



GEOLUKEN CONSULTING (PTY) LTD

**BACKGROUND INFORMATION DOCUMENT
PROSPECTING RIGHT APPLICATION AND ENVIRONMENTAL
AUTHORISATION
FOR
HUDSON KAY (PTY) LTD
DMR REF: LP30/5/1/1/2/14875 PR**

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GEOLUKEN CONSULTING (PTY) LTD

GEOLUKEN CONSULTING (PTY) LTD: CONTACT INFORMATION

Table 1: Geoluken Consulting Contact Information

COMPANY NAME:	Geoluken Consulting(Pty) Ltd
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PURPOSE OF THE BACKGROUND INFORMATION DOCUMENT

The purpose of this document is to:

- This Background Information Document (BID) provides you, as an Interested and Affected Party (I&AP), with an overview of the proposed project;
- Provide background information to interested and affected parties (I&APs) on the proposed prospecting activities;
- Describe the Prospecting Right Application and the process being undertaken to obtain environmental authorisation according to relevant South African legislation;
- Consult stakeholders and provide them the opportunity to register as I & Aps;
- The BID invites you, as an I&AP to participate in the required Public Participation Process (PPP);
- Announce the availability of a draft BAR/ EMPr report available for public review and comment; and
- The BID also provides you, as an I&AP an opportunity to provide the project team with your comments, concerns and objections to the proposed project.

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INTRODUCTION

Hudson Kay Consultant (Pty) Ltd (“the Applicant”) (“herewith Hudson Kay”) submitted an application for a Prospecting Right and an Environmental Authorisation in order to prospect for the following commodities:

- Andalusite
- Chrome Ore
- Titanium
- Silver Ore
- Vanadium
- Copper Ore
- Iron Ore
- Sillimanite
- Uranium
- Gold

The proposed project will aim to explore and quantify the potential mineral resources. In order to undertake prospecting activities, Hudson Kay require a Prospecting Right (PR) in terms of the Mineral and Petroleum Resources Development Act, 2002 (MPRDA, Act No. 28 of 2002). Hudson Kay also required to obtain an Environmental Authorisation (EA) in terms of the National Environmental Management Act, 1998 (NEMA, Act No. 107 of 1998) which involves the submission of a Basic Assessment Report (BAR) and Environmental Management Programme (EMP). Geoluken Consulting (Pty) Ltd have been appointed by Hudson Kay as the Environmental Assessment Practitioner (EAP) to assist in complying with these requirements.

AIM OF THE BID

Public Participation forms an integral part of the Basic Assessment process. The BID offers the reader the opportunity to obtain information, comment, raise issues of concern and collaborate in the development of the process. The distribution of this document is a crucial step in advising the reader on how to become involved in the process.

This document aims to provide the reader with basic information regarding the proposed project and this includes:

- An introduction of the project, including location details;
- An indication of the proposed activities and the legal framework in which the project is executed;
- An overview of the environmental baseline information and environmental impacts that may potentially occur;
- An explanation of the Public Participation Process (PPP) to be followed; and
- An explanation of how to get involved as an Interested and Affected Party (I&AP).

PROJECT LOCATION

Prospecting right area is located on Zebediela farms 123 KS situated in Sekhukhune local Municipality in the Magisterial District of Capricorn (Lepellenkumpi) in the Limpopo Province of South Africa. The size of the area is 32971 hectares.

Error! Reference source not found. below indicates the locality of the proposed prospecting area.

