

For further information and all correspondence for **DMR REF: "MP 30/5/1/1/2/15707PR"** as reference, contact:

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BASIC ASSESSMENT PROCESS OF AN APPLICATION FOR PROSPECTING RIGHT

**BACKGROUND INFORMATION DOCUMENT FOR: VOLHARDING
265 IS ON PORTION: REMAINING EXTENT (RE).**

MARCH 2020

REFERENCE: MP 30/5/1/1/2/15707PR

Proponent/Applicant:

Siphiwe Intsikelelo Trading Enterprise (Pty) Ltd

Consulting Firm:



SIPHIWE INTSIKELELO TRADING ENTERPRISE (PTY) LTD'S applied for a Prospecting Right in terms of Section 24 of the NEMA, 1998 read with Regulation 19 of the EIA Regulations, 2014 and in terms of Section 16 of the Minerals and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) (MPRDA), as amended by Section 12 of the MPRDA, 2008 (Act No. 49 of 2008), for the environmental authorisation of prospecting activities for the following mineral: Ball **Clay** on Remaining Extent (Re) of the farm; VOLHARDING 265 IS, situated in the Magisterial District of Ermelo, Mpumalanga Province. The environmental authorisation application was lodged with Department of Mineral Resources (DMR): Mine Environmental Management as the Competent Authority. Prospecting activities will enable **SIPHIWE INTSIKELELO TRADING & ENTERPRISE (PTY) LTD** to determine if economically viable mineral deposits exist within the area being applied for.

PURPOSE OF THIS BACKGROUND INFORMATION DOCUMENT

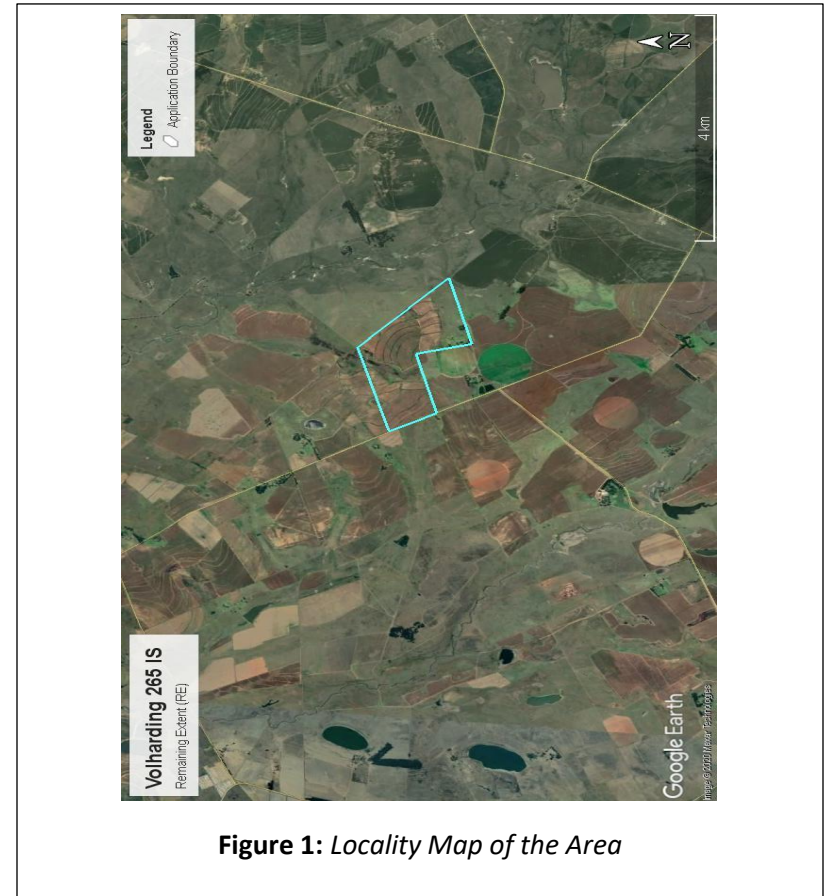
This document aims to provide you, as an interested and affected party (I&AP), with:

1. Information about the proposed prospecting activities;
2. Describe the Prospecting Right Application and the process being undertaken to obtain environmental authorisation according to relevant South African legislation;
3. Details of how you can become involved in the process, receive information, or raise issues which may concern or interest you.

