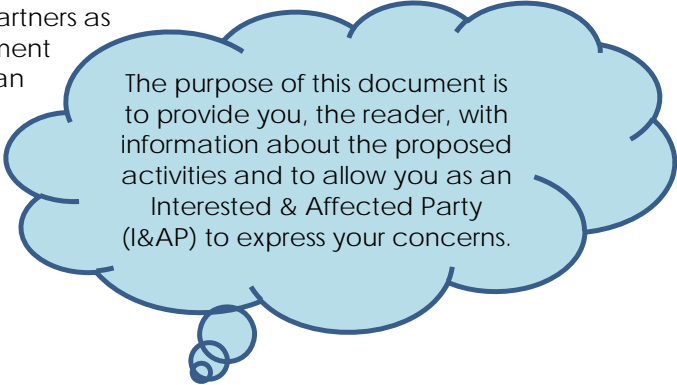


BACKGROUND INFORMATION DOCUMENT

COMPANY NAME: Samancor Chrome Limited

DMR REF NO: NW30/5/1/1/2/11823PR

Samancor Chrome Limited has appointed EcoPartners as the independent Environmental Assessment Practitioner (EAP), to compile and submit an application for Prospecting & Environmental Authorisation, A Basic Assessment Report (BAR), an Environmental Management Programme (EMPr) and to undertake the Public Participation Process for the Prospecting Right Application.



1 DESCRIPTION OF THE PROJECT

Samancor Chrome Limited has applied for the prospecting right terms of Section 16 of the Mineral and Petroleum Resources Development Act - Act 28/2002 (MPRDA), on 16 February 2016, on certain portions of the farms of Hartebeestpoort 410 JQ, which is located in the Madibeng Local Municipality of the Bojanala Platinum District Municipality in the North West Province

The prospecting application relates to the following portions of the farms:

| Farm Name | Portion(s) |
|-----------------------------|--|
| Hartebeestpoort B 410 JQ | 0, 600, 605, 606, 607, 608, 609, 701, 702, 703, 708, 709, 710, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 882, 960, 961, 962, 963, 964, 965, 972, 974, 975, 976, 977, 990, 998, 999, 1000, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1046, 1059, 1117, 1132, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1153, 1154, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1184, 1185, 1186, 1187, 1188, 1189, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1336, 1341, 1342, 1345, 1346, 1348, 1349, 1351, 1352, 1354, 1355, 1357, 1358, 1362, 1364, 1365, 1366, 1368, 1367, 1369, 1373, 1374, 1375, 1376, 1380, 1381, 1389, 1390, 1392, 1395, 1400, 1401, 1402, 1403, 1405 and 1415. |

The mineral being applied for: Chrome.

1.1 WHAT DOES PROSPECTING ENTAIL?

Prospecting means intentionally searching for any mineral by means of any method which disturbs the surface or subsurface of the earth. Prospecting starts with desktop studies that survey the land and gather information with no physical disturbance. The results from this study then enables the company to make an informed decision on where to drill, with minimal disruption to the landowner and the environment. Drilling is sometimes coupled with pitting or trenching to further verify the ore deposit. All disturbances on the property will be rehabilitated on an on-going basis. Please not that prospecting does not guarantee mining of the deposit in the future.

2 DESCRIPTION OF ACTIVITY

The prospecting of the area will occur over a five year period divided into four phases.

The first phase will consist primarily of non-invasive methods, whilst the second and part of the third phase will use some invasive techniques. The third phase will conclude with resource modelling and a pre-feasibility study. The fourth phase will entail invasive and non-invasive phases.

During the first phase of non-invasive prospecting there will be no disturbance of the ground, the landowners will be engaged as to where the invasive prospecting could take place with minimal impact on their livelihood.

For the full prospecting period a maximum of 50 holes will be drilled to a depth varying between 35-150m and additional pitting will be done to a depth of about 2m. Pitting will be restricted to four small areas.

Drilling will take place one hole at a time. The drill site will be cleared of obstructions and debris and then drilled. Rehabilitation will occur concurrently with drilling.

Phase 1 (5 Months) non-invasive

Phase 1(a): Literature Study: The first phase of prospecting will commence with a literature study, on the geological, geographical, environmental and geomorphological including the topographical and infrastructural systems of the area Existing literature, maps and previous exploration data of the area will be consulted.

Phase 1(b): Field Mapping: This stage will include the field traverse (walk-down) of the farm collecting geological information; the information will be correlated with the literature study information in order to correlate with the correct stratigraphy and lithological units.

Phase 1(c): Geophysical Survey: Samancor Chrome will either buy data of previous studies done or conduct airborne geophysics over the property.

