

**ENVIRONMENTAL IMPACT ASSESSMENT (EIA) AND WATER USE
LICENSE APPLICATION PROCESS FOR A MINING RIGHT ON AN
EXISTING PROSPECTING RIGHT REF. FS 30/5/1/1/2/10158 PR TO
BE KNOWN AS LEFA COLLIERY**

**INFORMATION MEMORANDUM AND CONSULTATION
DOCUMENT**

FOR INTERESTED AND AFFECTED PARTIES

26 October 2016

Environmental Consultant:

Mr. Arno van den Berg / Mr. Pieter van der Merwe, PO Box 40541, Moreleta Park, 0044

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1. Purpose of the document

The purpose of this document is to provide stakeholders and Potential interested and/ or affected parties with initial information to introduce the company and its endeavours in the coal industry, and to engage in a public consultation process.

It is handed to you without prejudice. This is part of our consultation process, which follows as result of our application for mining for coal. The application has a granted prospecting right issued by the Department of Mineral Resources (DMR). Based on the results of the prospecting in the area, the shareholders have decided to continue to a mining right and comply with requirements set out in the Mineral and Petroleum Resources Development Act 28 OF 2002 (MPRDA), National Environmental Management Act 107 of 1998 as amended (NEMA) & DMR requirements for applications for mining rights.

As part of this process, a Full Environmental Impact Assessment will be required under the 2014 NEMA EIA regulations which includes a public participation process. The process will be done in accordance with the NEMA requirements and Principles.

2. The company

ERGOSAT (Pty) Ltd

Postal Address

P.O. Box 98924, Sloane Park, 2052

Contact Details

Tel: +2712 771 4411

Fax: +27 (0) 86 604 5100

eMail: ergosatsa@gmail.com

Contact Person: Head of Operations – Dirk Fourie

3. Section 22 of the Act (MPRDA, Act No. 49, 2008)

Process for Application for Mining right (Extract from the MPRDA)

- (1) Any person who wishes to apply to the Minister for a mining right must lodge the application-
 - (a) at the office of the Regional Manager in whose region the land is situated;
 - (b) in the prescribed manner; and
 - (c) together with the prescribed non-refundable application fee.
- (2) The Regional Manager must, within 14 days of receipt of the application, accept an application for a mining right if-
 - (a) the requirements contemplated in subsection (1) are met;
 - (b) no other person holds a prospecting right, mining right, mining permit or retention permit for the same mineral and land; and
 - (c) no prior application for a prospecting right, mining right or mining permit or retention permit, has been accepted for the same mineral and land and which remains to be granted or refused.
- (3) If the application does not comply with the requirements of this section, the Regional Manager must notify the applicant in writing within 14 days of the receipt of the application.
- (4) If the Regional Manager accepts the application, the Regional Manager must, within 14 days from the date of acceptance, notify the applicant in writing-
 - (a) to conduct an environmental impact assessment and submit an environmental management programme for approval in terms of section 39, and
 - (b) to notify and consult with interested and affected parties within 180 days from the date of the notice.
- (5) The Minister may by notice in the Gazette invite applications for mining rights in respect of any land, and may specify in such notice the period within which any application may be lodged and the terms and conditions subject to which such rights may be granted.

4. Legal requirements in terms of public participation process

In accordance to Regulation 40 of Government Notice No. R 982 of 4 December 2014, the public participation process must give all potential or registered interested and affected parties, including the competent authorities, a period of 30 days to submit comments on each of the Scoping report, EIA report and EMPr. These reports have not been produced as yet and will be made available for public comment once completed.

(2) The public participation process must provide access to all information that reasonably has or may have the potential to influence any decision with regards to an application unless access to that information is protected by law.

In terms of regulation 42, a register must be opened and maintained of interested and affected parties who-

- have submitted written comments or attended meetings
- All persons who have requested the proponent or applicant, in writing, for their names to be placed on the register;
- All organs of state which have jurisdiction in respect of any activity to which the application relates

In accordance to regulation 43, registered interested and affected parties is entitled to comment, in writing, on all reports and plans submitted during the public participation process.

The aim of this document is to give effect to the registration of potential interested and affected parties, and to record these persons into the register of I&APs. Once the register is completed, all registered I&APs will be given the opportunity to comment on the documents to be produced.

