



**Incubex Minerals Ltd**  
**Annual Update**

July 2020

# The Team:

<b>Dr. Lelau Mohuba</b> (M.B.Ch.B.)	Chairman and Director of Incubex and Social and Ethics Committee member
<b>Clive Winterton</b>	Chief Executive Officer of Incubex and Social and Ethics Committee member
<b>Rudolph de Bruin</b> (B.Com, LL.B.)	Founder and Director of Incubex, Management Committee and Remco member
<b>David Twist</b> ((Hons) Ph.D.)	Non-exec Director of Incubex and Management Committee member
<b>Jitin Bhatia</b> (B.Com.)	Non-exec Director, Audit Committee member and CEO of INSA Coal
<b>Wilson Hlangwane</b> (B.Sc. (Hons) (Geology), M.Com.)	Non-exec Director, Audit Committee member and Social and Ethics Committee member
<b>Elaine Beylefeld</b> (B.Com, LL.B, MBA)	Director and Social and Ethics Committee member
<b>Dirk Fourie</b> (BEng - Mining, MBL)	Chief Operating Officer of INSA Coal
<b>Ruth Mokwena</b>	Office Manager and Professional Assistant of Incubex
<b>Liezl van Tonder</b>	Group Company Secretary
<b>Erin Markgraaff</b> (B.Com, Hons. Business Management, Tax Practitioner)	Group Accountant and Tax Practitioner

# Company Overview

- ❑ Incubex Minerals Ltd (“Incubex”) is a private equity holding company founded in 2011
- ❑ Incubex owns 100% of two operating mines and various exploration projects across South Africa through subsidiaries.
- ❑ Incubex’s focus is on industrial minerals.
- ❑ The company has offices in Pretoria and in Cape Town and has a strong board and management team with over 50 years experience in fields of geology, mining, law, finance & operational management.
- ❑ Incubex is 68% HDSA-owned of which 62% is Black-owned.
- ❑ Current issued share capital is 1,668,069,919 shares.



