



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

DMR 10

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Private Bag X7279, Witbank, 1035, Tel: (013) 656 1448, Fax (013) 656 0932
Province Building, Cnr Botha Avenue & Paul Kruger Street, Witbank, 1035

From: Directorate: Mineral Regulation: Mpumalanga Region

Enquiries: L C Santho **Ref:** MP 30/5/1/1/2/10039 MR

Subdirector: Mineral Laws

Registered Mail

Aquarius Platinum SA(Pty) Ltd
16 Beatrice Street
Wendywood
2144

Fax No. 012 001 2070

Attention: Neels Hoek

ACCEPTANCE OF AN APPLICATION FOR A MINING RIGHT IN TERMS OF SECTION 22 OF THE MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT, 2002 (ACT 28 OF 2002): MINERAL AREA 2 OF THE FARM VYGENHOEK 10 JT, MAGISTERIAL DISTRICT OF LYDENBURG.

1. This is to inform you that your abovementioned application for the prospecting of **Platinum Group Metals** and **associated minerals** in terms of Section 22 of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) has been accepted.
2. In terms of Section 22 (4) of the MPRDA you are therefore required to:
 - (a) submit six (6) copies of a scoping report on or before ²⁵July 2012,
 - (b) consult with interested and affected parties and submit six (6) copies of the environmental management programme which includes the environmental impact assessment report in terms of section 39 of the Act on or before ²³December 2012; which programme must be compiled with the input of the public, and must include a record as to the extent that the public participation informed the baseline environment and the potential impact assessment.

Please note that the consultation process referred to in paragraph 3.1 above does not imply issuing letters and requesting the affected parties to indicate whether they support your proposed project or not.

It includes among others an extensive process of giving and discussing the specific details of the proposed project, giving the landowner and a parties and opportunity to table their comments, objections and support. It also involves your written responses and specific commitments made in dealing with issues raised during the consultation.

(c) notify in writing and consult with the landowner or lawful occupier, the surrounding community members, any other affected party and submit the result of such consultation to this office on or before **23 December 2012**

(d) submit two (2) copies of the Social and Labour plan on or before **30 June 2012**,

(e) submit two (2) copies of the Mining Work Programme on or before **30 June 2012**

3. You are further, in terms of Sections 29 and 39 (5) of the MPRD Act, directed to compile the Environmental Management Programme in accordance with the standard directive attached hereto as **Annexure A**.

4. You are further requested in terms of section 17 (4) of the Act to give effect to the object referred to in section 2(d) of the Act. In this regard you are required to submit by no later than **30 June 2012**, the following documents:

- 5.1. duly signed shareholders agreements;
- 5.2. share certificates and shareholder's registers;
- 5.3. articles and memorandum of association of the company;
- 5.4. details relating to funding (all relevant agreements); and
- 5.5. any other agreement or documents relating to the agreement.

Kindly take note that our system could only print the mining work programme which you have submitted on line. Therefore you are herewith requested to submit proof that the documents were submitted on line and you have to submit hard copies of the following documents within 14 days from the date of this letter:-

- (a) An application form;
- (b) Details of the land or area (the regulation 2.2 plan)
- (c) Proof of the financial and technical competence;
- (d) Detailed financing plan as contemplated in regulation 11(g)
- (e) Certified copies of the Title Deeds in respect of the land;
- (f) Two copies of the Prospecting Work Programme;
- (g) Provide a list of existing rights which are held by our company
- (h) A certified copy of the certificates to commence business; and
- (i) A copy of resolutions; if acting in a representative capacity.

Further note that failure to submit the documents as requested and failure to adhere to the timeframes as stipulated above amounts to non-compliance with the provision of the Act and will therefore lead to your application being processed for refusal without further notification to you.

