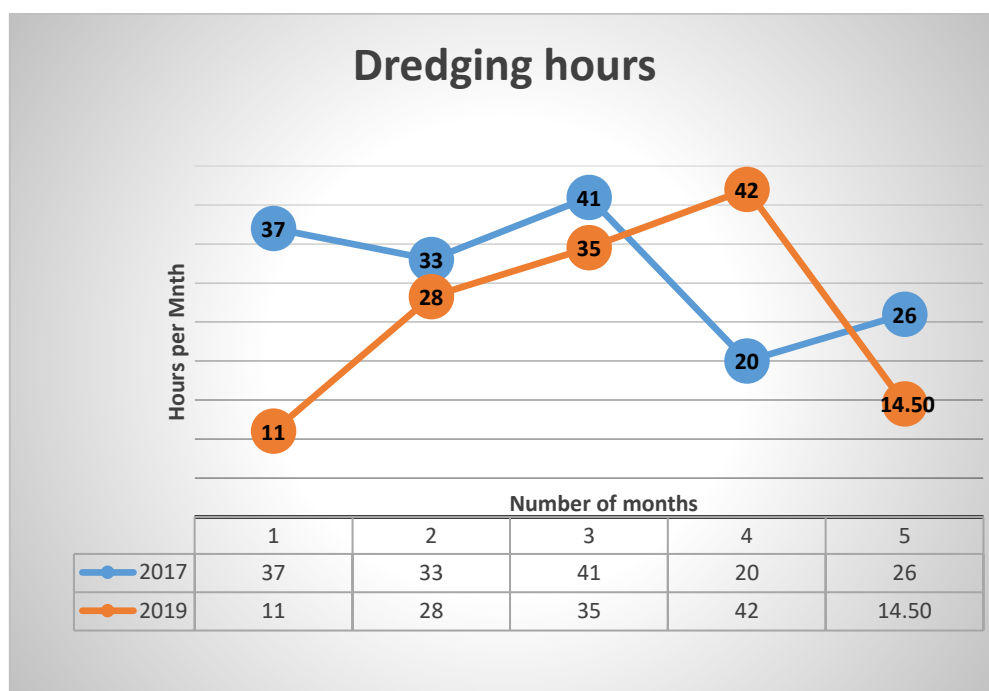


Dredging News # 6

Dear POMA Clients and Stakeholders,

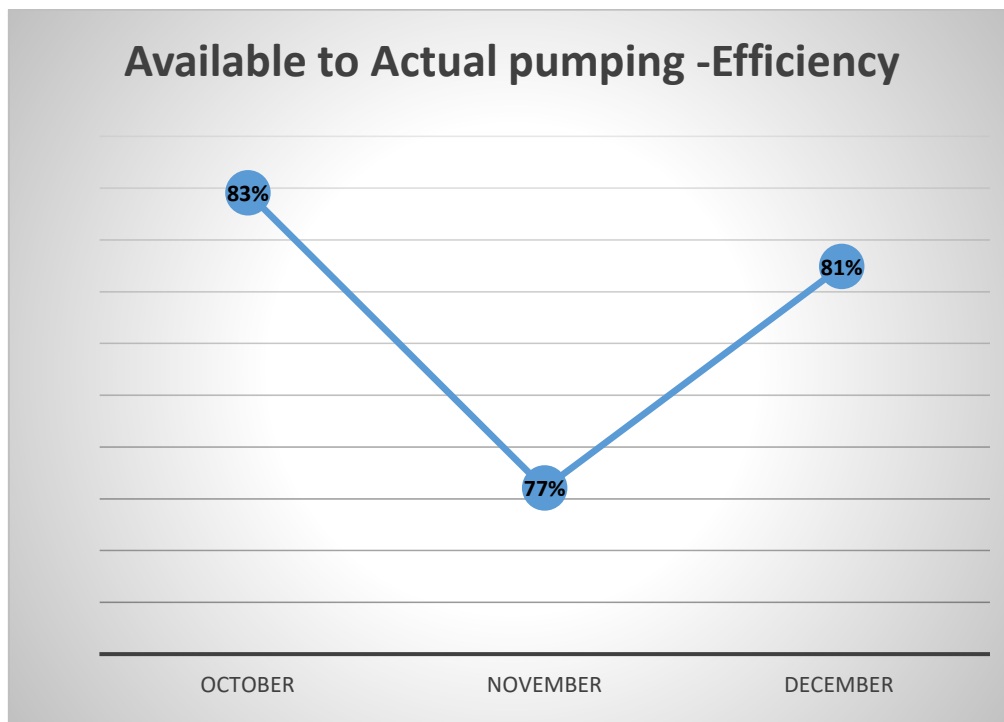
- 1) Our last Dredging News (#5) was posted on 3 May 2019. What happened in-between?
 - 1.1) We have not been able to meet with either DEA&DP (Provincial) or DEA:O&C (National).
 - 1.2) Due to the issue of inclusion of the dredging requirement in the Berg Estuarine Management Plan (BEMP) and the internal dis-agreement in DEA&DP regarding this matter, we were forced to write to the office of the WC Premier, Mr Alan Winde. This has resulted in a high-level meeting scheduled for 19 December 2019. Our position is not negotiable. The BEMP must recognise the existence of Port Owen Marina and the maintenance requirements must be recognised formally. We shall communicate with you once we have a formal outcome after the meeting.
 - 1.3) The DEA:O&C has steadfastly refused to communicate with us since 10 December 2018. A meeting agreed to for 19 March 2019 and facilitated by DEA&DP personnel, was cancelled at short notice.
 - 1.4) We obtained a comprehensive legal opinion from Werksmans Attorneys Inc., presented this to DEA&DP, who confirmed our 2018 Amended Authorisation, and referred us to DEA:O&C. The document was sent to DEA and we commenced with dredging operations on 5 August 2019, expecting DEA:O&C to engage with us.
 - 1.5) DEA:O&C responded by sending a law enforcement team to Port Owen on 10 October 2019. This resulted in a "Notice of intention to issue a coastal protection notice" to be served on us on 22 November 2019. We are dealing with this at the moment and will keep you posted as we progress.
- 2) So, what is happening with the dredging?
 - 2.1) We started dredging on 5 August 2019 and graph "Dredging hours" shows dredging hours achieved per month/compared to the actuals achieved in 2017.