PROJECT DESCRIPTION

The Environmental Authorisation Application is for prospecting activities for the following mineral: **Ball Clay** which is located approximately at 30.2km North of Davel Community in Ermelo, close to a Klein Olifants non-perennial river on the eastern side and farmhouses are seen closer to the farm boundary on the western side.

The proposed prospecting activities will be covered under application reference: MP 30/5/1/1/2/15707R will be undertaken on Re of the farm; Volharding 265 IS, situated in the Magisterial District of Ermelo, Mpumalanga Province. See **Figure 1** for Locality map of the area.



PROSPECTING ACTIVITIES

Prospecting activities will be undertaken over a period of approximately 5 years. The application is for both non-invasive and invasive methods of prospecting.

Non-Invasive methods are methods that do not cause disturbances to the land. Examples of non-invasive methods include aerial photography, desktop studies, aeromagnetic surveys. Invasive methods are activities that result in land disturbances and comprise of diamond core drilling, sampling and sampling storage. The proposed activities will be implemented in phases as detailed below.

a) Non-invasive Activities

Literature Review

Initial Phase 1 work will include the collection and interpretation of all available data and the compilation of a Geographic Information Systems (GIS) database. The information to be collected will include aerial photos, orthophotos, aeromagnetic data, topo-cadastral maps, geological maps, results of historic exploration programmes and any other published literature and maps. The desktop study will aid in compiling a preliminary geological model of the area to be utilized in the planning geological mapping and sighting of drill holes.

Geological mapping

Mapping will involve ground truthing the occurrence of Part of Karoo Supergroup on the Vryheid formation. **See Figure 2.**

Geology of the area:

The Farm to be prospected, Volharding 265 IS, falls under the Vryheid formation. The Main Karoo Basin consists of a retro-arc foreland basin filled with a lithological succession ranging in age from the Late Carboniferous to the Middle Jurassic (Johnson et al., 2006). The basin-fill sequence wedges out northwards over the adjacent Kaapvaal Craton. In the Main Karoo Basin of South Africa, the Vryheid Formation is a sandstone and coal-rich stratigraphic unit that interfingers with (i.e., is transitional with and partially time equivalent to) the overlying Volksrust and underlying Pietermaritzburg Formations, both of which are both are predominantly argillaceous.

In terms of environment of deposition, the formation can be divided into lower fluvial-dominated deltaic interval, a middle fluvial interval (the coal-bearing zone) and an upper fluvial-dominated deltaic interval (Johnson et al., 2006). The thickness and frequency of the sandstone units increases from the base of the formation, reaching their maximum in the middle fluvial interval and then decrease again towards the overlying Volksrust Formation.

Sample analysis

The drill core will be sampled where a mineralized section is intersected. The core will be split into two halves, with one half of the core taken for assay purposes and the other half being retained. Each sample will be measured and weighed and the sample lengths will be recorded before despatch for assays at a South African National Accreditation System (SANAS) accredited laboratory.

Preliminary economic assessment

A preliminary economic assessment is a study conducted to determine whether a project has the potential to be viable. At this stage, the mineralization, regardless of its quantity and quality, is always considered to be a mineral resource. This study is generally based on industry standards rather than derived from detailed site-specific data.

Pre-feasibility study

The pre-feasibility and feasibility studies are more detailed. By the time a decision is made to proceed with a pre-feasibility study, a preliminary mineral resource report has been finalized and an orebody model demonstrating its shape, tonnes, and grade is available. A resource cannot be converted to a reserve unless it backed up by at least a pre-feasibility study. Their results will show with more certainty whether the project is viable. At this point, the mineral resource, or a portion thereof, becomes a mineral reserve.

b) Invasive Activities

Drilling

Diamond drilling techniques will be utilized to prospect for mineralization across the Proposed Prospecting Area. Should core loss occur, the driller will be required to re-drill the mineralized intersections, by use of wedges (deflections) to maximize sample recovery and to ensure that samples are representative.

Geological, structural and geotechnical logging will be performed by experienced geologists and geotechnical engineers to ensure appropriate and sufficient Mineral Resources estimation, mining and metallurgical studies.

After all drilling has been completed, the boreholes will be surveyed (surface and down hole drill path) by a registered land surveyor.