Phase 1(d): Data Interpretation and Decision Making: In this sub phase all the data acquired will be analysed and a decision to conduct further studies will be taken.

Phase 2: (14 Months) Reconnaissance Drilling

This phase will entail the reconnaissance drilling of the orebody. 10 holes are planned in this phase to a depth between 30-150m depending on the orebody orientation.

The core from the drill holes will be logged and sampled. The results of this phase will decide if the next phase will be carried out.

Phase 3: (26 Months) Resource Drilling

In this phase of drilling 15 holes are planned to a depth between 30-150m depending on the orebody orientation.

The core from the drill holes will be logged and sampled. The results of this phase will decide if the next phase will be carried out.

The results from this phase helps model the ore-body and feed into a pre-feasibility study.

Phase 4: Feasibility Drilling and Feasibility Studies (14 months)

In this phase of drilling 25 holes are planned to a depth between 30-150m depending on the orebody. Pitting will be necessary in the outcropping areas and their locations will be determined by the availability of outcropping areas and the depth of the target seams.

The orebody will then be modelled with better accuracy.

A feasibility study will then be conducted and the reserves of the deposit calculated and a decision to apply for a mining right will then be taken.

The equipment to be used is as follows:

- Drill Equipment
- Temporary Fencing
- Wooden pegs
- Safety Cones
- Field vehicles
- Spades
- First aid kit
- Sample bags
- PPE (dust mask; gloves; goggles reflector vest)

No staff will be living on the proposed site. There will be portable toilets located on site to provide sanitary facilities to the employees.

3 DESCRIPTION OF PROJECT AREA

3.1 LOCATION

The area under application is located 5km west of Brits and 10km northeast of Marikana in the Northwest Province.

The rural settlements of Makolokwe and Segwaelane are in close proximity to the application area. Just outside the southern boundary is the small town of Sonop. Modderspruit and Majakaneng are located 6km and 8km south of the property respectively.

The N4 national road runs in an east-west direction 8km south of the property and the R556 and R511 run in a north-west direction on the western and eastern sides of the property respectively. Various secondary roads and dirt roads cross through the property from the regional roads mentioned above.



Figure 1: Locality Map

4 PROSPECTING APPLICATION PROCESS

In terms of the Mineral & Petroleum Resources Development Act (Act 28 of 2002), the state is the custodian of all mineral rights in South Africa and the Minister of Mineral Resources has the sole right to grant, refuse, suspend or cancel mineral rights.

The granting of a prospecting right requires approval in terms of Section 17 of the Mineral and Petroleum Resources Development Act (Act no. 28 of 2002) (MPRDA) from the Department of Mineral Resources (DMR). Activities that are listed in Listing Notice 1 (GN 983) and Listing Notice 3 (GN 985) of the 2014 EIA Regulations made under section 24 (2) of the National Environmental Management Act, 1998 (Act No. 107 of 1998), requires a Basic Assessment.

The following listed activities will be triggered by the prospecting activities:

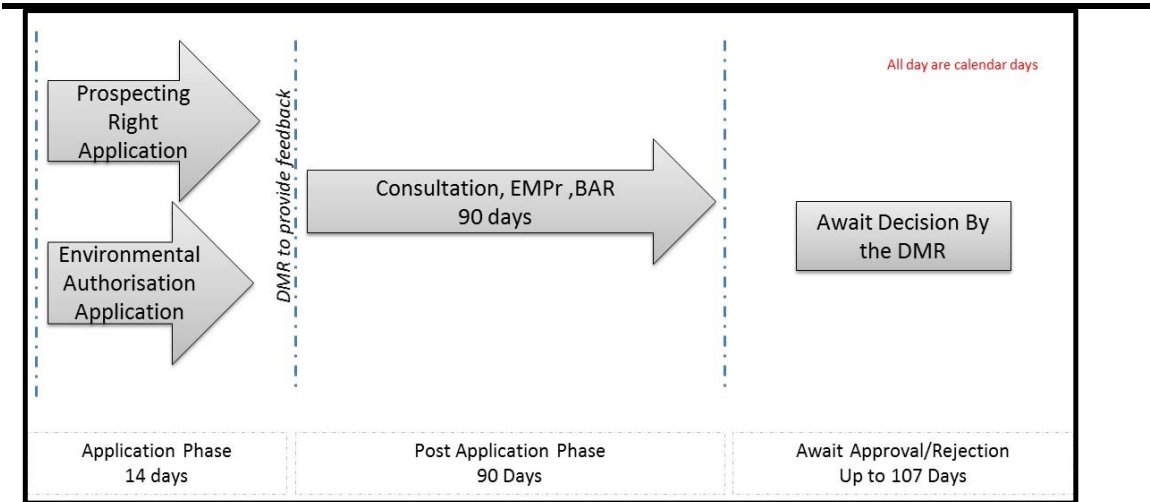
| | | |
|--|---------------------|--|
| National Environmental Management Act, Act 107 of 1998, GN 983 | Activity 20 | Any activity including the operation of that activity which requires a prospecting right in terms of section 16 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), including associated infrastructure, structures and earthworks, directly related to prospecting of a mineral resource, including activities for which an exemption has been issued in terms of section 106 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002). |
| National Environmental Management Act, Act 107 of 1998, GN 983 | Activity 12 (a)(ii) | The clearance of an area of 300 square metres or more of indigenous vegetation except where such clearance of indigenous vegetation is required for maintenance purposes undertaken in accordance with a maintenance management plan. (a) North West province: ii. Within critical biodiversity areas identified in bioregional plans. |

