
for Financial Provision in terms of applicable Legislation in South Africa
including the Government Notice R1147 as amended at Foskor Mine.**

DOCUMENT AND SERVICE CONTRACT APPROVAL

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September 2023



FOSKOR (PTY) LIMITED

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1. INTRODUCTION

Foskor (Pty) Ltd. is an opencast mining and beneficiation operation situated in Phalaborwa. The core business of the Phalaborwa operation is the mining and beneficiation of phosphate rock. (The Foskor operation situated in Richards Bay is primarily a producer of phosphoric acid, phosphate-based fertilizers, and lower volumes of sulphonic acid).

Foskor (Pty) Ltd (Mining Division) is an Open Cast Mine that produces phosphate rock for export or domestic beneficiation. Approximately 2.2 million tons of phosphate rock is produced annually. The product is finely ground apatite mineral from coarsely crystalline calcium-fluoride-phosphate compound of igneous origin.

The intermediate and final products are for the domestic and international markets and provide the following advantages:

- Make South Africa self-sufficient from phosphate imports.
- Earn foreign currency from the export of the products.
- Create approximately 2000 direct job opportunities, with associated indirect job opportunities in the Greater Phalaborwa region.

The dominating rock type in the Phalaborwa area, older than 3000 million years, is granite-gneiss of the Archaic Complex. Intrusive in this are younger rock types of the Phalaborwa Igneous Complex. Inclusions of serpentine, talc and amphibole schist are found in the granite-gneiss and igneous rock.

2. BASIC REQUIREMENT

Mineral and metal resources are finite, meaning that the lifespan of any mine is limited. Responsible closure involves planning and designing for closure in consultation with relevant authorities and stakeholders to achieve sustainable outcomes that are beneficial to the mining company and its employees, the environment and host communities.

Mine closure is a significant industry challenge requiring substantial financial provision to manage and address associated safety, environmental and social risks. Integrated mine closure is a dynamic and iterative process that considers environmental, social, and economic issues at an early stage of mine development and is developed throughout the life of the mine.

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Fundamental to this is the need to consider closure as an integral part of the mine operations' core business. Planning for closure from the point of designing the project is key in ensuring there are no negative impacts to air, soil, water, and ecosystems local to the site, and in optimising post-closure land use opportunities and social transition outcomes.

Financial assurance is increasingly required by regulators as a guarantee that the funds required for mine closure will be available to complete the closure as planned. To prevent mine abandonment mining companies are increasingly required to provide financial assurance in the form of a funds to governments and communities as a guarantee that the resources to meet closure requirements will be available.

The financial provision must guarantee the availability of sufficient funds to undertake the rehabilitation of the adverse environmental impacts of the listed specified activities; rehabilitation of the impacts of the prospecting, exploration, mining or production activities including the treatment of polluted or extraneous water; decommissioning and closure of the operation; remediation of latent or residual environmental impacts which become known in the future; removal of building structures and other objects and the remediation of any negative environmental impacts.

Although the adoption of financial assurance programs is relatively new and has yet to be optimized and practiced in all jurisdictions, cost recovery and enforcement of environmental cleanup has been improved by financial assurance requirements.

The MPRDA, enacted in 2002 served as the cornerstone legislation for the mining industry in South Africa until 2015 when the Government Notice R1147 Regulations (GNR1147) were implemented. For mining operations which were established prior to the implementation of the GNR1147 regulations, the MPRDA continues to regulate the mining houses until March 2024 whereafter the GNR1147 regulations will apply.

The MPRDA sets out the requirement relating to the development of the nation's mineral and petroleum resources. It additionally aims to ensure the promotion of economic and social development through exploration and mining related activities. The requirement for financial provisioning in the MPRDA has been repealed and replaced by Section 24P of the NEMA, as amended, which provides that the holder of a mining right or permit must make adequate financial provision for rehabilitation of negative environmental impacts.

With the above being said Foskor (Pty) Ltd as a mining company is also legally obliged to comply to the Mineral and Petroleum Resources Development Act (MPRDA), act no. 28 of 2002, and the Government Notice R1147 Regulations (GNR1147) and in order to comply, financial provisions assessment must be determined and undertaken that guarantees to the authorities and various stakeholders of the sufficient funds that would be available to rehabilitate the environmental impacts that would have been caused by the mining activities hence the commissioning of this study to appoint an independent consultant to undertake an in-depth study to develop an integrated mine closure plan and mine closure costing for Foskor Phalaborwa mine.

