

**BACKGROUND INFORMATION DOCUMENT FOR PROSPECTING
RIGHT APPLICATION**

APPLICANT: TSHISIKU MINING AND TRADING (PTY) LTD

DMRE REF NO: MP 30/5/1/1/2/15919 PR

COMPILED BY: MIELELANI CONSULTANCY

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1 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.

2 PROJECT DESCRIPTION

Tshisiku Mining and Trading Pty Ltd proposes to undertake prospecting activities for Vanadium, Iron Ore, Titanium and Manganese. The application for the prospecting activities was lodged with the Department of Mineral Resources and Energy in terms of the Minerals and Petroleum Resources Development Act (28;2002) with reference ***DMRE REF NO. MP 30/5/1/1/2/ 15919 PR.***

Prospecting activities are listed and regulated activities in terms of the Environmental Impact Assessment Regulations of 2014 as amended in April 2017. An Environmental Authorization is therefore required for the proposed prospecting activities. The application for Environmental Authorization was lodged together with the application of the prospecting right. Prospecting activities are listed in Listing Notice 1 of the EIA Regulations and as such a Basic Assessment Process must be undertaken. Tshisiku Mining and Trading Pty Ltd appointed Mielelani Consultancy to undertake the Basic Assessment Process as an Independent Environmental Assessment Practitioner (EAP).

3 Project Locality

Tshisiku Mining and Trading Pty Ltd is proposing to undertake prospecting activities on the following Farms: Leeuwfontein 431 JS and Grootlaagte 449 JS. The proposed site is located approximately 30 km south west of Belfast town in the Emakhazeni local municipality under Nkangala Magisterial District, Mpumalanga Province.

4 Description of the activities to be undertaken

Tshisiku Mining and Trading (Pty) Ltd proposes to undertake prospecting activities for Coal mineral on the farm Leeuwfontein 431 JS and Grootlaagte 449 JS situated in the Emakhazeni Local Municipality, Nkangala District Municipality, Mpumalanga Province. The proposed site is located approximately 30 km south west of Belfast town.

4.1 What is mineral prospecting?

Prospecting is the search of clues that indicates that there are mineral deposits beneath the surface. It is generally the search of mineral deposits and determine if they are minable at a profit. The confidence of mineral deposit is gained through using maps and historical data, geophysics, ground truthing, geochemistry which are considered non-invasive activities.

When the local geology is understood, siting for drilling can then be undertaken. Drilling is done with fairly large machinery that use diamond-tipped, hollow drill 'bits' which produce varying amounts of 'core' depending on the extensiveness of the drill program. Diamond-tipped bits are used because they can go through the hardest of rock, and the core produced is cylindrical and not typically more than a couple inches in diameter. The details of each drill hole (including direction and depth) are recorded in much detail, each meter of core is marked with the depth that it came from and which hole, if there's been multiple drilled.

Once core has been obtained, samples are then sent to a laboratory facility to be 'assayed', which is essentially assessing the physical and chemical properties of the sample. Using this data from the assaying, along with the records of where the assayed drill core came from, the data is re-interpreted to determine subsequent phases of follow-up drilling. If drilling continues, different drilling techniques are used to build confidence in the deposit by determining the size and grade of the 'strike' and 'dip'. The 'strike' is the length and width of the ore body and the dip is the angle at which the ore body is leaning towards (if any).

The objective will be to produce a 3D resource model of where and how the ore body is located underground. All this information is used to complete an 'official resource estimate', which is a non-biased report that is required to have been developed by a 'Qualified Person' (QP). The 'Official Resource Estimate' will outline

the categories of mineral resources (inferred, indicated, and measured) as well as the quantity and grade of each resource category

Prospecting activities will be undertaken in five different phases of which each is dependent on the preceding phase. Each phase will provide information that will determine whether the prospecting activities should be continued or abolished.

4.2 The description of the proposed prospecting activities

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4.2.1 Phase 1: Literature review and Field Mapping

Literature Review

Phase 1 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, Orthophoto, aeromagnetic data, Topo-cadastral maps, and 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. It also includes accruing results from the companies that has already worked on the area. This provides information such as geological setting, biodiversity as well as water management.

Mapping

Generally mapping involves the geologist walking the area and making observations which are then recorded on a map. To enhance the quality and reliability of geological maps data obtained during geophysical surveys will be used. Mapping is completed that meaningful structural and geological data may be derived from it and to confirm that the desktop study is accurate.

4.2.2 Phase 2: Geophysical Survey

A geomagnetic survey will be undertaken to determine the presence of igneous intrusions. This survey will consist of traverses using a hand-held magnetometer. A GPS will be used to record the data point locations. No roads will need to be constructed for this survey. No trees will need to be removed during this survey.

