TAUNG GOLD (SECUNDA) (PROPRIETARY) LIMITED BACKGROUND INFORMATION DOCUMENT FOR THE PROPOSED REFURBISHMENT OF THE EVANDER NO. 6 SHAFT TO ACCESS UNDERGROUND GOLD RESERVES AND ESTABLISH ASSOCIATED SURFACE INFRASTRUCTURE IN EVANDER, MPUMALANGA PROVINCE

October 2014

INTRODUCTION

Taung Gold Secunda (Pty) Limited (Taung Gold) intends to refurbish the disused Evander No. 6 Shaft (previously owned by Evander Gold Mines) and establish gold processing and related surface infrastructure. .

The proposed project is located near Secunda in the Govan Mbeki Local Municipality of the Gert Sibande District Municipality in the Mpumalanga Province. The local setting of the project is shown in Figure 1.

ENVIRONMENTAL APPROVAL

Prior to the commencement of the proposed project an environmental assessment process is required, which includes an application phase, a scoping phase and an environmental assessment phase.

The assessment will be conducted in terms of Section 102 of the Mineral and Petroleum Resources Development Act, 28 of 2002 (MPRDA) and the regulations there under (Regulation 527 of 23/04/2004).

The environmental assessment process will also be conducted in terms of the National Environmental Management Act (NEMA), 107 of 1998. This law applies as the proposed project will incorporate a number of listed activities in terms of the NEMA Regulations 544, 545 and 546 (18/06/2010).

In addition to this, the proposed project will also require a water use license in terms of the National Water Act, 36 of 1998; an atmospheric emissions licence in terms of the National Environmental Air Quality Act, 39 of 2004; and possibly a waste management licence in terms of the National Environmental Management: Waste Act (NEM:WA, Act No. 59 of 2008).

SLR Consulting (Africa) (Pty) Ltd (SLR), an independent firm of environmental consultants, has been appointed by Taung Gold to manage the environmental assessment process and related applications.

PURPOSE OF THIS DOCUMENT

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

- The proposed project
- The environmental assessment process to be followed
- Possible environmental impacts
- How you can have input into the environmental assessment process.

YOUR ROLE

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

You have the opportunity to provide input through review and comment on this document, the scoping report and the environmental impact assessment report and interaction with the environmental team.

Several IAP meetings have been planned as part of the scoping process. The details of the meetings will be communicated in due course.

All comments will be recorded and presented to the project team, and will be addressed as part of the Environmental Impacts Assessment process.

HOW TO RESPOND

Responses to this document can be submitted by means of the attached comments sheet and/or through communication with the persons listed below.