Please also note that the Scoping Report will contain more detailed information that will also form part of the public participation process as described above.

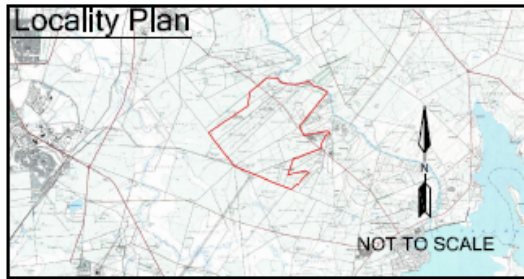
5. Location of the study area

The proposed mining right area is set out below in Figure 1. The blue area represents the area to be included into the mining right. The mine planned will be an underground mine.



Figure 1: Mining right area indicated in blue

The mining right area plan can also be seen in Figure 2 below. The mining area extends over various farms and farm portions as can be seen in Figure 2. The mining right area is situated 15km south of Vereeniging, 15km east of Sasolburg and around 10 km south east of Deneysville. It is bordered by the Vaal River to the north and is situated on an area that contains the Vaal Power Small Holdings and the Groenpunt Correctional Services. The mining area will remain further than 500m from the Vaal River



CO-ORDINATES		
PROJECTION : GAUSS CONFORM		
SYSTEM : WG27		
PNT	Y	X
A	-100183.07	2964997.46
B	-100874.60	2965057.16
C	-101102.18	2965309.24
D	-101427.48	2965492.49
E	-102637.58	2965381.44
F	-103305.64	2965740.23
G	-103987.41	2966056.28
H	-102228.26	2968196.56
J	-102503.87	2968835.58
K	-104043.43	2968525.49
L	-104206.26	2968620.53
M	-104152.21	2968777.66
N	-104030.07	2968733.84
P	-103812.01	2969060.17
Q	-103815.01	2969122.00
R	-103655.36	2969385.04
S	-103631.96	2969681.11
T	-101876.78	2970367.26
U	-101492.46	2971419.89
V	-102580.30	2971127.93
W	-102822.61	2971269.80
X	-101729.63	2972402.07
Y	-99277.88	2971383.24
Z	-98297.13	2970975.86
1A	-97999.31	2970852.14
1B	-97783.38	2970575.17
1C	-97568.33	2970299.00
1D	-96738.90	2969234.48
1E	-96273.20	2968637.74
1F	-98840.15	2966891.98
1G	-99005.29	2966026.61
1H	-98978.49	2965973.74