3. SCOPE

For an independent expert (Pr. Eng / Pr. Sci. Nat) to undertake in-depth study and compile, review and assess the following plans with the financial provisioning (closure cost) required for each plan.

- Annual Rehabilitation Plan
- Final Rehabilitation, Decommissioning and Mine Closure Plan; and
- An Environmental Risk assessment.

The study should also include some third party on Foskor Mine premises as and when requested (Zirconia, Limpopo Iron Ore (LIO) and Idwala).

Activities associated with the scope of work includes, but not limited to:

- Meeting with the mine representatives, stakeholders, and authorities as and when required.
- Acquisition and review of existing information
- Site inspection of all mining activities in the applicable areas
- Closure plan with engineering and technical input
- Closure cost assessments of all the activities within the mine
- Completion of all required plans and related reports.
- Rehabilitation plan with engineering and technical concepts
- Update the existing reports such as risk assessment, Topsoil stockpiles, annual rehabilitation plan and closure plan.
- Workshop or feedback to Mine Management and Mine Closure and Rehabilitation Board of Trustees on Annual Assessments completed.

3.1. METHODOLOGY

- A detailed breakdown of the methodology used to conduct the assessment is required. Methodology should refer to all means utilised. The process of how the final cost estimate was derived should be given in chronological sequence.

4. DELIVERABLES

Deliverables include a compilation, review and assessment of the Annual Rehabilitation Plan, final rehabilitation, decommissioning and mine closure plan and an environmental risk assessment with the financial provisioning (closure cost) required for each plan:

- Present the final mine closure costing to the Mine Management and Trustees.
- The reports must be signed by the consultant.
- The reports must cover all mining areas including the **third parties within the Mining Area (Zirconia, Limpopo Iron Ore, and Idwala Magnetite) as and when requested.**

Note: A non-compulsory site visit will be arranged prior to submission of the quotations

5. REPORTING

Regular reporting and updating of the various milestones achieved such as engagement with various stakeholders and authorities, progress on the ground truthing (assessment), draft annual rehabilitation plan, mine closure plan, environmental risk assessment and financial provisioning thereof.

The reporting is expected at anytime depending on required information by the Board of Trustees.

6. BASIC SPECIFICATIONS, REQUIREMENTS AND RESPONSIBILITIES

The successful bidder is responsible to:

- a) Comply with all the specifications and requirements of this document.
- b) Comply to all the requirements of Foskop COP 25, Service Provider Control (Available on request).
- c) Supply required PPE (Personal Protection Equipment) and safety equipment to safely conduct the required service.

7. LEGISLATIVE- AND REGULATORY REQUIREMENTS

7.1 The successful or appointed service provider shall comply with:

- a) The Mines Health and Safety Act with Regulations (Latest revision)
- b) The National Road Traffic Act with Regulations (Latest revision)
- c) Mineral and Petroleum Resources Development Act (MPRDA), act no. 28 of 2002
- d) Government Notice R1147 Regulations (GNR1147)
- e) All applicable national and international legislative requirements and regulations.

7.2 The successful or appointed service provider shall comply with the latest revisions of the following Foskop COP's (Compendium of Procedures) (COP's, policies and procedures are available on request):

- a) Any other Foskop safety, health, quality and environmental policies and procedures deemed applicable by a Foskop representative.
- b) All other Foskop procedures and policies applicable to the successful application of this contract.

7.3 The successful or appointed service provider shall comply with the following Environmental Specifications, Policies and Procedures:

- a) COP 41 Housekeeping and workplace organisation
- b) COP 49 Waste Management

7.4 Before entering and operating/working on the Foskop site the appointed service provider shall ensure that his driver/workmen are:

- a) Briefed on the required task and have been informed of any abnormal conditions/situations.
- b) Physically, emotionally, and mentally fit to perform their duty.
- c) Issued with the necessary PPE (Personal Protective Equipment) to safely operate his service vehicles and perform the required services on mine and enroute to the waste disposal sites.
- d) Before commencement of work:

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- i. All tools and equipment shall have been inspected and tested to be in a good and safe working order.
- ii. All workmen have participated in the completion of a standard Foskor site risk assessment (Commonly known as a HIRA or Hazard Identification and Risk Assessment) and taken appropriate actions to mitigate any identified hazards.