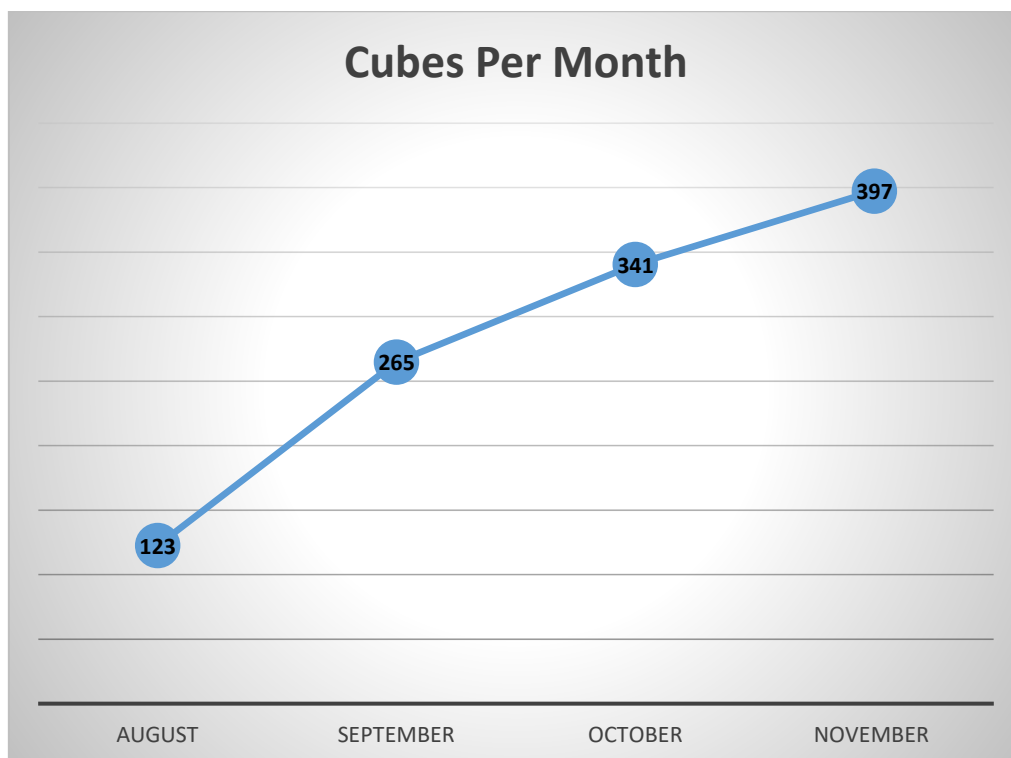
Please keep the following in mind:

- We are only allowed to dredge during daylight hours, weekdays and on outgoing tides with water velocities > 200 m³/s.