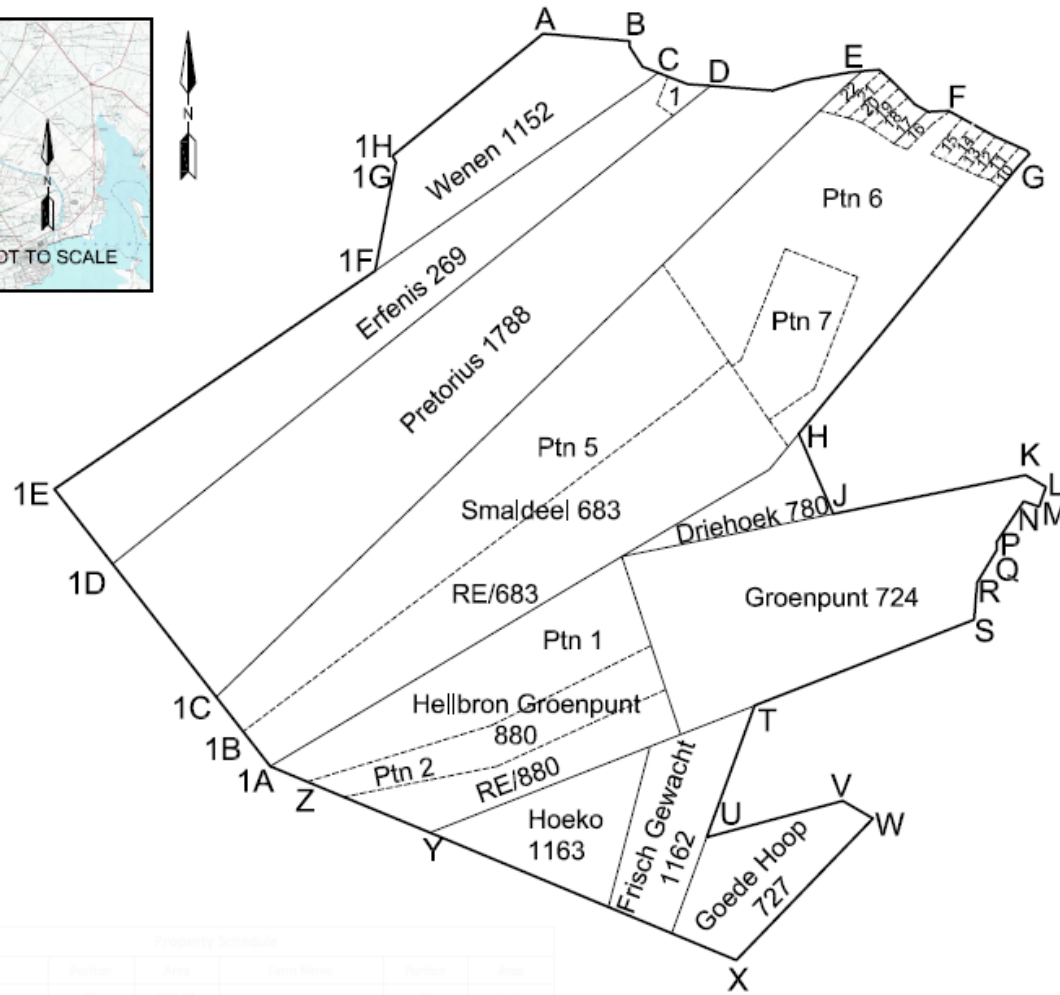


Figure 2: Mining right plan

ERGOSAT (PTY) LTD
PROSPECTING RIGHT PLAN

PLAN OF LAND UNDER APPLICATION
FOR A PROSPECTING RIGHT PLAN

The figures ABCDEFGHJKLMNPQRSTUVWXYZ1A1B1C1D1E1F1G1H, excluding any area within 100 meters of any public road, railway, cemetery, residential or public area in terms of Section 16 and 17 of the Mineral and Petroleum Resources Development Act (28 of 2002), read in conjunction with Regulation 17.6(a) and 17.8(a) of the Mine Health and Safety Act (29 of 1996), being the Application area, being a total area of 3569.58 Hectares, situated in the Magisterial District of Hellbron, Free State Province, for which Ergosat (PTY) LTD is applying for a Prospecting Right in terms of Section 16 and 17 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

Suitable for registration as per Regulation 42 of the Mining Titles Registration Amendment Act 2003.

SCALE 1 : 40 000 (A3 SHEET)

NOTES:

- 1: 1:50 000 Topographical Map: 2627 DD, 2628 CC
- 2: Final area can only be determined by survey.
- 3: Compiled by calculation and compilation from Surveyor General Data

Ergosat (PTY) LTD _____
Sign Date

L. Masondo _____
Professional Land Surveyor (PLS1243)
Sign Date

REGIONAL MANAGER _____
Department of Minerals Resources
Free State Province
Sign Date

DWG No. : 12501A - Ergosat (PTY) LTD
SHEET 1 OF 1 Drawn by: H Maritz

Legend

- Application Area
- Farm Boundaries
- Subdivisions
- Servitude



6. Project Description

Based on the results obtained from the prospecting right conducted on the same pieces of land, Ergosat (Pty) Ltd is proposing to upgrade the existing prospecting area to a mining right. The mining right application to be applied for will be for the underground mining of coal on the properties indicated in Figure 2 above.

Infrastructure development is planned on Portions of the Farm Wenen 1152 and Erfenis 269. Infrastructure planned will include and not be limited to Waste rock dumps, Power lines, access roads and weigh bridges, silos, crush and screen plants, ventilation shafts, offices, dams, workshops, ROM stockpiles, parking, truck loading areas, sewage treatment plant, a filling station and a substation. The planned infrastructure is set out in Figure 3 below.