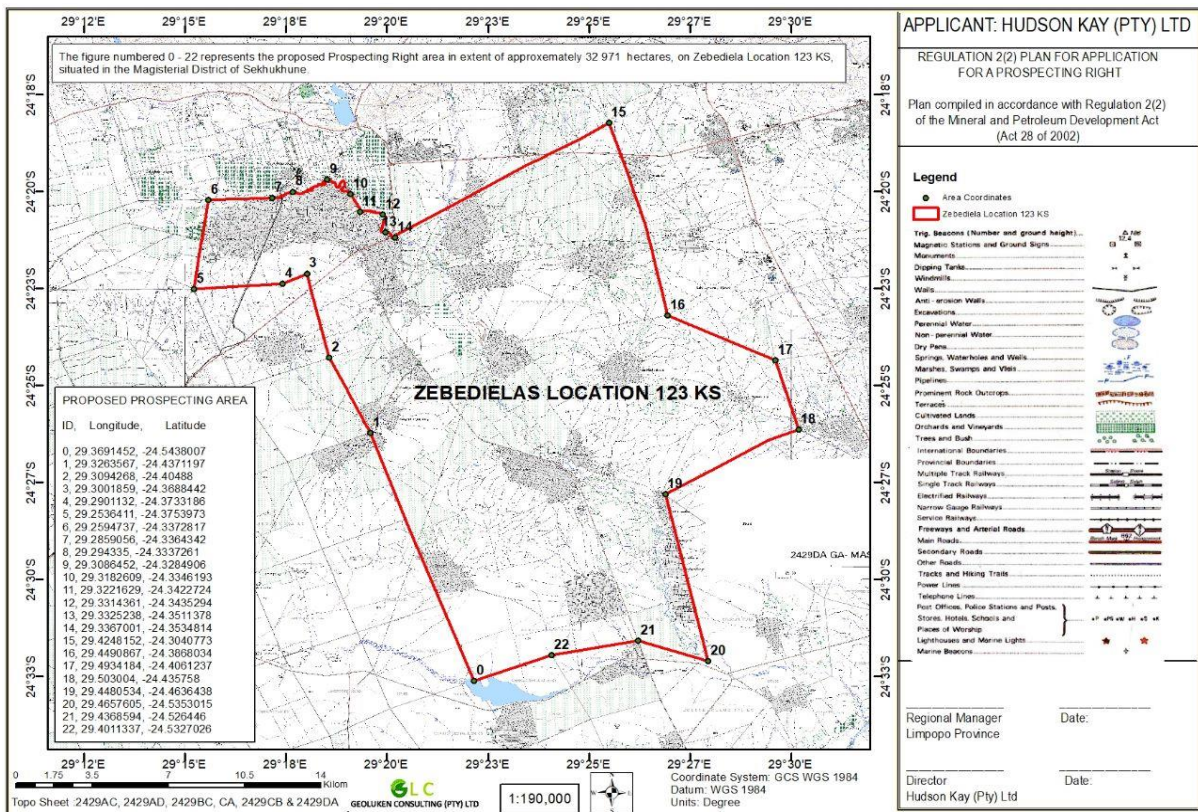


Figure 1: Locality Map of the project area

PROJECT DESCRIPTION

Invasive and non-invasive prospecting activities will be undertaken as part of the proposed Prospecting Work Programme (PWP). The scope of these activities is as follows:

1.1 Non- Invasive Activities

1.1.1 Desktop Studies

This involves the compilation of all geological and related information, relevant to prospecting for applied minerals, available from both public and commercial sources for the property. This information is then assessed by the geologist and other specialists (such as geophysicist) as required, in order to determine the best prospecting techniques to be used on the property. This activity is repeated at the end of each phase of prospecting, by the interpretation of new information and the integration of this with the existing information, in order to decide on whether further work is warranted and if so, the specific scope of this work.

1.1.2 Geophysical Survey

This involves the systematic measurement of magnetic, gravitational and electromagnetic fields over target areas of interest within the property, using appropriate instruments. The individual survey areas vary between 500 x 500 m to 2 x2 km depending on the inferred size of any target. Magnetic survey lines are spaced at a maximum of 50 m and readings will be taken at a minimum of 5 m intervals along the lines. Electromagnetic and gravity survey lines are spaced at a maximum of 100 m with readings taken at a maximum of 50 m along the lines. After data collection has been completed, data processing and visualization takes place to allow the interpretation of the survey.

1.1.3 Geological Mapping

With the aid of aerial and satellite, imagery will be undertaken in order to confirm the presence of magnetite layers. Any outcropping mineralization will be noted, and this mapping programme will be conducted simultaneously with the soil geochemical survey.

1.2 Invasive Activities

1.2.1 Soil Geochemical Survey

A number of soil samples will be taken across traverse lines over the project area. These traverse lines will be chosen based on the results of the airborne geophysical survey, and will be sited across inferred positions of magnetite horizons. Approximately 200 samples will be collected and analyzed. The results of the soil geochemical survey will be integrated with airborne geophysics to select sites for reconnaissance drilling.

1.2.2 Reconnaissance Drilling

Between 10 and 20 boreholes with depths of approximately 200m, each will be drilled along a number of traverse lines. This drilling will be evaluated through borehole logging and assaying.