Yours faithfully



.....
**REGIONAL MANAGER:
MPUMALANGA REGION**

DATE: 25/06/2012

B



Reg No: 2000/000341/07

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 Spilfontein Road, Off N4 Highway, Matheana, Matheana
 PO Box 195, Matheana, 0254

15 June 2012

Mr Xolani Mashabani
 The Director: Land Reform
 Department of Rural Development and Land Reform
 Private Bag X 11305
 Nelspruit

Fax No: 013 755 3529

Dear Sir

ACCESS TO CONDUCT CERTAIN ENVIRONMENTAL SPECIALIST STUDIES ON A PORTION OF THE FARM VYGENHOEK 10 JT AS REQUIRED FOR A MINING RIGHT APPLICATION IN TERMS OF THE MINERAL AND PRETROLEUM RESOURCES DEVELOPMENT ACT 28 OF 2002

Aquarius Platinum (South Africa) (Proprietary) Limited ("AQPSA") is the holder of a Prospecting Right to prospect for Platinum Group Metals on Mineral Area 2 of the farm Vygenhoek 10 JT, in extent approximately 180 hectares ("Property").

On 25 April 2012, an application for a Mining Right on the Property was submitted at the Department of Mineral Resources, Mpumalanga Region. A copy of the online acceptance notice for that application is attached as annexure "A" to this correspondence, for your records.

The surface of the land is currently registered in the name of the Republic of South Africa and is subjected to a land claim by the Pakaneng Community in terms of the Restitution of Land Rights Act. We have reason to believe that the land claim is being processed and a final decision with respect to the claim may be taken soon by your Department.

AQPSA, as well as its environmental consultants, Digby Wells and Associates ("DWA"), have been in communication with both the Community representatives as well as with your Department in the context of the fact that the Property is subject to a land claim by the Pakaneng Community.

The Community, through their Advisors, have made certain unreasonable demands to AQPSA and have refused AQPSA and DWA access to the property until such demands have been met.

Chairman:
 SA Murray (Executive Chairman) * A Lubbe (Managing Director) - R Nolte (Finance) - JZ Nel (Commodity)
 RN Schroder (Projects) - DM Dyka (Human Resources)
 - A Kwa - S2 Mankzana - K Momo - PJ Ledger - JH Schales

Deputy Chair:
 W Phungu (GM - Kruisdrif / Matheana) - P J van Grien (Senior GM - Everest) - JG Potgieter (GM - Admin/Co Secy)
 * Brian - Non-Executive

You will note from the attached mail from your Department that there is internal conflict between the Members of the Pakaneng Community and that your Department will initiate and oversee a mediation process to resolve this conflict. Until this conflict is resolved by way of the mediation process, it has been suggested to AQPSA by your Department that AQPSA must liaise with your Department with respect to all issues related to surface access and use of the Property by AQPSA in the context of the fact that no constructive engagement with the Pakaneng Community is possible until the internal conflict within the Pakaneng Community has been resolved and direct interaction with the Pakaneng Community can take place. Such direct interaction can in any event, in AQPSA's understanding of the Restitution process, only take place when the Pakaneng Community, through a Communal Property Association or similar structure, becomes the owner of the Property. Pursuant to the fact that AQPSA must liaise with your Department with respect to issues relating to the access of the Property for the reasons set out above, please note that access is required to the Property for the carrying out of the following specialist work to be carried out between June to October 2012,:

- Geohydrology - drilling of boreholes (approximately 2 weeks), pump testing (1 week)
- Fauna and Flora - dry season survey (4 days)
- Aquatic Assessment - 1 week
- Archaeology assessment - 2 weeks for a phase 1 assessment
- Soils study with soils samples - 1 week
- Noise assessment - 1 week


Please note that that abovementioned specialist works are required to compile an Environmental Management Plan and Impact Study. No mining activities will be conducted until such time as the Minister of Mineral Resources has granted a Mining Right to AQPSA for the Property and consultation with the surface owner of the Property has been undertaken in compliance with all applicable legislation.

It should also be mentioned that Core samples of previous drilling done has been stored in a container on the Property. Our Geologists have also been refused access to the core samples by the Community. Due to quality testing required, those Core samples need to be removed from the property.

Should the Community continue to refuse AQPSA and\ or its Consultants access to the Property it would be appreciated if your Department could urgently arrange a meeting with the Community representatives to resolve this matter. AQPSA will advise you if the need should arise for such intervention.

Please do not hesitate to contact the writer, Mr Neels Hoek at 082 071 7571 or 012 001 2001, if you require any assistance with respect to the contents of this correspondence.