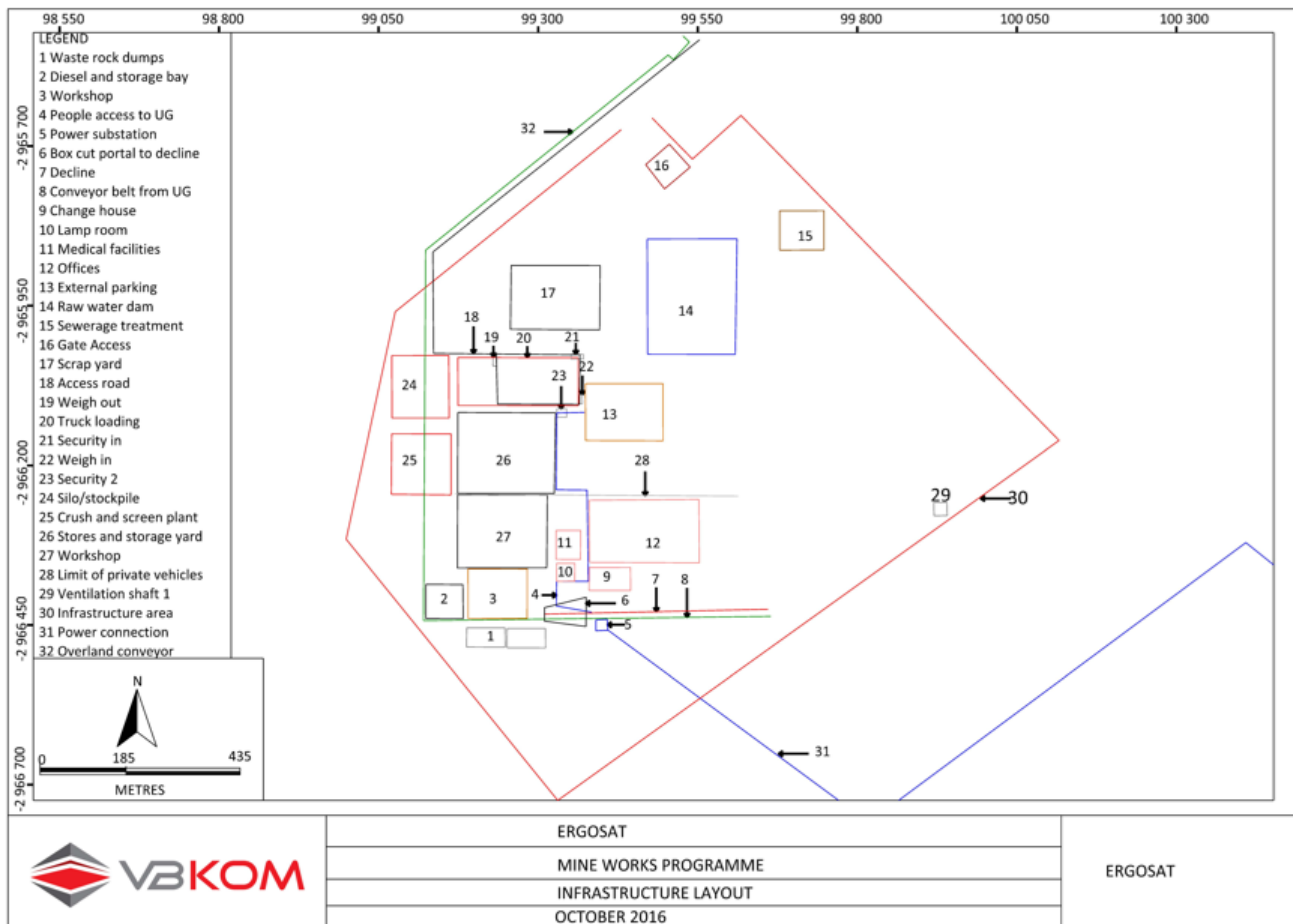


Figure 3: Planned infrastructure

The planned infrastructure position on the mine is presented in Figure 4 below. The infrastructure development is indicated in white. A more detailed map will be presented at the public meeting to be held on 10 November 2016.