2.2) Pumping efficiencies as shown on graph "Available to Actual pumping – Efficiency". This simply shows what the crew actually achieved versus the hours available to them. Hours lost was mainly because of clogging of the pump by foreign matter, such as discarded rope, fishing line and plant matter. The dredger performed faultlessly and mechanical downtime was zero.

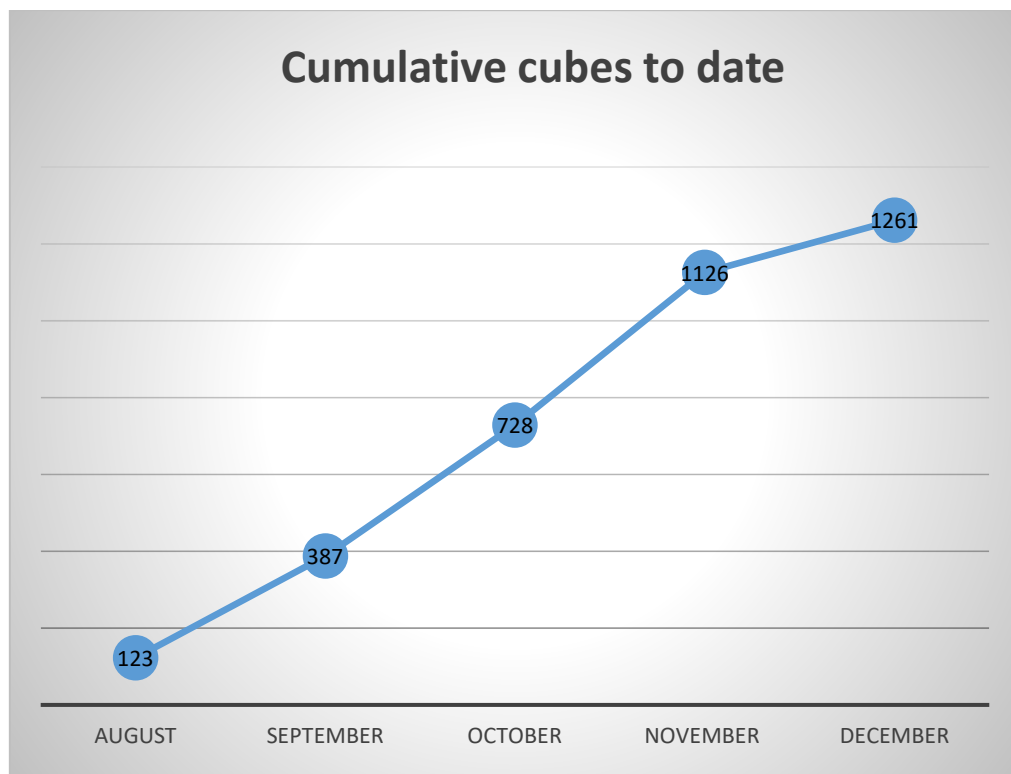


2.3) Cubic metres of material removed from the canal is reflected on graph "Cubes per Month". This is a measure of the amount of work done.