Yours Sincerely



Anton Lubbe
Managing Director
Aquarius Platinum (South Africa) (Pty) Ltd



rural development
& land reform

Department:
Rural Development & Land Reform
REPUBLIC OF SOUTH AFRICA

MPUMALANGA PROVINCIAL SHARED SERVICE CENTRE
Private Bag X 11305, Nelspruit 1200 - Tel (013) 755 3499 Fax (013) 755 3529

REFERENCE: ET4/2/2/35
ENQUIRIES: M de Kock

Aquarius Platinum (South Africa)(Pty) Ltd.
PO Box 76575
Wendywood
2144

Attention: Mr N Hoek

Dear Sir

ACCESS TO CONDUCT CERTAIN ENVIRONMENTAL SPECIALIST STUDIES ON A PORTION OF THE FARM VYGENHOEK 10 JT AS REQUIRED FOR A MINING RIGHT APPLICATION IN TERMS OF THE MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT, 2002 (ACT 28 OF 2002)

Your letter dated 15 June 2012 has reference.

It is herewith acknowledged that you are in possession of a Prospecting Right to prospect for Platinum Group Metals on certain portions of the farm Vygenhoek 10 JT, registered in the name of the State, and that you also applied for a Mining Right.

In the light of the above mentioned, it is acknowledged that you need access to the properties to conduct environmental studies to adhere to the provisions of the *Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002)*, and that a Mining Right will only be issued after such studies have been completed.

Access to the subject properties is herewith granted on condition that activities will be limited to environmental studies only, and only for the period specified in your letter.

Please note that when a Mining Right is issued to you, mining can only take place after a surface lease agreement has been entered into with the landowner, being the State or successful Claimant Community.

Should you encounter any difficulty regarding access to the properties, please contact the Department so that a meeting can be set up with the RLCC and the leadership of the Claimant Community.

Hope you find this in order.

Yours faithfully

ACTING CHIEF DIRECTOR: MPUMALANGA

DATE: 27/06/12

24 August 2012 "D"

Meeting with Pakemang Community and Dept of Land Reform: Mining Right Act: Yogyakarta

Name	Organisation	Tel no	Email address
Markus Luk	APPSA	082 0717571	markusluk@appra.usda.co.za
Anton de Vos	Sylvania	082 371 5932	anton@sylvania.co.za
Fruent Dike	ARPSA	082 670 8576	Fruent.Dike@apar.org.za
Markus Maripane	ARPSA	082 88 4 1480	maripane.maripane@apar.org.za
Steve Maklo	PAKARUMU	078 622 5387	simaklo@webmail.co.za
Simuel Choma	PAKARUMU	071 508 7383	simuelchoma@gmail.com
Zet Maphanga	"	072 444 3404	zmaphanga@webmail.co.za
Madi mabe Moentje	"	072 791 5360	
Simon Chomo	"	072 555 8349	
Dino Njawi	DESER: MPSSC	071 856 0534	dinyoni@ruraldevelopment.gov.za
Helele	RACC-imp	03-756 6065	helele@racc.gov.za
Joy Gumbi	RACC:imp	082 862 6168	mgjgumbi@ruraldevelopment.gov.za

Neels Hoek

Minutes - 1st Joint Meeting & Land Refers

From: Anton De Vos, [Anton@sylvania.co.za]
Sent: 30 August 2012 01:06 PM
To: Neels Hoek; Jac van Heerden; Albert Jordaan; Martin Bevelander; Robyn Melleit; Ernest Dikobe; Mackson Maripane
Cc: Rob Schroder; hscholles@malanscholles.co.za
Subject: RE: Minutes- Meeting at RLLC- 29 Aug
Attachments: Minutes- Meeting at RLLC- 29 Aug.docx

My comments:

Anton de Vos
 Sylvania South Africa (Pty) Ltd
 Tel : 011 673 1171
 Fax : 011 673 0365
 Mobile : 082 371 5932
 anton@sylvania.co.za

From: Neels Hoek [mailto:Neels.Hoek@aquariusssa.co.za]
Sent: 30 August 2012 09:39 AM

To: Anton De Vos.; Jac van Heerden; Albert Jordaan; Martin Bevelander; Robyn Melleit; Ernest Dikobe; Mackson Maripane

Cc: Rob Schroder; hscholles@malanscholles.co.za
Subject: Minutes- Meeting at RLLC- 29 Aug
Importance: High

Hi all

Please see draft minutes of yesterday's meeting. (Anton, Ernest and Mackson: Your comments and amendments to minutes please. I forward draft to others so long due to limited time to prepare.)