Discovery Drilling

The results of the Phase 1 will be used to assist in the ideal location of 5 drill holes (Figure 2) at maximum depth of 100m. Initially, only 3 of the 5 planned boreholes will be drilled. The objective of the initial drilling will be to confirm the occurrence of the minerals within the proposed prospecting area. As a result of the known structural complexity of the area in which the proposed prospecting areas is located, initial boreholes will be widely spaced in order to increase the understanding of the overall geology. The expected depth will be guide by initial geological interpretation pre-existing data, mapping and test pitting.

Resource Drilling

Subsequent to Phase 2 drilling, the results will be used to design a systematic drilling programme aimed at delineating a Mineral Resource on the Proposed Prospecting Area. implemented to ensure that all potential impacts identified in the BA process are mitigation and managed in a responsible manner.

Per the requirements of the EIA Regulations, 2014 (as amended), the BAR and EMPr aims to provide the following information but is not limited to:

1. A description of the environment that is likely to be affected by the proposed prospecting;

The number of boreholes will depend greatly of the results of Phase 2 drilling.

Description of pre-/feasibility Studies

Pre-feasibility studies are detailed studies that involve the use of metrics and data specific to the project under consideration not standard industry methods. Pre-feasibility studies usually include a range of options for the technical and economic aspects of a project and are used to justify continued exploration, to complete the required project permitting or to attract a joint venture partner. The overriding aim of a pre-feasibility study is to select the preferred option, also known as base case scenario, for the project development. This base case scenario is then developed in sufficient detail to underpin decisions to devote any additional funds required to move the project through subsequent stages of development and to a final feasibility study.

During each of the above-mentioned phases all directly and indirectly impacted and affected parties will be consulted with before any activities take place.

PROSPECTING RIGHT ENVIRONMENTAL AUTHORISATION APPLICATION PROCESS AND PUBLIC PARTICIPATION

Legislation:

An Environmental Authorisation in terms of Section 24 of the National Environmental Management Act, 1998 (Act No. 107 of 1998) read with Regulation 19 of the Environmental Impact Assessment (EIA) Regulations, 2014 (as amended) and Section 16 of the Minerals and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), as amended by Section 12 of the MPRDA, 2008 (Act No. 49 of 2008) is required for a Prospecting Right.

A Basic Assessment Report (BAR) and Environmental Management Programme (EMPr) has been compiled in terms of Regulation 19 of the EIA Regulations, 2014 (as amended). The EMPr (once approved) must be

2. Assessing the significance of the potential impacts of the proposed project on the environment, socio-economic conditions and cultural heritage; and
3. Evaluating the proposed mitigation measures to minimize negative impacts.

Public Participation:

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

“Your Responsibilities as an I&AP and How To Become Involved”

Your attention is drawn to your responsibilities as an I&AP:

- In order to participate in this process, you must register yourself on the project database.
- You must ensure that any comments/queries regarding the proposed project are submitted within the stipulated timeframes.
- In terms of the EIA Regulations, you are required to disclose any direct business, financial, personal or other interest which that you may have in the approval or refusal of the application for the proposed project.

HOW TO COMMENT:

1. By responding by phone, fax, post or e-mail to the invitation **for** your involvement/ registration.
2. By returning the attached Comments and Registration Sheet to the relevant contact person.
3. By contacting the public participation consultants with queries or comments
4. By reviewing and commenting on the draft Basic Assessment Report within the stipulated 30-day public review period.

Kindly note the following time frame for the project duration:

- **Stakeholder engagement and consultation: 25 March 2020 – 28 April 2020**
- **Review of Environmental Impact Assessment Report: 29 April 2020 – 28 May 2020**
- **Submission of the Final EIA & EMP: 1 June 2020**

Your input forms a key element of the process. If you consider yourself an I&AP for this proposed project, we urge you to make use of the opportunities created by the public participation process to provide comment, raise issues and concerns which affect and/or interest you or request further information. Please indicate which project your comments relate to by including the Project Reference Number: **MP 30/5/1/1/2/15707 PR** in your correspondence.

