

HERNIC FERROCHROME (PTY) LTD

Environmental process for the proposed mining right amendment (Section 102) for the inclusion of additional minerals at HERNIC's Bokfontein operations

BACKGROUND INFORMATION DOCUMENT

November 2012

INTRODUCTION

Hernic Ferrochrome (Pty) Ltd (Hernic) operates a chrome mine on the farm Bokfontein 448 JQ near Brits in the North West Province (Figure 1). The mine operates with an approved Environmental Management Programme (EMP) under the Mining Right NW 30/5/1/2/2/91 MR.

Hernic is proposing to amend its existing mining right and approved EMP to cater for the inclusion of additional minerals found within the chrome seams. These minerals include chrome ore, platinum group metals (namely platinum, ruthenium, rhodium, palladium, osmium and iridium), gold ore, silver ore, nickel ore, copper ore, cobalt, rare group elements, vanadium and iron ore and the non-metallic elements being sulphur, selenium and tellurium, and sand manufactured from waste rocks.

ENVIRONMENTAL AUTHORISATION PROCESS

Prior to the commencement of the proposed project, an environmental assessment is required. The environmental assessment comprises an application phase, public consultation process and an environmental impact assessment (EIA) and EMP phase. In accordance with Section 102 of the Mineral and Petroleum Resources Development Act, 28 of 2002 (MPRDA), Hernic has submitted an application to the Department of Mineral Resources (DMR) for this project. The application was reviewed and accepted by the DMR and Hernic have been instructed to continue with the public consultation process and EIA and EMP phase.

SLR Consulting (Africa) (Pty) Ltd (SLR), an independent firm of environmental consultants, has been appointed by Hernic to manage the environmental process.

PURPOSE OF THIS DOCUMENT

This document has been prepared by SLR to inform you about:

- * the proposed changes to the approved mining right and EMP;
- * to provide information on the current baseline environment;
- * the environmental assessment process to be followed;
- * possible environmental impacts; and
- * how you can have input into the environmental authorisation process.

Public involvement is an essential part of the environmental assessment process!

YOUR ROLE

You have been identified as an interested and/or affected party (IAP) who may want to be informed about the proposed project and have input into the environmental authorisation process.

All comments will be recorded and presented to the project team. You will receive feedback on how your comments have been taken into account and the outcome of the assessment.

HOW TO RESPOND

Responses to this document can be submitted:

1. Using the attached comments sheet

AND/OR

2. Through communication with the persons listed below.

WHO TO CONTACT

Michael Willson or Ntsako Baloyi

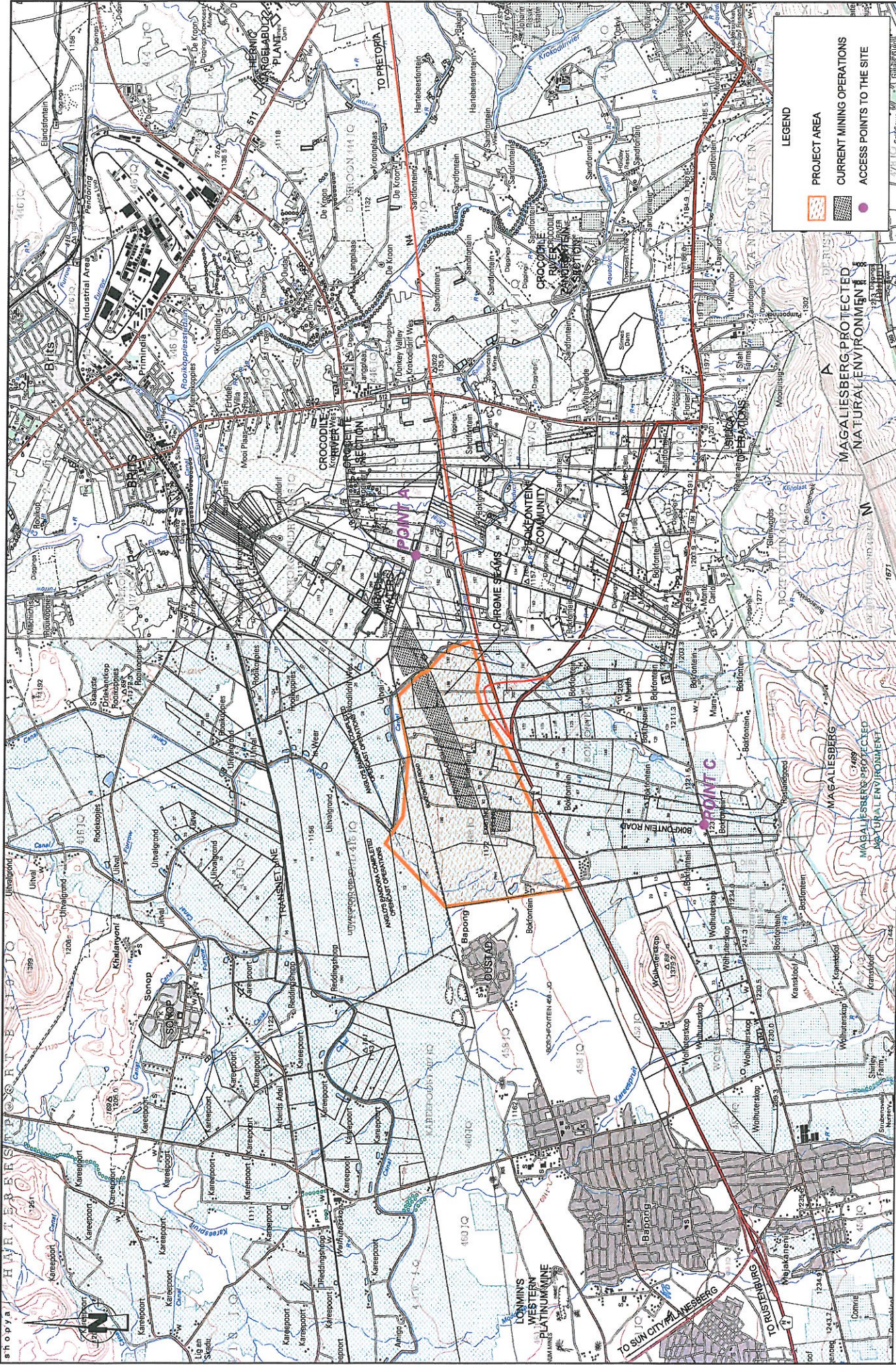
(011) 467 0945 (Tel) or

(011) 467 0978 (Fax) or

mwillson@slrconsulting.com or

nbaloyi@slrconsulting.com

**DMR reference number: (NW 30/5/1/2/2/91 MR)
Please ensure that reference numbers are
included on all correspondence.**



Date :	10/2012	Scale : AS SHOWN
Project No :	710.08001.P0013	FIGURE 1

LOCAL SETTING



 AN INDEPENDENT OFFICE
 OF THE FICUS GROUP
 COURTHOUSE MANOR OFFICE PARK
 FOURWAYS
 JOHANNESBURG, SOUTH AFRICA
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NOTE: PROPERTY BOUNDARIES SHOWN CONCEPTUALLY ON THIS MAP

PROJECT OVERVIEW

Hernic currently holds the mining right NW 30/5/1/2/2/91 MR on various portions of the farms Krokodil drift 446 JQ, Uitvalgrond 416 JQ and Bokfontein 448 JQ. The proposed EMP amendment caters for the inclusion of additional minerals located within the chrome seams. The inclusion of these additional minerals will not require any changes to the mining operations on site or require any additional surface infrastructure or support services. As is currently done, mined ore will continue to be transported to Hernic's Maroelabult operations for processing using existing transport mechanisms. There will be no increase in the volume of material mined.

Any changes required at Hernic's Maroelabult operations to cater for the inclusion of the additional minerals are the subject of a separate Section 102 application being conducted for the Maroelabult site.

STATUS OF THE EXISTING ENVIRONMENT

The proposed project activities will take place within an area already disturbed by current mining and associated activities. A summarised overview of the existing status of the environment is provided below. More detailed information will be provided in the EIA and EMP amendment report.

Geology: The project area is situated within the western limb of the Bushveld Igneous Complex (BIC).

Climate: Located in the Highveld climatic zone. The area is characterised by a mild climate although low minima can be experienced in winter. Annual precipitation is approximately 650 - 900 mm per year.

Topography: Topography on site is influenced by the current Hernic operations which have created temporary landforms and influenced drainage. The project area is relatively flat whilst surrounding areas are characterised by undulating terrain interspersed with norite koppies.

Soils: The major soil types that occur within the area include clay rich soils, light to moderate textured apedal soils, and shallow soils.

Land use: The land use within the project site is a mixture of mining and agricultural activities. Land uses surrounding the project area include mining, farming, residential, small business, general community activities, and recreation.

Natural plant and animal life: The natural environment on site has been impacted on by past agricultural activities, mining activities, and plant harvesting activities. Therefore limited natural vegetation or faunal species occur on site.

Surface water: The project area is located in the Crocodile River catchment. Surface water features on site are limited and in some instances have already been disturbed by passed agricultural activities. The most significant feature is the agricultural irrigation supply canal.

Groundwater: The depth of groundwater levels varies between 2.5 and 23 m below ground level. Boreholes are mostly used for domestic and agricultural (irrigation) purposes.