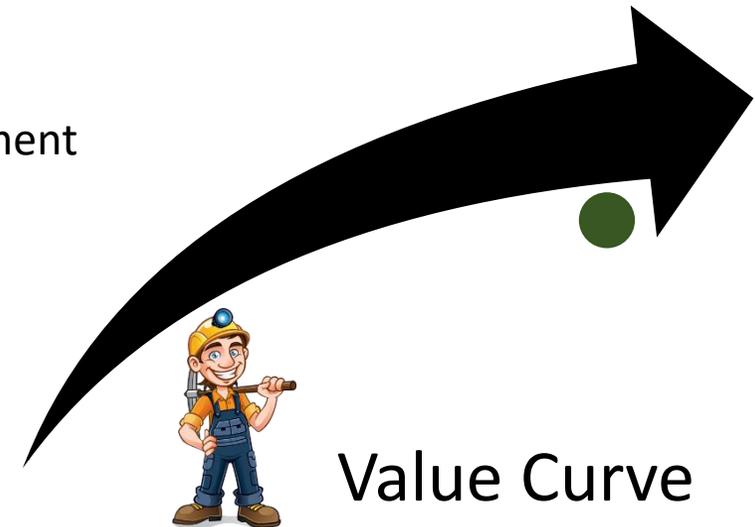
# Our Vision and Mission

## **Vision:**

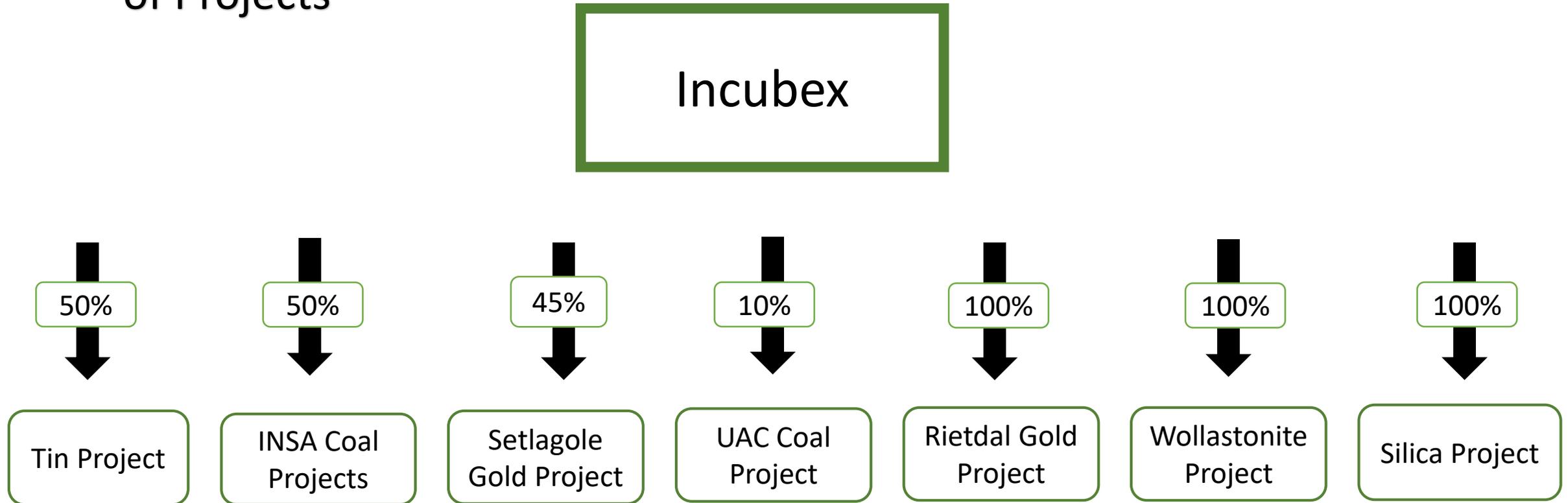
“To become a leading miner of industrial minerals in South Africa, bringing value to all stakeholders in a sustainable manner”

## **Mission:**

- To identify, acquire and develop industrial minerals in various stages of development where unrealized potential exists.
- Initiate strong value uplift through focused exploration and development
- Focus on South Africa and neighbouring SADC countries.
- Actively seek partnerships that provide complementary skills and services and/or funding and support.



# Corporate Ownership of Projects



\*projects are held through subsidiary companies or through joint ventures

# What have we accomplished (5 years):

- ❑ Settled all debt, Incubex is now debt free, except for the liability towards Frans Stapelberg, the shareholder from which Incubex purchased 49% of Maxima Holdings.
- ❑ Bought the remaining 49% of Maxima Holdings from Frans Stapelberg to own 100% of the silica project.
- ❑ Annual overheads were materially reduced.
- ❑ Funded 100% of phase 1 of the silica expansion project 12 000 tonnes a month.
- ❑ Significantly increased the profitability of the silica project.
- ❑ Grown the local market for wollastonite from 30 tonnes a month to 120 tonnes a month
- ❑ Acquired a new silica and gold prospecting right.
- ❑ INSA Coal is profitable and has paid all loan accounts owed to INCUBEX and will make future dividend payouts as and when possible

# The Company's objectives moving forward, to achieve its overall vision

- Maintain & grow the Maxima Silica profitability to a profit in the financial year end June 2021.
- Assist Namwoll to
  - Increase production, supply and bring the company into a break-even scenario by the end of 2022.
  - Upgrade the Namwoll mine and plant in order to export Wollastonite.
- Develop new and existing prospecting rights.
- Develop our Processes, DMR requirements & Systems to outsource our operational incubation skillsets
- Aim to list Incubex on a stock exchange by end of 2020 to firstly raise a significant amount of capital for further growth and secondly to provide its shareholders with an exit option.



# Project Update

## Maxima Silica

- ❑ Maxima Silica (Pty) Ltd (“Maxima”) is the operating company.
- ❑ The mine, which produces silica sand, is situated near Boshhoek, North West.
- ❑ SAMREC compliant CPR confirms a resource of 296mn tonnes with significant tonnages of +97% SiO<sub>2</sub>.
- ❑ Life of mine is approximately 500 years.