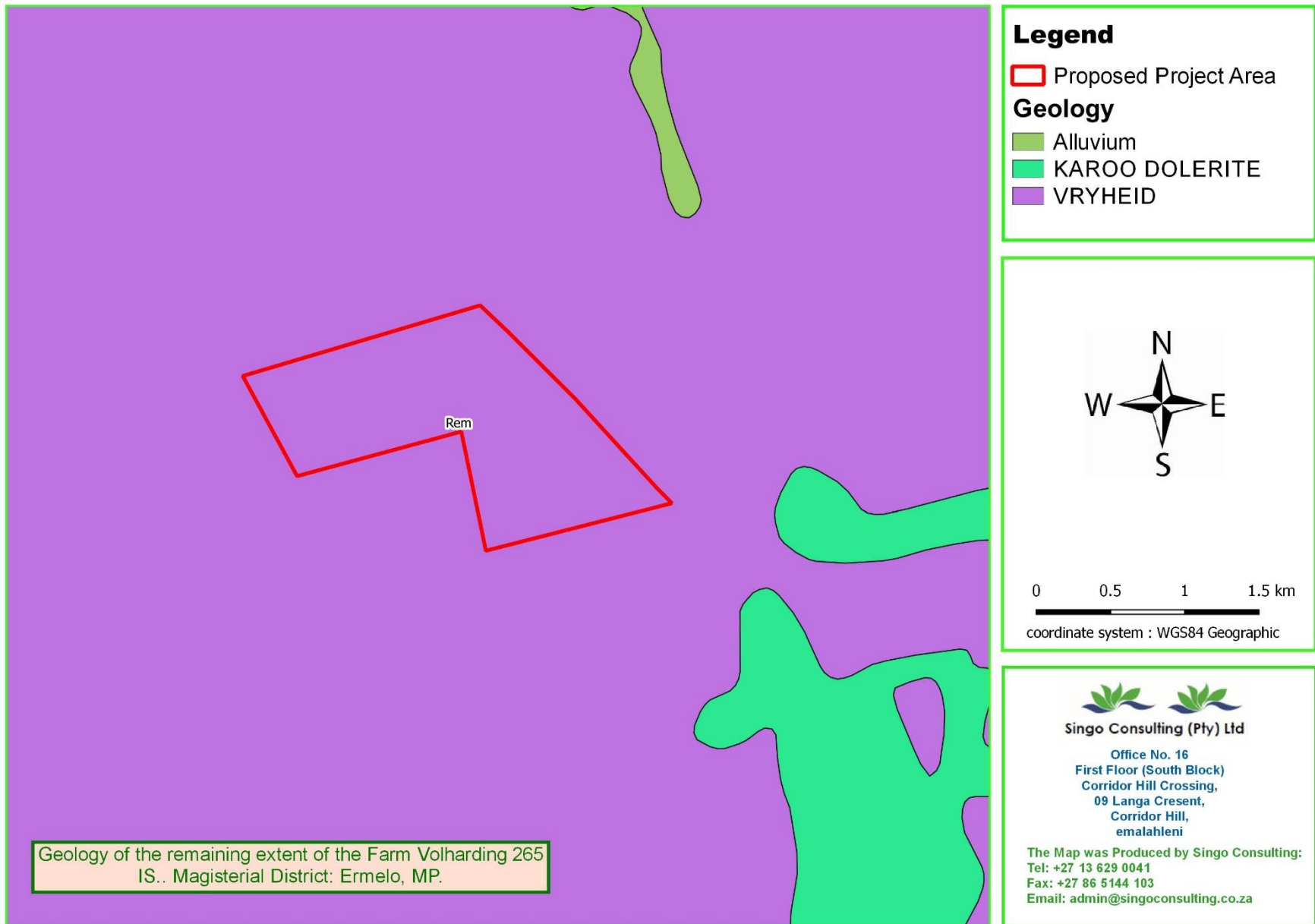


Figure 2: Geology Map of the area.

APPOINTED PUBLIC PARTICIPATION CONSULTANTS and APPLICANT:

Singo Consulting (Pty) Ltd has been appointed as the independent Public Participation Consultants to undertake the PPP for the respective Prospecting Right Application for **SIPHIWE INTSIKELELO TRADING ENTERPRISE (PTY) LTD.**

CONSULTANT:



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APPENDIX 1: COMMENT FORM

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Date:		Time:	
Title :(Prof/Miss/Mrs/Mr/Other)	Name(s):		
Surname:			
Capacity (e.g Director/ secretary/ other)			
Organasation			
Postal Address:		Physical Address:	
Tell No:		Cell No:	
Fax No:	Email:		
COMMENTS/ ISSUES/ CONCERNS (present your issues/ concerns/ comments below)			