4.2.3 Phase 3: Discovery Drilling and Sampling

The results of the Phase 1 and 2 will be used to assist in the ideal location diamond drill holes at maximum depth of 250 m. Cores will be sampled and prepared for laboratory analysis. This phase is aimed at establishing if there are diamond deposits within the proposed site.

4.2.4 Phase 4: Sample analysis/ Assaying

The assaying will be conducted to determine the mineral content for each core at a South African National Accreditation System (SANAS) accredited laboratory. Sample analysis will inform if there are diamond deposits within the proposed site. Should there be diamond deposits on site, preliminary economic assessment will be conducted.

4.2.5 Phase 5: 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.

Phase 3: Resource drilling and sampling

Subsequent to Phase 3 drilling, the results will be used to design a systematic drill holes to define the site resource. This drilling programme will be more focussed on parts on which the ore deposits were intersected. At this point the position of the systematic drill holes is unknown and will be determined on completion of discovery drilling should there be a mineral resource.

Phase 5: 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. The activities associated with the Prospecting Work Programme will be scheduled over a period of five years.

4.3 Activities associated with the proposed prospecting

4.3.1 Site Access

The undertaking of prospecting activities will require access into privately owned properties. Access into these properties must be through access agreements contracts signed between each property owner and Tshisiku Mining and Trading (Pty) Ltd. The access agreements will be a legal document effective from the date of signing until the exit contract is signed off. The access agreement contracts will detail specific conditions relevant to each property owner.

4.3.2 Access roads

Internal farm access roads from the main local routes to the proposed drill stations will need to be created. The creation of access roads cannot be mapped at this time as not all drilling positions are known. The impact assessment and management details how the roads must be created and managed. Key aspects for creation of access roads are the following:

- ✓ Where access roads are created through ploughing fields, the loss of crops and/or arable land will be compensated for the duration of disturbance;
- ✓ Streams and wetlands crossing will be prohibited;
- ✓ Sensitive areas will be marked a "no-go" area, e.g. wetlands, etc.

4.3.3 Drill station establishment

The establishment of the drill stations will chiefly be dictated to by the underlying geology, however sensitive features must be protected at all times.

4.3.4 Core Drilling

The primary objective is to obtain drill cores for assaying. The affected parties must be consulted and informed of the drilling programme which details the duration of the proposed activities and their input be incorporated into the programme.

4.3.5 Project scheduling

The department of Mineral Resources and Energy allows for a maximum of five (5) years to conduct prospecting activities. The five years' period will include project planning and sourcing of the required materials and equipment. At least 5 working days will be required at each drill station and a maximum of twenty is

proposed and as such an uninterrupted drilling programme can be completed in five months.

The proposed site is accessed mostly through gravel roads that are saturated most of the times in summer. It is therefore recommended to undertake the invasive prospecting activities during the dry period of the year.

4.3.6 Equipment and/or Technology to be used

- ✓ 1 drill rig mounted on a 10-tonne truck or trailer;
- ✓ Aeromagnetic Survey equipment
- ✓ 1 X 2 200 Litres water tanker; and
- ✓ 2X (4X2) Bakkie.

5 Public Participation Process

The public participation process will be undertaken in terms of Chapter 6 of the EIA Regulations of 20114 as amended, Mielelani Consultancy is required to consult with interested and Affected Parties (IAPs).

The affected parties include the land owners and occupiers of the affected properties, land owners and legal occupiers of adjacent properties and any other party/ person who are affected by the proposed prospecting activities.

5.1 Your involvement

The public Participation Process is the platform through which all IAP can effectively engage the project team, raise their concerns and request for clarity. All received correspondence will be recorded and submitted to the DMRE who will consider them when making application decision.

All interested and affected parties (IAP) are requested to register in order to participate and kept informed about the proposed prospecting activities. IAP may register by sending registration request through WhatsApp Text, SMS and/or Emails. IAP can send through their registration request, comments and concerns to the contact details provided below or by completing the accompanying comment form.

5.2 Way Forward

The results of this consultation process will be included in the Basic Assessment Report (BAR) and Environmental Management Programme (EMPr) which will be submitted to Department of Mineral Resources and Energy for decision. You will be notified of decision.

The Public Participation process will be closed 30 days after receiving of this notification. Correspondences received after the closing date will not be considered. Please submit your comments and concerns before the closure of the Public Participation Process.

Registration, queries and written comments should be submitted to: Postal Address: Smokey Mountain Business Park 8a, Ben Fleur, Emalahleni, Mpumalanga, 1035 Email: eeenvironment1@gmail.com/ phathu@mielelani.co.za Cell: 082 404 8733/ 067 103 2562 Fax: 086 260 4733

Contact Person: Phathutshedzo Mugagadeli / Mpho Mphephu