In short the issue is about damaged graves. We are also not allowed to remove the core due to their concern that there may be human remains in the core.
 We agreed on a meeting with them again next week Tuesday at 10:00 near Everest.

1. We need to explain activities during Prospecting done, the location of the boreholes vs the location of the known graves.
2. We need to show proposed mine layout plan and impacts on community plus known graves.
3. We need to inform them what specialist studies need to be conducted, when, and the impacts on the Community.

The Community want to feel that they are in "Partnership" with AQPSA and Sylvania on this project. Proper communication is thus important.
 Jac/ Albert: Can you please assist in putting team together for the meeting.

Regards

NEELS HOEK
 MINERAL RIGHTS ADMINISTRATOR

1100 E. Parkway Office Park
3 Balfour Street, Tignish, Tadhoo Park
Carleton Place
P.O. Box 25575
Windsor, Ontario N9A 1L1
South Africa



**MINUTES OF MEETING BETWEEN AOPSA, SYLVANIA, PAKANENG COMMUNITY,
DEPARTMETN OF RURAL DEVELOPMENT AND RESTITUTION OF LAND CLAIMS
COMMISSION REGARDING AN APPLICATION FOR A MINING RIGHT ON THE FARM
VYGENHOEK 10 JT**

Date: 29 August 2012
Time: 11:00
Venue: Department of Land Reform: Nelspruit

Attendance

Present

- | | |
|-----------------|---------------------------------|
| Mr N Hoek | AQPSA |
| Mr E Dikobe | AQPSA |
| Mr M Maripane | AQPSA |
| Mr A de Vos | Sylvania |
| Mr S Mako | Pakaneng |
| Mr Samuel Choma | Pakaneng |
| Mr Z Maphanga | Pakaneng |
| Mr M Moengane | Pakaneng |
| Mr Simon Choma | Pakaneng |
| Mr D Nyani | Department of Land Reform: MP |
| Mr C Helele | Land Restitution Commission: MP |
| Ms J Gumbi | Land Restitution Commission: MP |

DISCUSSION

Item	Discussion	Decision and Responsibility	Time Frame

1. Welcoming	<p>Ms Gumbi welcomed everyone present and said that that this meeting was requested by AQPSSA and that Land Reform and Land Restitution shall facilitate the meeting to try to resolve the issues between AQPSSA and the Pakaneng Community.</p>		
2. Apologies	<p>None Received</p> <p>However, the Community Advisor, Alan Senzul, requested that the meeting be postponed which was declined due to the confirmed attendance of the Pakaneng Representatives.</p> <p>The DMR, RM: MP was also invited but never responded.</p>		
3. Background	<p>Mr. Hoek explained that AQPSSA is the holder of a Prospecting Right over a portion of the farm Vygenhoek 10 JT, in extent 180 ha. He explained that it is quite a small area in relation to the remainder of the farm. On 25 April AQPSSA applied for a Mining Right over the portion held under the PR. The DMR accepted the application and instructed the Applicant to submit certain documents within a specific timeframe. This includes documents such as a Scoping Report and an EMP.</p>		

	<p>Sylvania entered into a JV with AQPSA to develop the project. It is the intention, once the DMR has granted the Mining Right, to transfer the right into a Newco, in which shareholding shall be held by AQPSA and Sylvania equally. Mr Hoek added that both parties in principal agreed to allocate a percentage in shareholding to the Pakaneng Community Trust as well. This process can however not be finalized now, as the property is still held by the State and has not been transferred to the successful land claimants.</p> <p>Ms Gumbi answered that with regard to ownership of the property that the property is in the process of being transferred. Ms Gumbi added that the CPA documents have also been drawn up. Therefore the transfer of the property to the Pakaneng CPA will be concluded soon.</p>		
<p>4. AQPSA application for a Mining Right</p>	<p>Mr Hoek said that in order for AQPSA to meet DMR timeframes access to the property is needed to conduct certain Environmental Specialist Studies.</p> <p>He also added that AQPSA wish to move the core samples.</p>		