WHO TO CONTACT

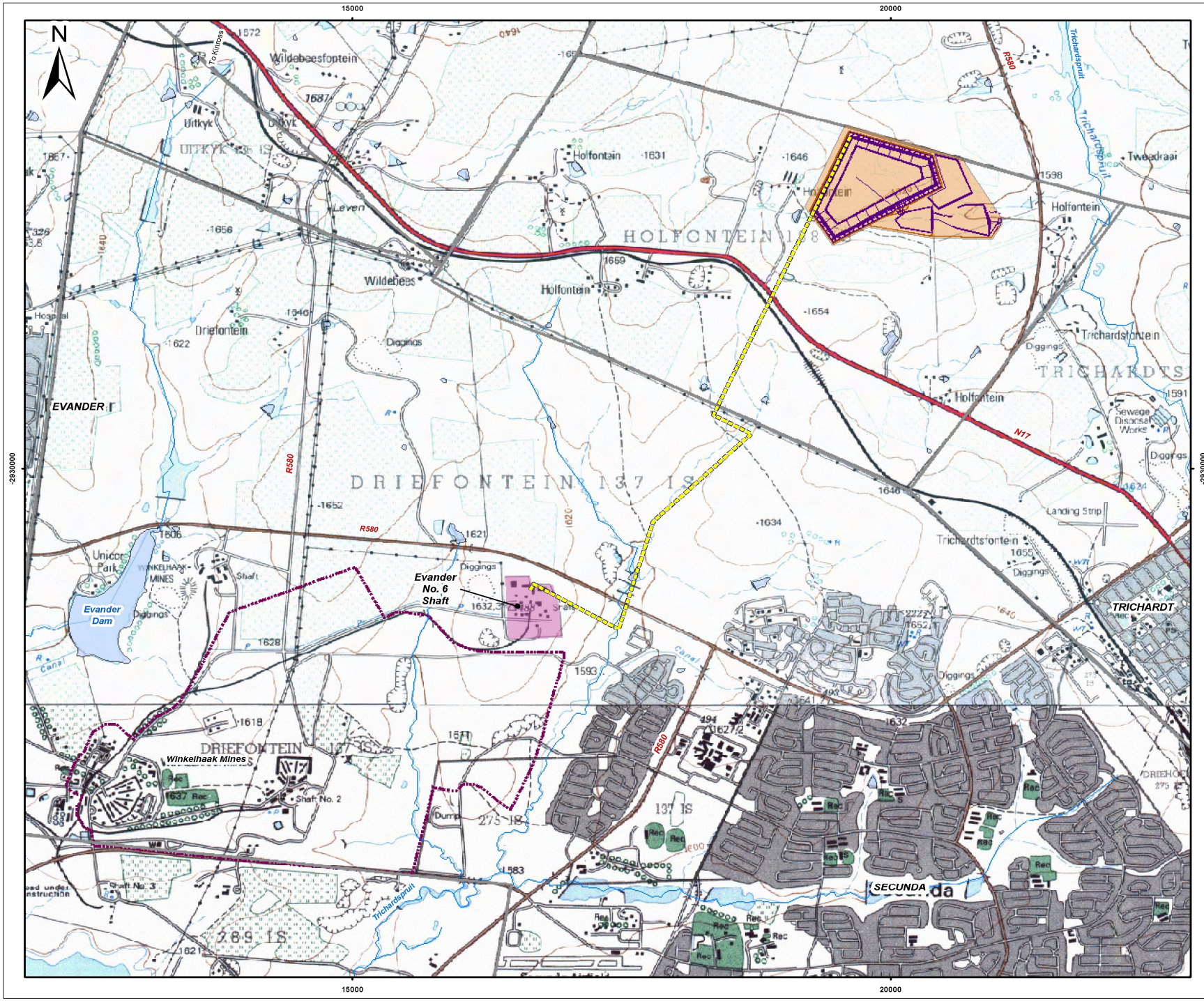
Chiara Kotze or Ntsako Baloyi
(011) 467 0945 (Tel) or
(011) 467 0978 (Fax) or
ckotze@slrconsulting.com or
nbaloyi@slrconsulting.com

DMR reference number: MP30/5/1/2/2/10020MR

DEDET reference number: 17/2/3 GS-265

Other reference numbers to follow as relevant

Please ensure that the reference number is included on all correspondence.



Legend

- Proposed Tailings Pipeline Route
- Proposed Tailings Dam Area
- No. 6 Shaft
- Dams
- Farm Boundaries
- Secunda West Urban Development
- Rivers
- Roads

0 500 1 000 Meters

Scale: 1 ; 35 000 @ A3

Projection: Transverse Mercator
Datum: Hartebeeshoek, Lo29

Taung Gold (Secunda) (Proprietary) Limited

Figure 1

Local Setting

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710.20006.00003 | October 2014

PROJECT OVERVIEW

The proposed project will involve the refurbishing of the disused Evander No.6 shaft and ventilation shaft and additional facilities for waste rock storage, ore processing, tailings disposal, as well as associated support infrastructure and services for water, transport, sewage and power supply.

The main components of the proposed infrastructure include:

- Operating of two vertical shafts
- Gold processing (metallurgical) plant;
- A small water treatment plant;
- Tailings storage facility;
- Material storage and handling areas (ore, fuel, lubricants, process materials, gas, hazardous substances, explosives);
- Water management (clean / dirty water dams, clean / dirty storm water controls);
- A helipad;
- An Eskom yard;
- A mine substation and yard;
- Communication and lighting facilities;
- Offices, change houses, ablutions, security facilities;
- Three 1.2 mw cooling fans;
- Power lines, pipelines, roads;
- Continuation of dewatering as part of underground mining;
- Extension to existing accommodation and new accommodation for crew; and
- Temporary housing of construction personnel.

Power supply: Power will be sourced from Eskom and/or by means of generators. Approximately 17 megawatts of power is required for the proposed project.