## Silica Update continue...

- ❑ Phase 1 of an expansion project has been completed during April 2020 and is now consistently profitable.
- ❑ The new plant opens up the fine sand market which is a very big industry. Maxima will further be able to supply to customers that they previously had to turn away do to production restrictions. A big marketing drive is currently in process to grow the sales to 8,000 tonnes over the next 2 years.
- ❑ With a very conservative calculation, and based on the assumption that the market demand steadily increases, Incubex estimates that the silica operation will be in a position to start paying the Incubex loan account back during November 2020. It is further estimated that profits will continue to grow.

# Maxima Expansion Plant



The Maxima Silica Plant taken from above the pit. The new plant is on the left.



## Wollastonite Project



- ❑ Namaqua Wollastonite (Pty) Ltd holds the mining right and Siyaghopa Trading 147 (Pty) Ltd is the operating company. The wollastonite project will herein be referred to as “Namwoll”. The mine is situated 18km out of Garies, Northern Cape and the factory is situated in the town.
- ❑ The factory produces 5 different sizes of wollastonite product.
- ❑ There is an estimated total of 3 million tonnes of reserves. A resource statement and a feasibility study for the upgrade of the plant and mine for export purposes is currently underway.
- ❑ This project is now ready and prepared for growth.

# Wollastonite update continue...

The strategy with this project is:

- ❑ Firstly, develop the local market to expand the use of wollastonite and replace imports. It is estimated that the local market use approximately 200 - 400 tonnes per month. Namwoll can produce a maximum of 155 tonnes at the factory and a further 200 tonnes at the mine. The current demand is 120 tonnes.
- ❑ Secondly, after the local market has been developed, the mine is breaking even and has reached its capacity, the aim is to export. In order to compete profitably in the export market the cost per tonne has to come down dramatically. In order to bring costs down the mine and plant will have to be expanded to increase volume. This expansion is estimated to costs R30mil.

# Coal Project

- ❑ Incubex, through its subsidiary Ergomark (Pty) Ltd, has a 50:50 joint venture with Action Group India.
- ❑ The JV company is called INSA Coal (Pty) Ltd.
- ❑ INSA has over 30 coal projects.
- ❑ INSA is currently cash flow positive.
- ❑ It receives royalties on a monthly basis in respect of projects that it has sold. It is also actively marketing its portfolio of coal assets. INSA has paid off the INCUBEX loan account and is in a position to pay dividends to its two shareholders.



# Gold Projects

## ❑ Rietdal Gold Project:

- This exploration project is situated 30km from Thabazimbi.
- The exploration right was executed during December 2018.
- Incubex purchased historical data from Anglo from which a resource has been established of approximately 65 700 in-situ tonnes for the project at an average grade of 1.04/t when a cut-off grade of 0.5 g/t Au is applied.
- Further drilling needs to be done to confirm the resource potential.

## ❑ Setlagoli Gold Project:

- Incubex together with a partner has obtained 3 prospecting rights, all three situated close to Setlagole, in the Northwest Province.
- This project has not been explored as yet due to the greenfield nature of the project.
- We have entered into a deal with a partner who will take on the project. Incubex will have a free carry up to bankable feasibility study. Should Incubex choose not to contribute it will dilute to 6% shareholding.
- Drilling is currently being done to confirm resource potential.

## Tin Project

- ❑ This project is in joint venture with SepFluor Ltd.
- ❑ There is a confirmed resource however more exploration will have to be conducted.
- ❑ This project has been held up by a long standing court case regarding the owner of the land who applied for the land to be declared as a nature conservation.

## Union Atlantic Coal Project

- ❑ UAC's (Miranda) JSE listing has been suspended.
- ❑ The coal projects have been sold providing the company with money in the bank to seek other value projects and possibly re-list on the JSE.
- ❑ Steps to re-list have now been put in place.

## Potential New Projects:



### Zinc Recovery Project:

This project is in early stage due diligence to establish the value potential.

### New Silica Project:

We have applied for another silica prospecting right on the adjacent farm to the current silica project.

### Other projects:

We are in a position to grow Incubex and therefore we are constantly looking for new projects to take up the value curve.

# What do we want to accomplish?

- ❑ We want to sustainably grow the business.
- ❑ Current and future projects funded through internal revenue obtained from successful projects.
- ❑ Dividend policy: Dividends will only be paid out on a residual basis i.e after all loan accounts and expenses have been covered. The strategy is to retain surplus cash flow to grow the business.