Comment [A1]: Suggest we don't commit to allocate anything to Pakaneng until they become the registered owner of the land

	<p>currently in a container on the property to the Everest Mine.</p> <p>The Pakaneng Representatives said that during Prospecting activities, AQPSA damaged graves and they are concerned that there may be human remains in the core. Therefore the core may not leave the property.</p> <p>Mr Hoek mentioned that AQPSA is aware of the allegation and an expert went on site some time ago to investigate. The report indicated no damage to graves.</p> <p>The Pakaneng Representatives said that they were not involved in the investigation and therefore do not accept the report. They further expressed their concern that AQPSA do not acknowledge the Community and do not communicate properly. They wish to be acknowledged to be in a "Partnership" with AQPSA.</p> <p>Ms Gumbi and the other Government Representatives mentioned that the matter of heritage is extremely important and that AQPSA must show respect for such matters.</p>		
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	<p>Mr Hoek and Mr Dikobe mentioned that party of the specialist studies to be conducted is a heritage study. This study shall show the location of graves and other important places. Based on that study, proper consultation will be done with the Community. However the issue of access to the property remain crucial to conduct these studies.</p>		
<p>5. Way forward</p>	<p>Ms Gumbi mentioned that AQPSSA and the Pakaneng Community must agree on the way forward.</p> <p>It was agreed that AQPSSA, Sylvania and the Pakaneng Community will meet on Tuesday, 4 September at avenue near Lydenburg. AQPSSA shall explain what was done during the Prospecting phase and also show the location of all boreholes, etc.</p> <p>AQPSSA shall explain the process of the Mining Right Application, the proposed location of the mine, the studies to be conducted and the expected impacts on the Community.</p> <p>During this meeting the matter of a access to the property and</p>	<p>Parties to meet on 4 September to address all issues. At same meeting decision will be made on access to property and removal of core.</p> <p>AQPSSA and Sylvania to agree on team for meeting</p>	<p>4/09/2012</p>

	<p>the removal of the core will be finally decided upon.</p> <p>Ms Gumbi requested that they be informed of all such meetings and the outcome thereof.</p>		
<p>6. Alan Senzui</p>	<p>Mr Hoek asked the Pakaneng Representatives about the involvement of Mr Senzui and his mandate to represent the Community.</p> <p>Ms Gumbi also requested the Pakaneng Representatives to inform Mr Senzui that the Department of Land Reform will not communicate through Advisors, they communicate directly with the Claimants.</p> <p>The Pakaneng Representatives answered that Mr Senzui should only communicate to the Pakaneng. He is not allowed to communicate with either AQPSA of the Department of Land Reform. All communication with the Pakaneng Community must be through Mr Simon Choma.</p> <p>This arrangement was agreed upon by all parties.</p>		

7. Closure	Ms Gumbi thanked all for attending and closed the meeting.		
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Meeting with Fellowship Community

Agenda book MR

4 Sept 2012

"E" ~~"E"~~

Name	Organisation	Telephone	E-mail
Neels Hok	APRSIS	012-0012001	neels.hok@aprsissw.co.za
Arnold Moenyane	PAKANENG CHORUM	0727915760	
TAU JOHANNES	PAKANENG	0834351705	mputetan@ovl.com
DANIEL	Dry by wet	017899495	daniel@digbywet.co.za
ZEL Maphemba	Pakaneng Com.	0724443404	zm19phemba@webmail.co.za pakanengcommunitytrust@gmail.com samsekokotoma@gmail.com
SIMON CHIRITA	Pakaneng Com.	0715087383	maekson.menpan@murab.com
Makosa Mampae	ARPSA	082884180	hent@grassellations.co.za
NKOSINATHI Tomase	PGS Heritage & Grave Relocation Consultants	0823757622	
ALBERT JOHANN	SULUNIA	0823077364	albert@sylvania.co.za

8 October 2012

Mr Simon Choma

The Leadership

The Pakaneng Community

CONFIRMATION OF DECISIONS TAKEN AT THE MEETING BETWEEN THE PAKANENG COMMUNITY AND AQUARIUS PLATINUM (SA) (PTY) LTD ("AQP(SA)") AND SYLVANIA SOUTH AFRICA (PTY) LTD ("Sylvania")