Sewage: Taung Gold will make use of a conventional flush system. Sewage effluent will be disposed through a pipeline connection to the Secunda network from a holding tank on-site.

Transport: A new access intersection will be constructed for safe vehicular access to the property. In addition, the vehicle parking area, surrounding fencing and gate security control will be upgraded. The transportation of construction material and staff will make use of the new access road and existing road networks within and surrounding the proposed project area.

Water: During the establishment and operation of the proposed project, water will be sourced from the surplus of water from dewatering. Should additional water be required, it will be sourced from the Rand Water Board.

Dewatering: Excess water that is dewatered from underground will be piped to the existing concrete sump next to Brendan Village from where it will gravitate via the existing 500mm pipe to Leeuwpan. This activity is covered in a separated authorisation process.

Waste management: General and hazardous waste generated as part of the proposed project will be temporarily stored at designated areas and removed off-site to a licensed facility by a certified contractor.

Employment: The establishment of the proposed project will allow for the creation of approximately 2472 job opportunities at peak production.

Project timing: The proposed project will take approximately 120 months to establish and will have a Life of Mine of 21 years.

STATUS OF THE EXISTING ENVIRONMENT

This section provides a basic description of the existing status of the environment.

Climate: The average annual precipitation ranges from 600mm to 800mm with rainfall generally in the form of thunderstorms. This region experiences summer rainfall with hot and humid days. Average summer temperatures range from 19°C to 33°C, while average winter temperatures range from 6° C to 26°C. The prevailing wind direction is from the northwest.

Topography: The topographical relief of the proposed project area is characterised by a combination of flat and undulating grassland. Topographic elevation varies between 1620 to 1650 metres above mean sea level (mamsl).

Soils and land capability: In general soils in the area are dark in colour with a soil depth that ranges from 450 -750mm and can be susceptible to both wind and water erosion. The soil forms located in the proposed project area vary in terms of clay content. The soil forms with a higher clay content are predominantly located near watercourses.

Land use: The proposed project area is surrounded by a combination of farming activities (grazing and crop cultivation), mining related activities, residential (formal and informal), commercial and recreational

(golf course) areas and is bisected by the N17 freeway and the Leven railway line.

Biodiversity: The proposed project area is situated within the Soweto Highveld Grassland vegetation type. This vegetation type is classified as Vulnerable in terms of the National List of Threatened Ecosystems. Within this vegetation type, three distinct habitat units were identified in the project area, namely the Open Grassland, Wetland/Riparian and Impacted Grassland Habitat Units. The Wetland/ Riparian and Open Grassland Habitat Units are mostly suited as faunal species habitat, with the riparian areas acting as relatively important migratory corridors as these areas provide connectivity with other suitable habitats. The habitat supports diverse avifaunal population. Sensitive fauna and flora species are likely to occur within the project area; however no red data species have been recorded.

Surface water: The site falls within the C12D and B11D quaternary catchments. There are a number of watercourses (non-perennial and perennial drainage lines and wetlands) located within the proposed project area. Further to this, there are several dams surrounding the proposed project area. The ecological integrity and functionality of these watercourses have been altered due to existing mining and farming activities. Surface water within and surrounding the proposed project area is used for mining, domestic and livestock watering purposes.

Groundwater: Two main aquifers are located within the proposed project area, namely a shallow weathered/fractured Karoo aquifer and a deep fractured Witwatersrand aquifer. In general groundwater levels may vary between 11 to 73 metres below ground level. The regional groundwater flow is in a southern and south-western direction. Groundwater is used for domestic, mining and farming-related purposes.

Air quality: Major sources of air pollution in the immediate vicinity of the proposed project site include emissions from various mining and industrial operations, vehicle tailpipe emissions, domestic fuel burning, biomass burning, and various miscellaneous fugitive dust sources such as agricultural activities, wind erosion of open areas, and vehicle entrainment of dust along unpaved roads.

Noise: Existing noise in the proposed project area is mainly caused by surrounding farming activities, localised traffic and mining operations.

Visual: In general the visual character of the area is that of a rural environment; however the visual resource has been altered by the existing powerlines, housing developments, roads, railway lines, agricultural activities and mining operations in the area.

Heritage/cultural resources:
In general, the proposed project area is located within a cultural landscape that is marked by heritage remains dating from the pre-historical into the historical (colonial) period. Potential heritage/cultural sites include Stone Age sites, Iron Age sites and colonial remains. Taking this into consideration, sites of heritage/cultural importance may be located within the proposed project area.