1.2.3 Borehole Logging, Trenching, Assaying, Interpretation and Report Writing

Core will be logged geologically and geotechnical in detail and assayed across selected horizons. Computer assisted geological and mineralization modeling and evaluation will be carried out, and report will be compiled recommending whether the programme should be terminated or continued.

1.2.4 Description of Pre-/Feasibility Studies

The pre-feasibility stage involves the use of all available geological data, including mineral grade and value estimates, to determine whether the deposit is likely to be economical to mine or not. If so, the scope of full mining feasibility studies must be defined. This is thus a purely desktop phase of the work involving a multi-disciplinary team.

The feasibility stage involves the development of detailed plans and scenarios for the development of a mine, considering all aspects of such an operation. The main aim is to determine accurately how the mineral deposit can best be economically mined, and to prepare all material required for an application for a mining right. This is mainly a desktop phase of work, but it may also involve some additional detailed fieldwork and laboratory analyses requiring a large multi-disciplinary team. Pre-feasibility studies will only be done if the results warrant any further work to be done on the prospecting rights. This work will be scoped accordingly.

REGULATORY REQUIREMENTS

South African law requires that the Environmental Authorisation be sought for certain activities prior to commencement. As part of the application process for Environmental Authorisation it is necessary to assess the environmental and social impacts associated with the activities, so as to identify any potential negative and/or positive consequences as result thereof. Following which measures must be proposed to avoid or minimise these impacts.

In terms of the National Environmental Management Act (Act 107 of 1998) (NEMA) and its promulgated EIA Regulations of 2017 (GNR 327, 325, and 324) the prospecting activities require an Environmental Authorisation.

Activity 20 under Government Notice 327 (Listing Notice 1) is triggered by the Prospecting Right Application. Accordingly, GNR 327 activities are subject to a Basic Assessment Process.

Hudson Kay is required to undertake an EIA process and submit a Basic Assessment report and Environmental Management Programme report (BAR/EMPr), which describe the potential environmental impacts of the proposed prospecting activities, how such impacts will be managed and how the disturbed areas will be managed.

It is therefore essential that I&APs, through the public participation process, become actively involved in the project's environmental assessment process in order to share information and give input that will be useful in assisting the relevant authorities in decision-making as far as this project is concerned.

The public participation process is a legislated process conducted in accordance with Chapter 6 of NEMA and its EIA Regulations and is required in support of Prospecting Right Application in terms of Section 16 of the MPRDA.

PUBLIC PARTICIPATION PROCESS AND REVIEW OF BAR/EMPR

In terms of Chapter 6, Regulations 40 – 44 of the EIA Regulations, 2014 (as amended), Hudson Kay is required to consult with interested and Affected Parties (I&APs). Comments received from the I&APs will be recorded and included in the Public Participation Report, which will be submitted to the Department of Mineral Resources (DMR) in the North West Province.

The public participation process aims to enable landowners, lawful occupiers, directly affected individuals and or Interested and Affected Parties (I&APs) to raise any issues, comments and or concerns regarding the proposed prospecting activities.

The project will be announced in the locally distributed newspaper and notices will be placed in the project area to inform people. Notifications will request I&APs to contribute to the identification of potential environmental impacts. Stakeholders will be notified in writing of the project via email, fax, or postal. A draft BAR/ EMPr will be prepared which lists the potential environmental impacts and how they will be managed. I&APs will be provided with the opportunity to review and comment on the draft BAR/EMPr.

TYPICAL IMPACTS ASSOCIATED WITH PROSPECTING RIGHT ACTIVITIES

The preliminary environmental issues that have been identified for the prospecting right application are as follows:

- Clearance of vegetation;
- Introduction of alien species;
- Impact of drilling on fauna and flora;
- Impact on air quality due to dust generation;
- Potential archaeological and paleontological impact;
- Safety and security risks to landowners and lawful occupiers;
- Soil erosion and compaction;
- Interference with land-use;
- Displacement of faunal species;
- Loss of habitat;
- Increased noise levels;

- Surface and Groundwater contamination due to hydrocarbon spillages from drilling activities; and
- Generation and disposal of waste.

EIA PROCESS IN TERMS OF NEMA ACT

Public Participation/ consultation will be ongoing throughout the Basic Assessment Process. Figure 2 below indicates the BA process that will be undertaken.

