

DIGBY WELLS

ENVIRONMENTAL

BACKGROUND INFORMATION DOCUMENT AND NOTIFICATION OF

ERGO MINING (PTY) LIMITED'S PROSPECTING RIGHT APPLICATION FOR VARIOUS MINERALS ON THE 6/L16, 6/L17, 6/L17A AND 6/L14 SLIMES DAMS ON THE FARMS GROOTVALY 124 IR AND GEDULD 123 IR

EKURHULENI METROPOLITAN MUNICIPALITY, GAUTENG PROVINCE

DMR REFERENCE NUMBER: GP30/5/1/1/2/10044PR

DECEMBER 2011

HIERDIE DOKUMENT IS OP AANVRAAG IN AFRIKAANS BESKIKBAAR
LENCWADI IYATHOLAKA NGOLWIMI LWESIZULU

PURPOSE OF THIS DOCUMENT

This document serves to inform you, as an Interested and Affected Party (I&AP) of Ergo Mining (Pty) Limited's (hereafter Ergo Mining) prospecting right application for Gold, Uranium, Nickel and Silver, and all associated minerals including stone on Slimes Dams 6/L/16; 6/L/17; 6/L/17A; and 6/L/14 in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No.: 28 of 2002) (MPRDA) within the Ekurhuleni Metropolitan Municipality, Gauteng Province. Ergo Mining has appointed Digby Wells Environmental (Digby Wells) as an independent environmental consultant to undertake the prospecting application, public consultation process and compile an Environmental Management Plan (EMP) for the proposed prospecting activities.

The purpose of this document is to:

- Provide background information regarding the proposed project;
- Invite I&APs to register as a registered I&AP and a public information sharing meeting if required; and
- To provide all the interested and affected parties an opportunity to comment on the proposed prospecting activities and/or the Prospecting EMP.

To ensure that you receive further documentation and that all your comments and issues are considered, please complete the attached I&AP registration and comment form and return it to Digby Wells Environmental by no later than **26 January 2012**. Should you have any queries regarding this project please contact:

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Email: lerato@digbywells.com

Postal: Private Bag X10046, Randburg, 2125

Physical: 359 Fern Isle Building, Pretoria Avenue, Randburg, 2125



PROJECT BACKGROUND

Ergo Mining (Pty) Limited (Ergo Mining) has submitted an application for a Prospecting Right in terms of Section 16 and Regulation 7 (1) of the Mineral and Petroleum Resources Development Act, 2002 (Act No.: 28 of 2002) (MPRDA). The application was acknowledged by the Department of Minerals and Resources (DMR), Gauteng on 16 November 2011.

Ergo Mining proposes to prospect for gold, uranium, nickel, silver and all associated minerals including stone in respect of the following slimes dams 6/L16, 6/L17, 6/L17A AND 6/L14 slimes dams on the farms Grootvaly 124 IR and Geduld 123 IR. Refer to attached Plan 1, 2 and 3 for a Regional Setting, Locality Setting and Land Tenure of the slimes dams):

- Slimes Dam 6L16: Remaining Extent of the farm Grootvaly 124 IR;
- Slimes Dam 6L17: Portion 21 of the farm Grootvaly 124 IR;
- Slimes Dam 6L17A: Portion 13 of the farm Grootvaly 124 IR; and
- Slimes Dam 6L14: Portion 192 of Geduld 123 IR and Portion 6 of Grootvaly 124 IR.

For purposes of this application, the above slimes dams will be collectively referred to as the **Grootvaly/Geduld Slimes Dams**.

PROJECT LOCATION

The Grootvaly/Geduld Slimes Dams are located approximately 7 kilometres north east

from the town of Springs within the Ekurhuleni Metropolitan Municipality in the Gauteng Province. Refer to the attached Plan 2 for the Regional Setting of the project area and Plan 3 for the Land Tenure.

DESCRIPTION OF PROSPECTING ACTIVITIES

Prospecting activities will be undertaken over a period of 3 years. Ergo Mining will apply both invasive and non-invasive methods for their prospecting activities. Invasive methods are activities that result in land disturbances and comprise of diamond drilling and sampling. Non-invasive methods are methods that do not cause disturbances to the land and include desktop research, land survey, computer modelling, and aeromagnetic survey. The prospecting activities will be conducted according to the following phases:

- **Phase 1 (8-12 Months):** This phase will entail the acquisition and interpretation of aerial photographs, dump volume contour plans, geophysical surveys and historical mining data will be analysed and documented. This phase is not invasive and it is expected to be completed by November 2012;
- **Phase 2 (12 Months):** Reconnaissance mapping, trenching, chip sampling and auger drilling will be undertaken during this phase. This phase is invasive and thus any potential impacts that may arise need to be mitigated and managed.

