



INCENTIVES SA

Helping Your Business Grow

Metals and Mining (IDC)

Description:

The IDC's goal is to ensure globally and domestically competitive downstream activities in the value chains of the metals that are used in automotive, machinery and equipment and fabrication. Ultimately, the IDC wish to see a globally competitive and diversified local basic metal and mineral resource industry that produces a significant amount of the metals products and minerals for the local market and the rest of Africa, as well as increasing exports of value-added minerals.

Accordingly, the Metals and Mining unit offers finance and, where relevant, technical assistance to a range of entities in the mining space including emerging mining houses. The IDC fund the development of projects that increase the production of non-ferrous metals, iron and steel, the development of large mines and the manufacture of jewellery. In short, the IDC is keen on projects that beneficiate and add value, locally.

Outcomes:

The IDC envisage that through our funding and project development activities, the IDC can have the following impact on the South African economy or the IDC can achieve the following outcomes:

- Expand and extend existing industries in order to create and/or preserve jobs and drive sustainable economic growth.
- Enable the local basic metals and mining industry to achieve its potential and become globally competitive.

Doing business with the unit:

The IDC considers applications for the following:

- Financing of fixed assets and the fixed portion of growth in working capital requirements;
- New projects, expansions and rehabilitations;



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- Buy-ins or takeovers and acquisitions of existing profitable businesses by applicants who can show a significant historically disadvantaged persons component.
- Financing is also possible for mining-related activities such as contract mining and expansions and working capital requirements for existing jewellery businesses.
- We are keen on projects that have a significant developmental impact on job creation, export generation, value addition, strategic value, industry development, empowerment and rural development.

Funding criteria:

- Compliance with international environmental standards.
- Shareholders/owners are expected to make a financial contribution:
- The contribution of historically disadvantaged people under special circumstances may be lowered, in which case the IDC will be prepared to extend finance in excess of the owner's contribution.
- The project/business must exhibit economic merit in terms of profitability and sustainability.
- The IDC does not re-finance fixed assets since our aim is to expand the industrial base.
- Security, the form and nature of which will relate to your specific circumstances.

Mining deals have unique requirements:

- **Mineral rights**
 - Details of all the mineral rights held, including the way they are held, such as a prospecting permit or mineral rights ownership and the remaining duration of such leases/rights.
 - The options associated with the various rights, such as renewal conversion of prospecting rights into mining rights and so on.
 - Obligations associated with the various rights.



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- **Reserve and mineral resources**

- Classification of the mineral reserve/resource inventory of the mines as per the SAMREC or JORC code.
- The classification should include a discussion on tonnage, seam/reef, thickness dip, grade, depth below the surface, etc. for both the reserve and resource calculations.
- The IDC may require verification by independent consultants acceptable to the IDC, of the ore reserve calculations, and future mining and processing costs.
- Adequate drilling and exploration data to prove that sufficient reserves are available to keep the mine producing for at least twice as long as the proposed funding.
- Sampling information to substantiate or illustrate the average grade and variations within the ore-body.
- Relevant geological reports and maps for the deposit.

- **Historical production/mining**

- Production records in the case of currently producing mines.
- A mine design and a mining plan, indicating mining blocks, grade and the proposed mining schedule.
- Proof that extraction process has been adequately researched to determine that the yield will be acceptable pilot plants, tests are essential if ore beneficiation is to be undertaken.
- Flow diagram of the recovery process, capital items required; capacities and expected recovery rates.
- An environmental impact assessment and the associated environmental management programme report and mining authorisation.



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- A comprehensive feasibility study incorporating all the above information
- Details of commodity cycles, off-take agreements, and the like.
- Working capital costings with cognisance given to stock accumulation requirements.
- Detailed costing schedule illustrating current and or future working costs a capital expenditure for development and operating the mine.

Applying for funding:

The IDC considers each application carefully.

In addition to the specific requirements of the strategic business unit, applications must meet the IDC's minimum requirements.

Minimum requirements:

Minimum requirements

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- The project/business must exhibit economic merit in terms of profitability and sustainability.
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For more information please contact Incentive SA on the following numbers:

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