7.5 Although every effort has been made to ensure that the information contained within this document is correct, it remains the responsibility of the bidder to verify actual status and site conditions. (A site visit can be arranged)

8. PERMIT TO WORK AND RELATED CONDITIONS

The following guidelines are provided to assist the appointed service provider in obtaining access to the mine:

- 8.1 All the appointed service providers' on-site employees shall receive the basic Foskor site induction training at the Foskor Security office.
- 8.2 All the appointed service providers' on-site employees shall receive site specific induction training provided by the Foskor area Regulation 2.6.1 appointee/s.
- 8.3 Registration and proof of payment under the Compensation for Occupational Injuries and Diseases Act, no. 130 of 1993. Registration number must be provided.

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9. PRICING SCHEDULE

Item Nos	Description	Rate per hour	Number of hours	Total
1	Review of existing information			
2	Initial site visit and kick off meeting			
3	Meeting with various stakeholders and authorities			
4	Site visit for the actual work (ground truthing or assessment)			
5	Compilation review and assessment of the Annual Rehabilitation Plan, final rehabilitation, decommissioning and mine closure plan and an environmental risk assessment with the financial provisioning (closure cost) required for each plan			
6	Provide feedback to the management including Financial Auditors briefing during audit period			
7	Submission of the Reports			
8	Other (specify)			
	a)			
	b)			
	c)			
	d)			
	e)			
	Total Cost			

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10. EVALUATION CRITERIA AND BID ASSESSMENT

As part of the process to assist with the evaluation of the bidder's proposal/quotation and to make an informed decision in the awarding of this contract, the following information is required:

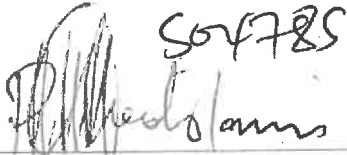
Technical Evaluation

	MEASUREMENT CRITERIA	Criteria scoring (%)	Score (%)	Type of proof to be submitted.
1	Company- Years in business in conducting mine closure and rehabilitation cost projects in terms of GNR 1147	- No experience = 0% 1-3 years combined experience = 10% >4 years combined experience = 20%	20%	Award Letters / Confirmation letter from the companies indicating the type of work done and the dates or duration of the contract
2	List of similar/same contracts awarded in past five years. Provide the following information/details: a) Brief description of the contract type b) Address/ site of the contract c) Name and telephone/ cell number of clear contact person	- No previous projects = 0% 1-4 Projects = 10% >4 projects = 20%	20%	Award Letters / Confirmation letter from the companies indicating the type of work done and the dates or duration of the contract
3	Team Leader/ project specialist individual experience in conducting mine closure and rehabilitation cost projects in terms of GNR 1147	<1 year = 0% 1-2 years = 5% >3 years = 10%	10%	CV indicating number of years the individual was involved with similar type of projects
4	Team Leader/ Project Specialist should have tertiary qualification in Environmental Science or Natural Sciences or Environmental Engineering	Degree/ Diploma in Environmental Science or Natural Sciences or Environmental Engineering (Provide copies of CVs and qualification)	10%	Copies of Applicable Certificate
Mandatory requirement below				
***NB - Failure to provide the mandatory documents will lead to disqualification and your company will not be evaluated further				
5	Team Leader/ Project Specialist SACNASP or EAPASA registration as a professional Scientist	- SACNASP and EAPASA registration not provided = 0% - SACNASP and EAPASA registration provided = 20 %	20%	Copies of Applicable Certificate SACNASP Certificate EAPASA Certificate
6	Understanding of the project- The brief methodology or proposal for conducting mine closure and rehabilitation cost projects in terms of GNR 1147	- Methodology not submitted = 0% - Methodology submitted = 20%	20%	Provide brief methodology or proposal
For the bid to be considered for shortlisting, the bidder needs to score 70% and above and comply to all mandatory requirements				

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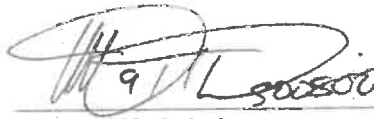
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Michael Radzilani
Environmental Management Specialist

Approved by:



Joseph J Mathebula
Snr Manager – Production and Tailings & BSC Chair

TAKE NOTE:

- 1) Any bidder/service provider that fails to comply or to provide/include/supply requested information and/or copies of all requested supporting certificates and documents will result in a reduced evaluation score that could adversely affect the bidder/service providers chance of being awarded this contract/order.
- 2) Any MANDATORY REQUIREMENT not met will result in immediate rejection of bid/quotation.
- 3) Any bid/quotation with an evaluation score of less than 70% will not be considered.

TECHNICAL:

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BIDDER:

SIGNATURE

DESIGNATION

DATE

COMPANY STAMP