Below is the summarised timeline and a depiction of the process for submitting a prospecting right application.

- A prospecting right application is submitted with an Environmental Authorisation Application.
- From this date of submission the Applicant and their appointed EAP has 90 days to submit a Basic Assessment Report (BAR) and Environmental Management Programme (EMPr).
- The DMR then has up to 107 days to accept or reject this application.

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The Basic Assessment Report (BAR) Environmental Management Programme (EMPr) will be submitted to the competent authority, which is the Regional Manager of the North-West DMR 90 days after the application for a prospecting right was submitted. These reports need to have been subjected to a public participation of at least 30 days (this excludes the period between 15th December to 5th January).

5 POSSIBLE ENVIRONMENTAL IMPACTS

The following potential environmental impacts have been identified. The occurrence of the impacts and the significance thereof will be confirmed during the impact assessment process:

| | | |
|---|--|--|
| • Disturbance of farming activities | • Disturbance of hills and ridges | • Soil pollution |
| • Dust pollution | • Litter | • Change of current land use |
| • Loss of soil & topsoil | • Compaction of soil | • Disturbance of sensitive or red data species |
| • Removal/ damage of natural vegetation | • Reduction in groundwater resources | • Destruction of unidentified heritage sites and artefacts |
| • Reduction in land capability | • Changes to the shape or form of the land | Socio-economic impacts |

6 CONSULTATION / PUBLIC PARTICIPATION

Consultation will be done in accordance to the public participation process required in terms of the National Environmental Management Act, Act 107 of 1998. Landowners, neighbours and other Interested and Affected Parties are entitled to participate in and be consulted in respect of new prospecting right applications.

The proposed PPP for this study will include a number of steps, as listed below:

- Issuing notification of this project to:
 - Owners and occupiers of the properties as well as those adjacent to the site;
 - The municipal councillor and local ratepayers association;

-
- The municipality which has jurisdiction, and
 - Any organ of state having jurisdiction;
 - Placing an advert in a local newspaper;
 - Placing a notice on the site;
 - Meetings with landowners and key I&APs, as required; and
 - Review of the Draft BAR and EMPr by landowners and registered Interested and Affected Parties

The goals of consultation is to provide the landowner, lawful occupiers and other registered I&APs with the necessary information on all intended activities so that he or she can make an informed decision on the proposed prospecting application.

Please note that a public meeting will be held after an acceptance letter is received from the DMR. Information on the meeting will be conveyed to landowners and registered I&APs via their contact details they provide. A notice will also be placed in the Brits Pos

At this stage of the process, Samancor Chrome has applied to the Department of Mineral Resources (DMR) for a right to prospect for chrome on the above mentioned properties and is in the process of notifying identified landowners, neighbours and other I&APs of their intention to prospect.

7 HOW YOU CAN GET INVOLVED

The first step in the public participation process is for any members of the public who feel they are affected by or have an interest in the project to register as Interested and Affected Parties (I&APs). All landowners and registered I&APs will be kept abreast of the process and of the availability of reports for comment.

We encourage you to review the information presented to you in this background information document (BID) and to register as an I&AP for the project. Please complete the accompanying registration letter and return it to us.

In the respondent sheet landowners and other I&APs are requested to provide EcoPartners with:

- information on how they consider that the proposed activities will impact on them or their socio-economic conditions
- written responses stating their suggestions to mitigate the anticipated impacts of the activity
- information on current land uses and their location within the area under consideration
- Information on the location of environmental features on site to make proposals as to how and to what standard the impacts on site can be remedied

Should you require any further details on any of these aspects above, please do not hesitate to contact us.

In order to ensure effective consultation, please register as a landowner or an Interested & Affected Party (I&AP) by completing the accompanying registration form with your contact details. This will enable us to contact you again for further consultation.