Two meetings were held with the Community Leadership on 31 August 2012 and 4 September 2012 regarding a Mining Right Application by AQP(SA) on Mineral area no 2 of the Farm Vygenhoek 10 FT, in extent 180. Attendance Registers for both meetings are available. During the meetings, a number of issues were discussed. Below is a list of the decisions taken.

a) As soon as the letter describing the possible Pakaneng participation in the Everest North project has been delivered to Mr Simon Choma, AQP(SA) and Sylvania and their consultants shall not be prevented from gaining access to the property to conduct specialist studies required to finalize the Environmental Management Programme.

b) It has been agreed that AQP(SA) and Sylvania and their consultants shall always inform Mr Simon Choma prior to entering the property, except if the property ownership is awarded to a different group than the Pakaneng

c) It has been agreed that all communication with the Pakaneng Community should be conducted through Mr Simon Choma. This will include any communication with Mr Alan Senzul, the Community Advisor.

d) With regard to possible damage caused during prospecting activities to graves and other important heritage areas, it was resolved that specialists will investigate these areas with representatives of the Community. A date for the proposed site visit and investigation will be confirmed with Mr Simon Choma as soon as reasonably possible.

e) Upon completion of the said investigation and confirmation of the extent of damage (if any) the parties will meet and in good faith attempt to reach agreement on any compensation to be paid and on matters incidental thereto.

In conclusion, both AQP(SA) and Sylvania look forward to a long and successful partnership with the Pakaneng Community.

Yours Faithfully,



Rob Schröder

Managing Director

I am sorry to hear of the matters from

AGP


CORPORATE OFFICE

ADMIN OFFICE



AQUARIUS

Reg No 2009/00014107

Handwritten initials 'AF' in a yellow circle.

EVEREST MINE

KROONDAL MINE

MARIKANA MINE

8 October 2012

By Hand

Mr Simon Choma

The Leadership

The Pakaneng Community

CONFIRMATION OF SHARE OFFERING TO THE PAKANENG COMMUNITY TO PARTICIPATE IN THE MINING PROJECT TO BE DEVELOPED BY AQUARIUS PLATINUM (SOUTH AFRICA) (PTY) LTD ("AQP(SA)")AND SYLVANIA SOUTH AFRICA (PTY) LTD ("Sylvania").

1. I refer to the two meetings held with the Community Leadership on 31 August 2012 and 4 September 2012 regarding the Mining Right Application by AQP(SA) on Mineral area no 2 of the Farm Vygenhoek 10 JT, in extent 180 hectares ("Project Area"). Attendance Registers for both meetings are attached herewith. During the meetings, a number of issues were discussed, including the issue of Community participation in the development of a Mining Project on the Project Area. A Sketch plan of the Project Area is attached.
2. AQP(SA) is currently the holder of a Prospecting Right for Platinum Group Metals for the Project Area. AQP(SA) applied on 25 April 2012, in terms of the Mineral and Petroleum Resources Development Act 28 of 2002 ("MPRD Act") for a Mining Right for the Project Area ("Project Area Mining Right"). This application was accepted by the Department of Mineral Resources. The Mining project in the Project Area is to be developed as a joint venture between AQP(SA) and Sylvania.
3. AQP(SA) and Sylvania have resolved to form a new joint venture company ("Newco") into which the Project Area Mining Right will be transferred in accordance with the provisions of Section 11 of the MPRD Act.
4. To facilitate Broad based Community Participation in the Mining Project, AQP(SA) and Sylvania have decided to dispose of a 2.5 % shareholding in Newco ("Community Shareholding"), to the owner of the rights to the surface of the Project Area, which is expected to be the Pakaneng Community.

Handwritten signature.

SANITISED COPY OF DOCUMENT FOR INFORMATION ONLY

Handwritten marks resembling a stylized 'C' or 'G'.

5. The process to be followed, the terms and conditions relating to the acquisition by the Pakaneng Community of the Community Shareholding and the funding proposals for that acquisition, will be discussed with the Community leaders in due course. It is advisable that the Pakaneng Community create a Trust which should hold the Community Shareholding in Newco on behalf of the Pakaneng Community. The appropriate entity which will hold the Community Shareholding will however be finally determined in consultation with the Department of Land Affairs and Rural Development.