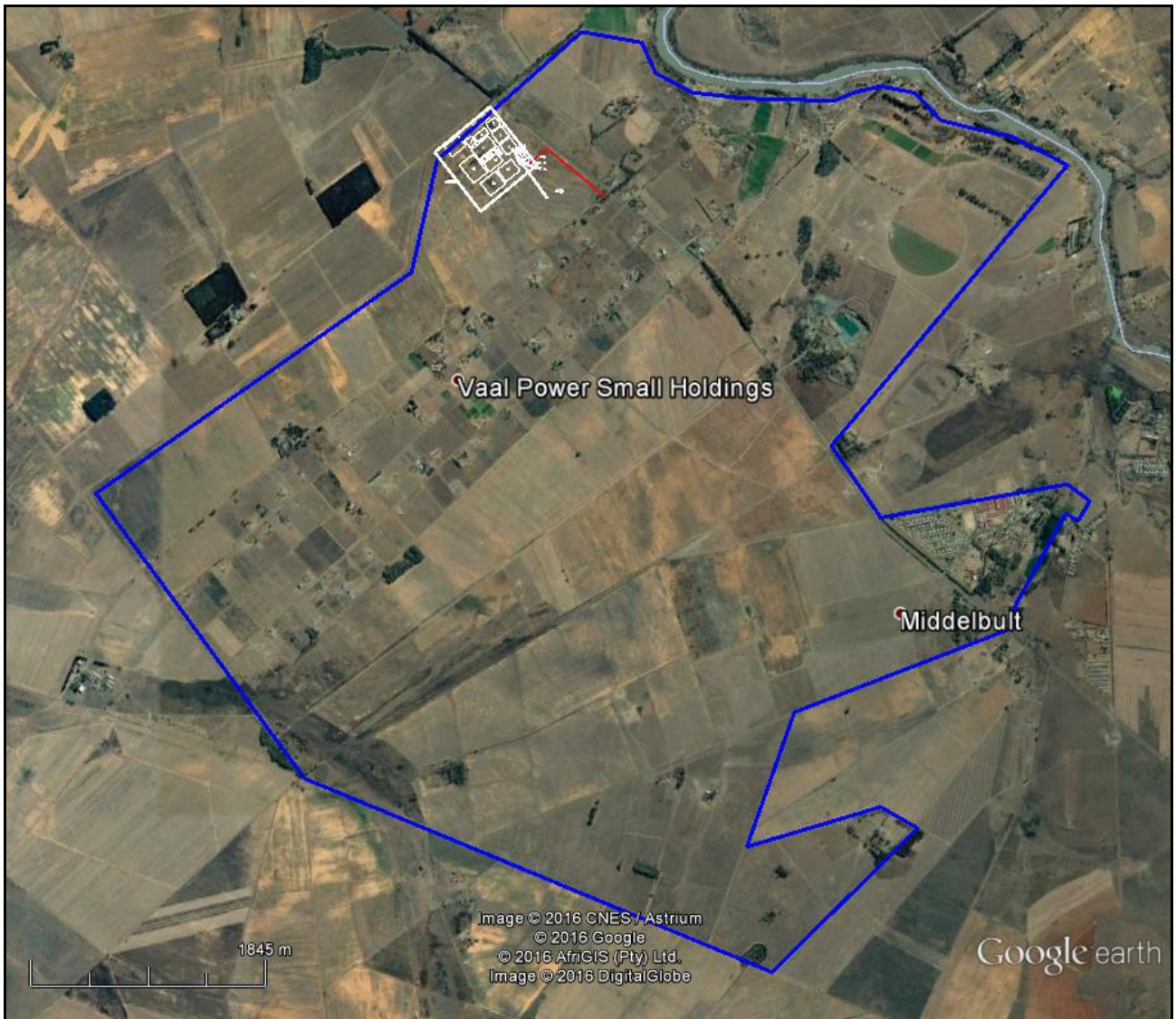


Figure 4: Planned infrastructure in white

The seams to be mine is Seam 1, 2 and 3 of the Vryheid Formation, the Ecca Group of the Karoo Supergroup. The current coal qualities that will be produced can only be utilised by the Lethabo power station, which is 8km from the proposed mine. Lethabo currently receives its coal from Anglo American's New Vaal Colliery. The mine is a fixed cost mine that solely produces coal for the Lethabo power station. New Vaal's production rate is declining as the mine is coming to the end of its life and additional capital will be required to extend the life of the mine. In the interim there is a shortage of supply to the power station.