Phase 3 (12 months, concurrent with Phase 2): The qualitative or quantitative analysis of a metal or ore to determine its components and the results thereof will be analysed (Assay results) followed by resource evaluation will be undertaken during this phase; and

- **Phase 4 (8 - 12 months):** Resource delineation, zoning and evaluation followed by a feasibility study will be conducted. The expected timeframe of completion is November 2014.

LEGISLATIVE REQUIREMENTS

In terms of section 16 (4)b of the MPRDA, Ergo Mining is required to notify in writing and consult with the landowner or lawful occupier and any other affected party and submit proof of consultation to the Regional Manager at the DMR in Gauteng by no later than 16 December 2011. Digby Wells Environmental (Digby Wells) has been appointed to undertake the public consultation process and develop the EMP.

ENVIRONMENTAL MANAGEMENT PLAN

An Environmental Management Plan (EMP) will be compiled for submission to the DMR to ensure that adverse impacts of the construction, operation and decommissioning of the prospecting project are mitigated. According to the Minerals and Petroleum Resources Development Act of 2002, (Act No.

28 of 2002) an environmental plan involves the following activities but is not limited to:

- Describing the environment that is likely to be affected by the proposed prospecting activities;
- Assess the potential impacts of the proposed project on the environment, socio economic conditions and cultural heritage;
- Identifying the potential impacts;
- Assessing the significance of the potential impacts; and
- Evaluating the proposed mitigation measures to minimise adverse impacts.

PUBLIC PARTICIPATION PROCESS (PPP)

Digby Wells will also facilitate the consultation process as required in terms of the MPRDA. The objective of the PPP will be to provide information regarding the prospecting activities and to provide an opportunity for I&APs to raise their issues and comments on the PRA. In order to gather your inputs, issues and suggestions concerning the proposed project, you are required to register as an Interested and Affected Party by completing the attached registration and comment form. This will ensure that you receive all further information and correspondence regarding the proposed prospecting project.

All registered I&APs will be notified of the environmental reports compiled for public review and comment. The following activities

will be conducted during the PPP for this project:

Identification of I&APs:

- Conducting winded searches to verify landownership status and gather contact details and compile a land tenure plan;
- Telephone, email, fax and postal correspondences to arrange meetings;
- Compilation of an electronic I&APs database which will be used to record all contact details of the identified, affected and registered parties.

Development of Information Document:

- A Background Information Document (BID) will be distributed to all affected and interested parties;
- A Newspaper advertisements will be published in a local newspaper(s); and
- Site notices/posters will be placed on-site and in other public places.

One-on-one consultations:

One-on-one consultation meetings will be held with affected and interested parties to gather any issues of concerns and comments on the PRA; and

- It is proposed that a public meeting be held early January 2012 to share information regarding the application and to gather any additional issues from I&APs. This will however be dependent on the response received from I&APs should they request such meeting to take place. All registered I&APs will be notified in advance of any public meeting to be held for the project.

Report Writing:











A PPP Report which will indicate the results of the consultation with communities and interested parties will be compiled. The report will outline the processes followed to date and the PPP methodology as well as identified issues and concerns raised and the proposed mitigation measures. This Report will be submitted to the DMR before the 16 December 2011. Any additional comments received from I&APs after the submission date will be forwarded to the DMR together with the EMP.

REGISTRATION AS AN I&AP

To ensure that you are registered as an I&AP, and are provided with an opportunity to comment on the project and that you receive updated project information, please complete the enclosed registration and comment sheet before **26 January 2012**. Refer to the attached registration form for further information requirements.

Ergo Mining (Pty) Ltd Prospecting Right Application Local Setting

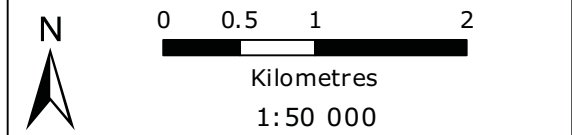
Legend

-  Grootvaly/Geduld Slimes Dams
-  City
-  Major Town
-  Secondary Town
-  Other Town
-  Settlement
-  Arterial / National Route
-  Main Road
-  Railway Line
-  Perennial Stream














