Prospecting Licence Application Guidelines

1. Identification of applicant:
   a. Name, address and nationality.
   b. Name, address and nationality of all directors, officers and holders of 5% or more of the equity (or principals if not a company).
   c. Companies must be locally registered to acquire mineral rights.
   d. Articles and memorandum of association of company.

2. Information on applicant financial status
   a. Applicant’s balance sheets, profit and loss statements for the previous two to five years.
   b. Banking and other financial references.
   c. Bank guarantee.
   d. Newly registered companies, supporting documents from the bank guaranteeing that the financier will be able to finance the applicant. This needs valid references from financiers.
   e. Proposed financing plan;
      i. Loan and equity capital.
      ii. Anticipated lenders.
      iii. Anticipated interest costs and repayment schedules.

3. Information on applicant’s technical experience and competence:
   a. A description of applicant’s mining experience and documentation of the previous and current mining or prospecting projects.
   b. A description of how the applicant’s technical ability will be provided, consulting or using in-house expertise, and contractors.
   c. C.V.s. of the proposed technical personnel (project manager and environmentalist/environmental consultant, geologists and/or mining engineers) with their valid contacts details and letters proving their availability for the proposed project.
   d. Companies may contract out to qualified mining companies, locally registered.

4. Information on proposed project:
   a. Description of the area to which the application relates, in accordance with generally accepted standards;
      i. Geographic coordinates and a geological description of this area substantiated by geological, topographic and planimetric maps.
      ii. Site plan with boundaries clearly marked showing relevant details such as, but not limited to;
         ✷ Proposed access routes to the site from the major roads.
         ✷ Tailings storage facilities.
         ✷ Plant and other major infrastructure location.
Water storage dams and water management infrastructure.

b. A detailed work programme including annual expenditure for each phase of the proposed activities;
   i. Provide a list with all machinery to be used (equipment may include crushers, earthmoving, trucks, drills, etc.) and processing plants.
   ii. Provide details on site and infrastructure establishment
   iii. Provide a thoroughly revised information on;
       - Details on how the mineral resource and mineral distribution of the prospecting area will be determined through (e.g. geochemical survey, geophysical survey or remote sensing etc.).

   - Full details on the prospecting method or methods to be undertaken, that may include:
     - any excavations, trenching, pitting and drilling to be carried out
     - any bulk sampling and testing to be carried out
     - any other prospecting methods to be applied
   - All planned prospecting activities must be conducted in phases and within specific timeframes.

c. Description of proposed employment of nationals and expatriates;
   i. By category of skill
   ii. Anticipated payrolls
   iii. Anticipated provision of housing and other amenities.

d. The details of the market arrangements, the market's requirements and pricing in respect of the mineral concerned.

e. Anticipated service arrangements:
   i. Patent and know-how licences.
   ii. Anticipated management, engineering and other service contracts.

f. Financial analysis of the project:
   i. Details and costing of the technical expertise and associated labour implications required to conduct the proposed project.
   ii. Costs estimate of the expenditure to be incurred for each phase of the proposed project,
iii. Cash flow projections with regard to the applicable timeframes and scheduling of the various implementation phases of the proposed project.

iv. Details regarding other anticipated costs, capital expenditure requirements, and expected revenue or projected rates of return.

v. Costs pertaining to the rehabilitation and management of environmental impacts.

vi. Any other direct costs

5. Police clearance (only applicable to diamond prospecting or mining applicants):
   
a. It is normal procedure that applicants should go through a police clearance process when applying for diamond prospecting or mining. The applicant should report to the police for finger printing and other procedures.

6. Environmental project brief (to be submitted to the National Environment Secretariat in Maseru, they have guidelines on how to prepare it). This brief shall only be developed by an applicant whose application has been approved by the Mining Board.
   
a. Comprehensive Environmental Impact Study (may be required from some applicants depending on the nature of the area applied for)