Eskom has indicated their interest to take 250 000 tons per month of coal from Ergosat. The agreement will only be finalized after a full feasibility study has been completed and the mining right for the project has been obtained. There are no other regional or international markets for the coal quality that will be produced.

Figure 5 indicated below illustrates the mining license area and outline of coal seams 1, 2 and 3. Seam 3A is the main coal seam and drives the mine design. The mine design and layout for the other seams were kept similar for the purpose of this study and was based on the seam thicknesses, parting between the seams and for super imposing purposes.

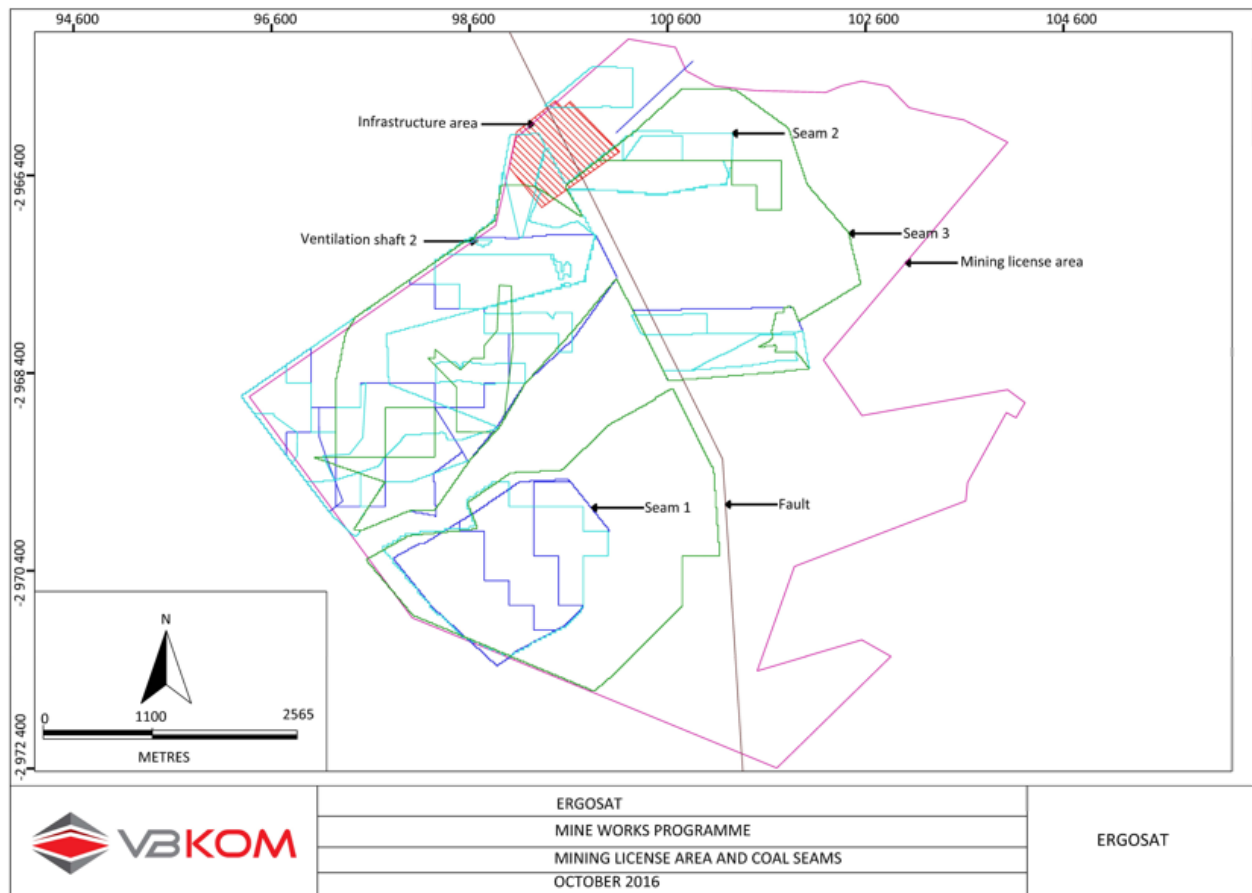


Figure 5: Mining license area and coal seams outline

The Ergosat coal will be mined by a mechanised board-and-pillar mining method. Access to the underground coal mining inventory will be via a box cut, decline shaft and associated underground mine infrastructure. The twin decline shafts will comprise of two parallel shafts, one dedicated to personnel and material movement and one dedicated to coal conveying. Initially these will be the up and down cast ventilation tunnels for the mine, but up-cast raise bore ventilation shafts will be developed once required and then these two declines will both be downcast.