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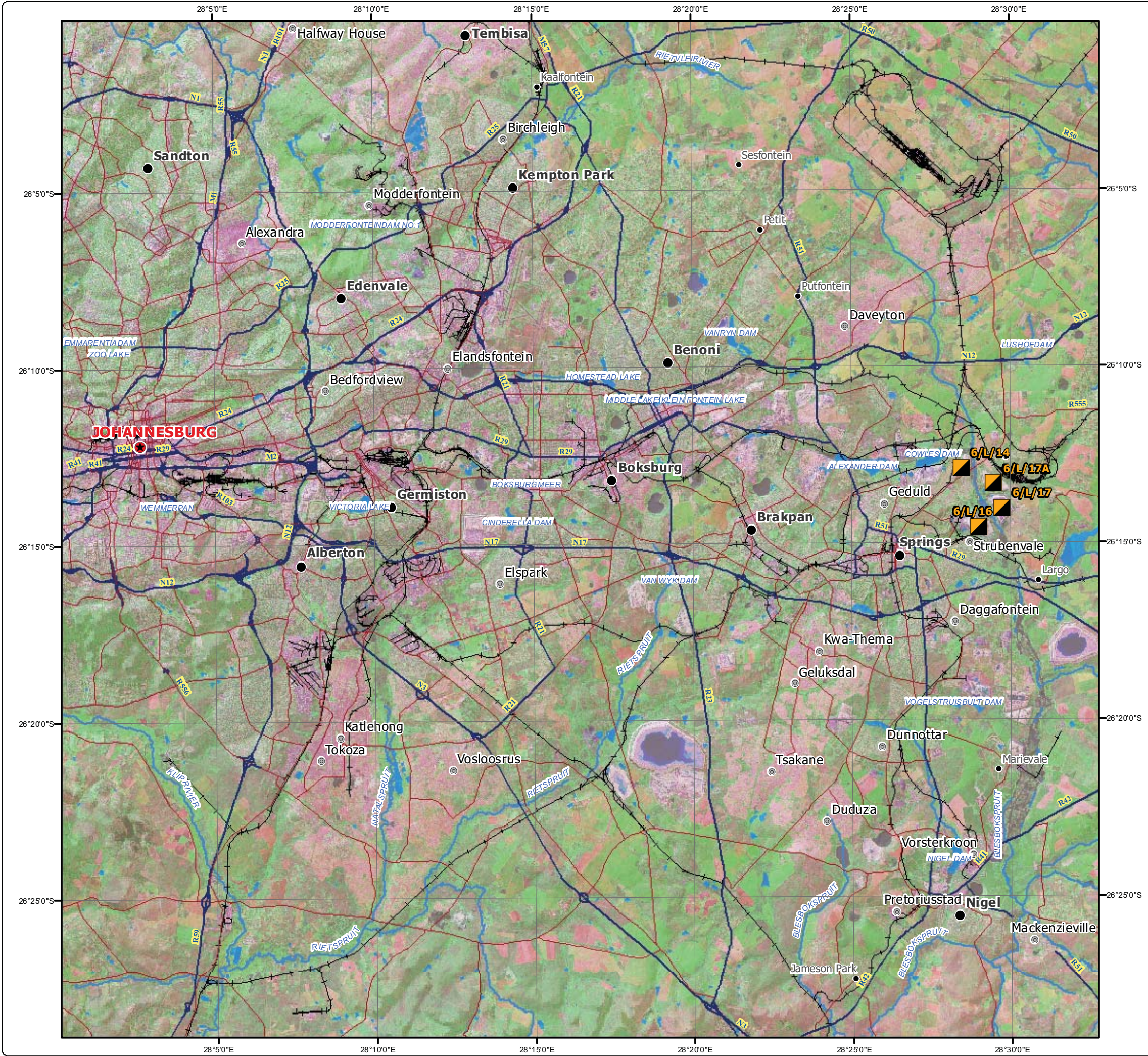
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 Central Meridian: 29°E Date: 08/12/2011



Ergo Mining (Pty) Ltd Prospecting Right Application Regional Setting

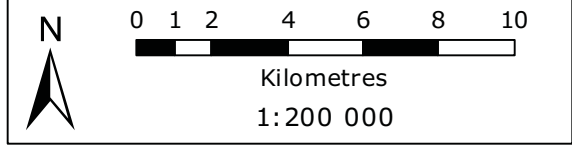
Legend

-  Grootvaly/Geduld Slimes Dams
-  City
-  Major Town
-  Secondary Town
-  Other Town
-  Settlement
-  Arterial / National Route
-  Main Road
-  Railway Line
-  Perennial Stream
-  Dam / Lake




















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Projection: Transverse Mercator Ref #: scc.DRD088.201112.047
 Datum: Hartbeesthoek 1994 Revision Number: 1
 Central Meridian: 29°E Date: 07/12/2011



Ergo Mining (Pty) Ltd Prospecting Right Application Land Tenure

Legend

-  Grootvaly/Geduld Slimes Dams
-  Power Line
-  Arterial / National Route
-  Main Road
-  Minor Road
-  Track
-  Railway Line
-  Contour (20 m)
-  Dam Wall
-  Non-Perennial Stream
-  Perennial Stream
-  Dam / Lake
-  Non-Perennial Pan / Stream
-  Perennial Pan
-  Wetland
-  Farm Boundary
-  Farm Portion



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Projection: Transverse Mercator Ref #: scc.DRD088.201112.049
 Datum: Hartebeesthoek 1994 Revision Number: 1
 Central Meridian: 29°E Date: 08/12/2011