6. Please note however that the disposal of the Community Shares to the Pakaneng Community will be subject to the successful transfer of the rights to the surface of the Project Area to the Pakaneng Community. I believe that the matter of transfer to the Community will be finalized soon and that the Commissioner for the Restitution of Land Rights has already finalized his investigation and declared the Pakaneng Community to be the exclusive Community to whom the rights to the surface of the Project Area will be restored.

7. Please note that the contents of this correspondence comprises only a recordal of the intention of Sylvania and AQP(SA) to dispose of the Community Shareholding to the Pakaneng Community in circumstances where the Pakaneng Community becomes the owner of the rights to the surface of the Project Area and does accordingly not create enforceable rights and obligations as between the Pakaneng Community, Sylvania and AQP(SA), with respect to the Community Shareholding. Such enforceable rights and obligations will only arise when Sylvania, AQP(SA) and the Pakaneng Community have negotiated and signed formal written agreements to give effect to the disposal of the Community Shareholding to the Pakaneng Community and to furthermore regulate the relationship of those parties as shareholders in Newco.

In conclusion, both AQP(SA) and Sylvania look forward to a long and successful partnership with the Pakaneng Community.

Yours Faithfully,



Rob Schroder
Managing Director AQP(SA)



Nigel Trevarthen
Deputy CEO Sylvania

I SAM CHOMA RECEIVED THE LETTER
FROM AQPSA





PAKANENG CHOMA COMMUNITY TRUST

KHUBETSWANE | RAMOGWERANE | GROBLERSDAL 0470 |

CONTACT : SAM CHOMA :071 508 7383 | EMAIL: pakanengchomacommunity@gmail .com |

P.O.BOX.1908 GROBLERSDAL 0470 | ref: KRP337

RESOLUTION OF PAKANENG CHOMA COMMUNITY PASSED AT KHUBETSWANE VILLAGE , GROBLERSDAL AREA ON THE 13TH OCTOBER 2012.

HAND POST

RECORDAL

1. THAT Pakaneng choma community gave mandate to its committee(MOKOMOTWANE SIMON CHOMA'S COMMITTEE) on Saturday the 13th October 2012, to prepare and sign a community resolution as community resolve during the above reflected date.
2. THE AQSA and Sylvania are playing games on the minerals issue and them under value PCC. Their time constrain is on their side, the ball is at their moment on their side, not on PCC .it is on their best interest of all.
3. THAT, the 2.5% is totally unacceptable.PCC shall no longer go for a meeting to discuss this percentage.

RESOLVED AND RECTIFIED

- 1.THAT,as the PCC have participated in the discussions of PCC ownership in NEWCO as stated in your letter dated 8th October 2012 ,and we are fully conversant with its contents .IT IS HEARBY RESOLVED to adopt a firm stand and inform u that PCC will only accept a shareholding percentage which is not less than 26%.the minimum of 26% goes together with chrome minerals rights(llcense) being part of PCC ownership . PCC arrived to this preference after compromising many other things PCC is prepared to meet with you to discuss any other share above 26% or to come sign the agreements.
2. THAT. Should AQSA and Sylvania deny PCC the right to the above reflected minimum ownership in NEWCO, the community shall have no other option but to go alone on section 104 of the mineral and petrolëum resources development act's requirements

3. THAT, we agreed that no work could be done before ownership agreements are concluded and signed, before any type of work could be commenced and again regardless of time constraints on your site.

RESOLVED:

3. THAT the PCC hereby authorises Mr. Mokomotwane Simon Choma (the Claimant Applicant), to take all such steps and do all things necessary, and sign the resolution to Newco Officials as well as to:
- 3.1. bring to finalization the abovementioned process asap;
- 3.2. Place on record and notify the AQSA & Sylvania that the Pakaneng Choma Community shall not abdicates its rights that are enshrined in the Mineral Act and go for something unknown. It should be remembered that the delay is on your site, and it may end up benefiting our community.

Signed at KHUBESWANE on the 15 of the month October 2012.

Mokomotwane Choma

CHAIRPERSON

Simon Choma

Signature.