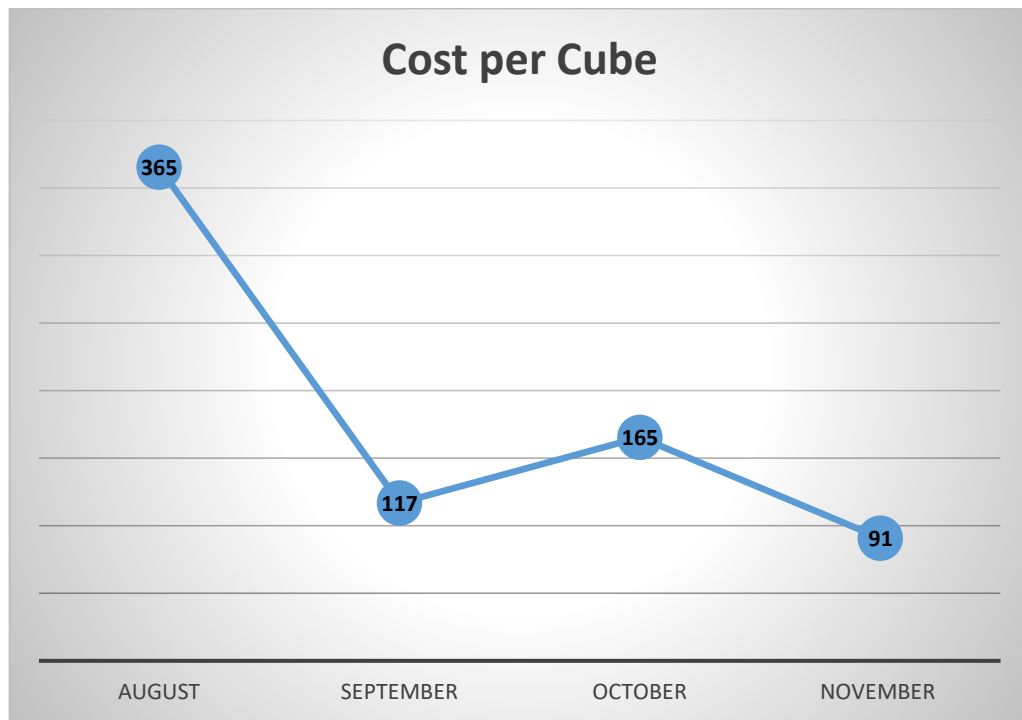
- We have decided to only use bathymetry to determine the actual volume of material removed from the canal floor. Our permit allows us to dredge a maximum of 10 000 m³ per month.
- A bathymetric survey of the marina waterway was done in October 2018. This is the baseline and subsequent surveys, as we progress, will be used to calculate the material moved. We are using information gained from an interim survey done on 5 October 2019 for the information shown. The production from 5 August to 5 October shows an average of 9,4 m³ per pumped hour.
- August was the start-up month and reflects the initial productivity. Subsequent months shows a marked improvement. We are not certain of the target number yet, but constant monitoring will inform us. Productivity is affected by the consistency of the material on the canal bed and varies from area to area.
- December was a short month and is not shown on the graph.

2.4) The cumulative cubic metres of material are shown on graph “Cumulative cubes to date”.



- The total of 1,261 m³ since 5 August includes 135 m³ done in December, before the operation was ended for 2019.
- As soon as dredging in Area 1 has been completed a bathymetric survey will be done to update the cumulative amount of material moved per hour. This will be done as we progress and will, obviously, settle over time and give us reliable and predictable targets for the future.

2.5) Dredging cost per cubic metre removed is shown on graph "Cost per Cube".



- Total cost allocated to dredging (including labour cost) is R502,425.
- Of the above R327,523 was fixed cost, plus the capital cost of monitoring equipment and instruments. Included in the fixed cost is the cost of consultants, the rental of the yard and storage space rented from The Boatyard, insurance of the dredger as well as the SAMSA cost for the survey of the dredger in order to renew the Certificate of Fitness of the vessel.
- Actual, total direct operational cost of dredging (including direct labour), was R174,902. This translates to a cumulative direct operational cost of dredging per cube, per month, as reflected on graph "Cost per Cube".
- Monitoring cost was R87,938 and includes the cost of the ECO consultant and laboratory analysis of sediment samples which has to be done as per our permit conditions.

3) How does this performance compare to the result of 2017 dredging?

3.1) We estimated moving 17,000 m³ during the 2017 season, which had run from May to September that year. The method used to arrive at this number was based on pump performance, -efficiencies and assumed product density. However, a reduced performance to the tune of 92% is impossible to explain and a better picture will be available when Area 1 is surveyed in January 2020. The following gives perspective as to what has changed.

- A cutter head was used on the dredger as opposed to the current venturi.
- The method of measuring is totally different.
- The current material being moved is 99% fines (material < 0,5 mm). The 2017 material contained a much higher fraction of spoils (material > 0,5 mm) as evidenced by the amount of material contained in the settling ponds.

4) What is the plan?

- We must deal with the permit issue. Our advice is to continue with engaging the DEA. Once we have sorted out the Berg Estuarine Management Plan issue with DEA&DP, the Law describes the process.
- We have to create a situation where it would be possible to contract additional pumping capacity in order to speed up the process.

We shall keep you updated as we proceed.

POMA MANAGEMENT