Air quality, noise levels and visual aspects: Air quality, ambient noise levels and visual aesthetics of the area have been influenced by existing land uses both on site and in the surrounding environment.

Heritage/cultural and palaeontological resources: Due to nature of the project, no heritage resources will be disturbed by project activities.

Socio-economic: The area surrounding the project site comprises formal towns and communities, individual farmsteads, commercial farms and informal community structures. The area is relatively well-populated and is heavily dependent on the mining and agricultural sectors for employment.

PENDING ENVIRONMENTAL PROCESSES AT BOKFONTEIN

- * In 2008 an EIA and EMP amendment process was initiated to cater for the expansion of Hernic's Bokfontein operations to include:
 - ore beneficiation plant
 - smelter complex
 - residue disposal facilities
 - water management facilities
 - road and rail infrastructure
 - various support infrastructure.
- * The EIA and EMP amendment report for these activities was submitted to the Department of Mineral Resources (DMR) and the Department of Economic Development, Environment, Conservation and Tourism (DEDECT) for decision-making.
- * A positive environmental authorisation was granted by DEDECT in February 2012.
- * A decision from the DMR is still pending.

ENVIRONMENTAL ASSESSMENT PROCESS

The environmental process provides information on:

- * the project and environment in which it is being undertaken;
- * identifies, in consultation with interested and/or affected parties (IAPs), the potential negative as well as positive impacts of the project; and
- * reports on management measures required to mitigate impacts to an acceptable level.

The likely process steps and timeframes for the environmental process are provided below.

STEPS IN THE AUTHORISATION PROCESS

Application phase (May to October 2012)

Section 102 Application submitted to DMR (accepted 19 October 2012)



Initial public consultation (November 2012)

Distribution of background information documents (BIDs), placement of site notices and advertisements (November 2012) **WE ARE HERE!**



EIA and EMP amendment phase (November 2012 to May 2013)

Compile EIA and EMP amendment report that considers the amended operations, including a summary

Distribute report and summary to DMR, IAPs and other authorities for review (mid January 2013)

Public review of EIA and EMP amendment report (30 days)

Receive IAP and authorities' comments in writing, update comments and response report and forward to DMR (end February 2013)



Circulate DMR decision to IAPs registered on the project database (usually 120 days after submission of the report to DMR)

ENVIRONMENTAL DECISIONS REQUIRED FOR THE PROJECT

- * Decision from the DMR on the Section 102 application
- * No NEMA, NEM:WA or NWA activities have been identified at this stage

PARTIES INVOLVED IN THE ENVIRONMENTAL ASSESSMENT PROCESS

Please let us know if there are any additional parties that should be involved.

IAPs

- * Surrounding landowners, land users and communities
- * Surrounding mines and industries
- * Non-governmental organisations and associations

REGULATORY AUTHORITIES

- * Department of Mineral Resources (DMR)
- * Department of Economic Development, Environment, Conservation and Tourism (DEDECT)
- * Department of Water Affairs (DWA)
- * South Africa Heritage Resource Agency (SAHRA)
- * Department of Agriculture, Forestry and Fisheries (DAFF)
- * Department of Rural Development and Land Reform (DRDLR)

LOCAL AUTHORITIES

- * Madibeng Local Municipality
- * Bojanala District Municipality
- * Municipal Ward councillors

POTENTIAL ENVIRONMENTAL IMPACTS

Due to the nature of the project, no additional environmental impacts, apart from positive economic impacts are expected at the Bokfontein site although all environmental aspects will be considered in detail as part of the environmental assessment process.

HERNIC FERROCHROME (PTY) LTD: BOKFONTEIN OPERATIONS
SECTION 102 FOR THE INCLUSION OF ADDITIONAL MINERALS
REGISTRATION AND RESPONSE FORM FOR INTERESTED AND AFFECTED PARTIES

DATE		TIME	
PARTICULARS OF THE INTERESTED AND AFFECTED PARTY			
NAME			
POSTAL ADDRESS			
		POSTAL CODE	
STREET ADDRESS			
		POSTAL CODE	
WORK/ DAY TELEPHONE NUMBER		WORK/ DAY FAX NUMBER	
CELL PHONE NUMBER			
E-MAIL ADDRESS			

PLEASE IDENTIFY YOUR INTEREST IN THE PROPOSED PROJECT
PLEASE WRITE YOUR COMMENTS AND QUESTIONS HERE

<p>Please return completed forms to:</p> <p style="text-align: center;">Michael Willson or Ntsako Baloyi SLR Consulting (Africa) Pty Ltd (011) 467 0945 (Tel) and/or (01) 467 0978 (Fax) mwillson@slrconsulting.com or nbaloyi@slrconsulting.com</p>
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