Socio-economic: Evander, Trichardt and Secunda are located within a 6km radius of the proposed project area. In general, education levels are insufficient and unemployment rates are high. Municipal services infrastructure is located mostly within the urban areas. The manufacturing and mining sectors are the largest contributing sectors towards employment within the Govan Mbeki Local Municipality.

POTENTIAL ENVIRONMENTAL IMPACTS

The following preliminary list of potential impacts has been identified and will be investigated as part of the environmental assessment process.

Safety: The proposed project has the potential to alter the topography and present infrastructure and excavations which may present potential safety risks for both people and animals.

Soil and land capability: The placement of infrastructure and mining activities has the potential to compromise soil resources through physical disturbance (erosion and compaction) and/or pollution. Loss of soil resources has a direct impact on the natural capability of the land.

Biodiversity: The placement of infrastructure and mining activities has the potential to disturb and/or destroy vegetation, habitat units and related ecosystem functionality.

Surface water: The proposed project has the potential to alter surface drainage patterns through the placement of infrastructure and to pollute surface water resources.

Groundwater: The proposed project has the potential to contaminate groundwater resources which could impact availability to other groundwater users. Furthermore, the quantity of groundwater resources for users may also be affected due to dewatering impacts.

Air: The proposed project has the potential to contribute additional air pollution.

Noise: The proposed project has the potential to cause noise pollution through the presence of construction infrastructure and activities.

Visual: The placement of infrastructure has the potential to create visual impacts through topographical changes.

Heritage/cultural resources: The proposed project has the potential to damage heritage resources should any heritage/cultural resources be identified.

Land use: The proposed project has the potential to impact on surrounding land uses such as livestock grazing, surrounding mines and infrastructure (powerlines, railway and roads).

Socio-economic: The proposed project has the potential to contribute towards positive and negative socio-economic impacts. Positive impacts include job creation and stimulation of local and regional economy. Negative socio-economic impacts such as the influx of job seekers are linked to social pathologies.

ENVIRONMENTAL AUTHORISATION 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 are provided below. IAPs and other stakeholders registered on the project's database will receive notification of information-sharing meetings and report review periods in advance.

STEPS IN THE AUTHORISATION PROCESS
PHASE I – Application phase (September/October 2014)
Submission of NEMA application form to DEDET
Submit NEMWA Application to DMR/DEA (if required)
Submission of S102 application to DMR
Notify landowners of project intent
PHASE II – Public involvement and reporting (October 2014 to September 2015)
Notify other regulatory authorities and IAPs of the proposed project and environmental assessment process (via social scan, placement of newspaper advertisements, placement of site notices, focused and public meetings and this document)
Compile draft scoping report and submit to DMR, IAPs and other authorities for review (30 days)
Update scoping report with comments received during the review of the draft scoping report and submits the final scoping report to DEDET.
PHASE III – EIA/EMP (January to June 2015
Complete specialist studies
Compile draft environmental impact assessment report and submit to DMR, IAPs and other authorities for review (30 days)
Update draft environmental impact assessment report with comments received during the review of the draft environmental impact assessment report and submit the final environmental impact assessment report to DEDET.
Inform IAPs about DEDET and DMR decision
PHASE IV – WULA & NEMAQA (July – December 2015)
Submit WULA to DWS
Submit NEMAQA Application to District Authority

PARTIES INVOLVED IN THE ENVIRONMENTAL ASSESSMENT PROCESS

IAPs

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

REGULATORY AUTHORITIES

* Department of Economic Development, Environment and Tourism (DEDET)
* Department of Mineral Resources (DMR)
* Department of Environmental Affairs (DEA)
* Department of Water and Sanitation (DWS)
* South Africa Heritage Resource Agency (SAHRA)
* Department of Agriculture, Rural Development and Land Administration (DARDLA)
* Department of Public Works, Roads and Transport (DPWRT)
* Mpumalanga Parks and Tourism Agency

LOCAL AUTHORITIES

* Govan Mbeki Local Municipality
* Gert Sibande District Municipality
* Ward councillors

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

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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

Please return completed forms to:

Chiara Kotze or Ntsako Baloyi
SLR Consulting (Africa) (Pty) Ltd
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