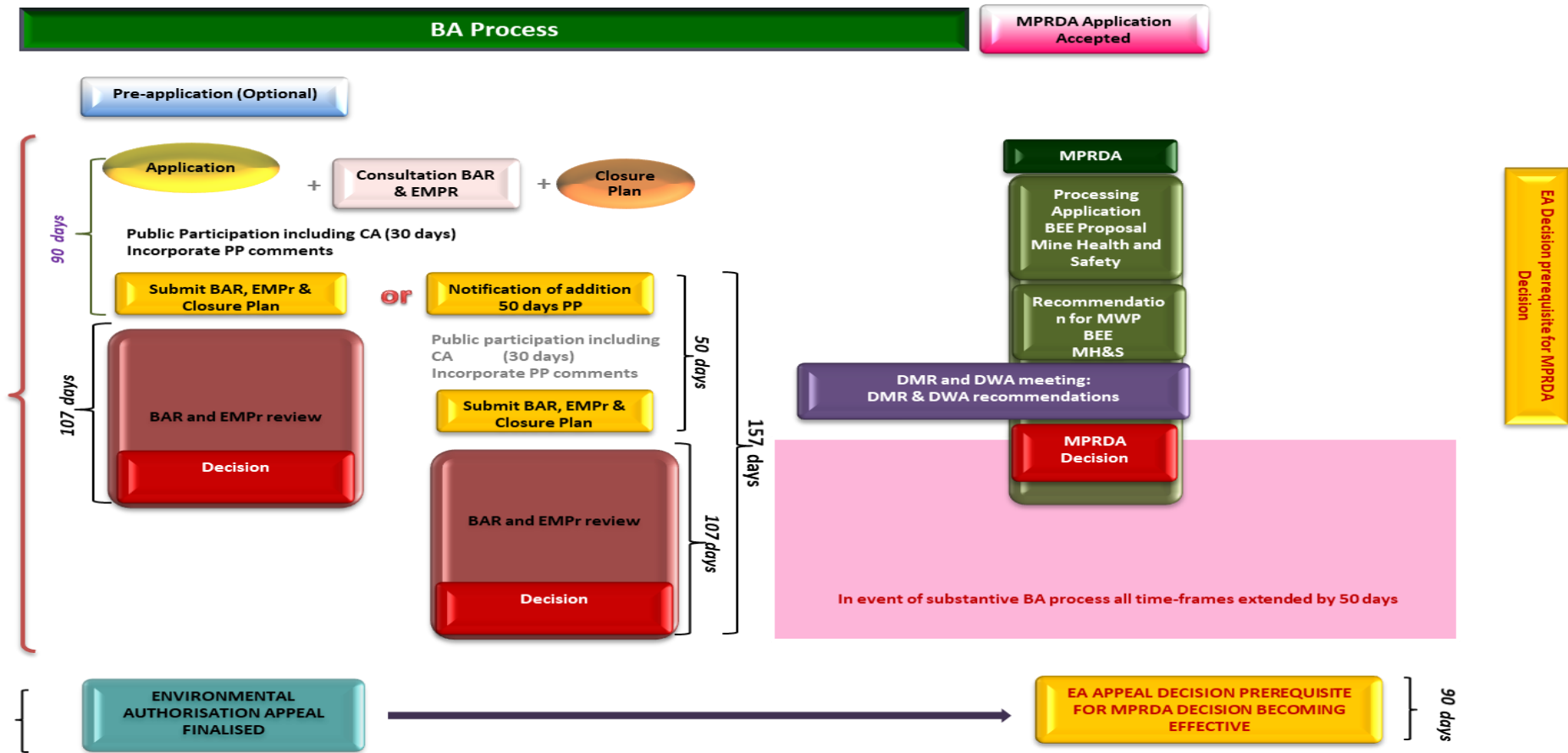


Figure 2: BA Process

INVITATION TO REGISTER AS AN INTERESTED AND AFFECTED PARTY (I&AP)

You are hereby invited to register as an I&AP and to participate in the EIA Process by the following means:

- Reviewing the enclosed Background Information Document;
- Registering as an I&AP; and
- Submit issues, concerns, and any comments regarding the proposed project via email, facsimile, registered post, or telephone.

Registering as an I&APs will ensure that you are placed on a data base to be informed of any progress regarding the project.

Should you wish to register as an I&AP and kept informed on this project kindly complete the attached Registration Form and return to Geoluken Consulting using the contact details below:

Contact person: Lufuno Nengwani

Tel: +27 81 506 4814

Email: Lufuno@geoluken.co.za

Postal Address: PO Box 48231, Hercules, 0082