Raise Bore ventilation holes will be developed as part of ongoing capital as mining progresses. Board and pillar mining method is proposed for dipping coal seams. This entails the mining of rooms (boards) leaving pillars intact as a primary support to support the immediate roof. Secondary support will be used in the form of roof bolts and any other support means as and

when required into the immediate roof of the boards mined. The width of the pillars to be left intact is dictated mainly by the following factors:

- The depth below surface;
- Immediate roof competency (inputs from a geotechnical specialist);
- The mining height; and
- Width of the board.

More information on the mining method and basic plan design will be contained in the scoping report to be produced for public view around 20 November 2016.

7. Specialist Studies

Various specialist studies will be conducted on the study site. The Scoping phase of the EIA process will determine if any other specialist studies will be needed, depending on the characteristics of the site. Specialist studies includes most aspects of the environment that will be assessed to establish a baseline for the impact assessment determination. Some of the specialist studies that will be undertaken includes Fauna and Flora, Heritage Assessments, Soil and Land capability, Visual Impact, Social Impact, Air quality Assessment, Traffic assessment, Waste classification, Noise Impact and Blasting Impact Assessment.

8. Water Use Licence Application

A water use license application in terms of Section 40 of the National Water Act, 1998 (Act No. 36 of 1998), will be conducted that on behalf of Ergosat (Pty) for water uses as listed in Section 21 of the above mentioned Act. More detail regarding the process and the specific water uses will be contained in the scoping report to be compiled.

9. Environmental Study Process

The Full EIA process consists of three main components, namely (i) the Scoping phase, (ii) public participation and (iii) the EIA phase including the Environmental Management Programme (EMPr). The technical process to be followed in the Scoping and EIA phases includes, but is not limited to, the following aspects:

- . Terrain investigations;
- . Project description;
- . The identification and assessment of biophysical elements within the study area;
- . Identification of Environmental elements in the area;
- . Compilation of a Scoping Report
- . Compilation of an EIA report.
- . Compilation of an Environmental Management Programme (EMPr)

The public participation process is conducted parallel with the Scoping and EIA phases and includes activities as outlined in Section 4 above. The public participation process does not aim to promote agreement amongst I&APs or quell possible opposition against a project. The process is made open and transparent to all those involved. Additionally, it is considered important to involve I&APs as early in the Scoping process as possible, to ensure informed decision-making and effective participation throughout the study.

In terms of public participation, this notice aims:

- . To obtain issues and concerns from Interested and Affected Parties (I&APs) regarding the environmental assessment process and proposed mining activity, which will be addressed for the planning, construction, operational and closure phases of the proposed mine.
- . To give all potential I&APs the opportunity to register and be placed on the register of I&APs.

Public meeting

A public meeting is scheduled at **Deneysville Primary School Hall** from 18h30 to 20h00 on **10 November 2016**. All potential interested and / or affected parties are invited to attend. This meeting will give an opportunity for the public to raise concerns and objections, to gather information around the planned mine and to register on the register of Interested and / or affected parties.

10. Consultation detail

ENVIRONMENTAL IMPACT ASSESSMENT (EIA) AND WATER USE LICENSE APPLICATION PROCESS FOR A MINING RIGHT ON AN EXISTING PROSPECTING RIGHT REF. FS 30/5/1/1/2/10158 PR TO BE KNOWN AS LEFA COLLIERY

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Name & Surname:	Pieter van der Merwe/ Arno van den Berg Cell: 082 412 7571 Tel: 012 997 4742 Fax: 012 997 0415 Email: rock.arno@lantic.net	Name: _____ Cell: _____ Tel: _____ Fax: _____ Email: _____ Property: _____
Company or Designation:	REC Services (Pty) Ltd	
Date of Consultation:		
Signature as proof of consultation:		

