

BACKGROUND INFORMATION DOCUMENT

APPLICATION FOR A PROSPECTING RIGHT AND ENVIRONMENTAL AUTHORISATION

INTRODUCTION

Notification is hereby given in terms of the National Environmental Management Act 107 of 1998 and the Mineral and Petroleum Resources Development Act 28 of 2002 of the application for a Prospecting Right and Environmental Authorisation (EA) for prospecting activities in the vicinity of the historical Prieska Copper Mine (PCM).

The following farms relate to the prospecting right application:

| Farm Name | Farm Number | Portion |
|-----------------|-------------|---------|
| Merries Pan | 107 | 2 |
| Merries Pan | 107 | 3 |
| Merries Pan | 107 | 4 |
| Merries Pan | 107 | 5 |
| Gras Pan 112 | 112 | 1 |
| Gras Pan 112 | 112 | 2 |
| Gras Pan 112 | 112 | 3 |
| Gras Pan 112 | 112 | 4 |
| Hedley Plains A | 64 | 7 |
| Hedley Plains A | 64 | 8 |
| Smous Pan | 105 | 2 |
| Doonies Pan | 106 | 4 |
| Doonies Pan | 106 | 5 |
| Doonies Pan | 106 | 6 |
| Merries Pan | 107 | 1 |
| Merries Pan | 107 | 6 |
| Hedley Plains A | 64 | 6 |

PURPOSE OF THIS DOCUMENT

You are invited to participate in the BA Process by registering as an Interested and Affected Party ('I&AP') and submitting comments and issues of concern or suggestions on the associated applications for the proposed development.

Once registered, you will be notified of the availability of all documentation compiled as part of the BA Process and invited to submit comments thereon.

This document has been compiled to provide Interested and Affected Parties (I&APs), with the following:

- Contact details for the independent environmental assessment practitioner;
- Introductory information on the proposed development;
- Information on the BA Process that will be conducted; and
- Details on how you can be involved in the Basic Assessment Process.

PROJECT DESCRIPTION

The proposed prospecting activities are located 15km South of Copperton and 60km South-West of Prieska in the Northern Cape Province.

Orion Exploration No.5 intends to undertake prospecting activities for a variety of minerals on the farms, Hedley Plains, Graspan, Smouspan, Doonies Pan and Merriespan.

The following non-invasive and invasive prospecting methods are intended:

NON-INVASIVE PROSPECTING METHODS

- Compile a working plan on a scale of 1: 10,000, which would integrate all geological, geophysical and geochemical data, as well as farm tracks, fences and drainages, to cover the relevant portion of the prospect area.
- Geological mapping of a zone covering the approximate position of the old "sea floor".
- Geophysical Surveys.
- Reconnaissance soil sampling traverses followed by more detailed and systematic soil sampling and trenches.

- Geochemical Surveys- It is expected that more than 1,000 soil samples may be collected on traverse lines and analysed using a hand-held XRF. Tranches might also be dug to determine geological contacts

INVASIVE PROSPECTING METHODS

- Diamond drilling to test the conductors and soil geochemical anomalies at depth (20m to 400m). If economic grades of base metals are intersected, follow-up diamond boreholes will be drilled to delineating the economic zones. An initial 15 holes are planned to a depth of 400m for the exploration phase.
- If the drilling determines an economic deposit, it will be modelled, and a pre-feasibility study will be done resulting in a resource statement and feasibility study.
- Minor trenching may be conducted in areas of limited outcrop to determine geological contacts and continuity.

Basic Assessment Process

The prospecting right concerns listed activities identified in Listing Notice 1 of the EIA Regulations, 2014. Accordingly, a Basic Assessment (BA) Process must be applied to the application for EA.

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 -

(a) associated infrastructure, structures and earthworks, directly related to prospecting of a mineral resource; or

(b) the primary processing of a mineral resource including winning, extraction, classifying, concentrating, crushing, screening or washing;

but excluding the secondary processing of a mineral resource, including the smelting, beneficiation, reduction, refining, calcining or gasification of the mineral resource in which case activity 6 in Listing Notice 2 applies.

The proposed prospecting activities will have minimal impact on the environment. Desktop studies will be undertaken to identify sensitive environments and inform the management and mitigation measures.

PUBLIC PARTICIPATION PROCESS

The public participation process for the EA application is being completed in accordance with the requirements of the National Environmental Management Act 107 of 1998, EIA Regulations (2014) and applicable guidelines. Public participation for this EA application includes the following steps:

- Notification to land occupiers and surrounding landowners;
- Placement of site notices at suitable locations on the perimeter of the property;
- Placement of an advertisement in a local news publication;
- Develop and maintain a database of I&APs who register an interest in the project;
- Distribute written notification of the availability of the Draft and Final Basic Assessment Report to registered I&APs;
- Provide registered I&APs with an opportunity to comment on the Draft Basic Assessment Report;
- Record comments and queries received from I&APs and compile into a Comments and Response Report for inclusion in the Final Basic Assessment Report; and
- Distribute written notification to registered I&APs of the decision on the application for EA.

WHY PARTICIPATE

The sharing of information offers I&APs the opportunity to become actively involved in the project and assist in the decision-making process and planning of the proposed prospecting activities.

Should you have any comments or concerns, please register as an I&AP by completing and returning the attached comment sheet.

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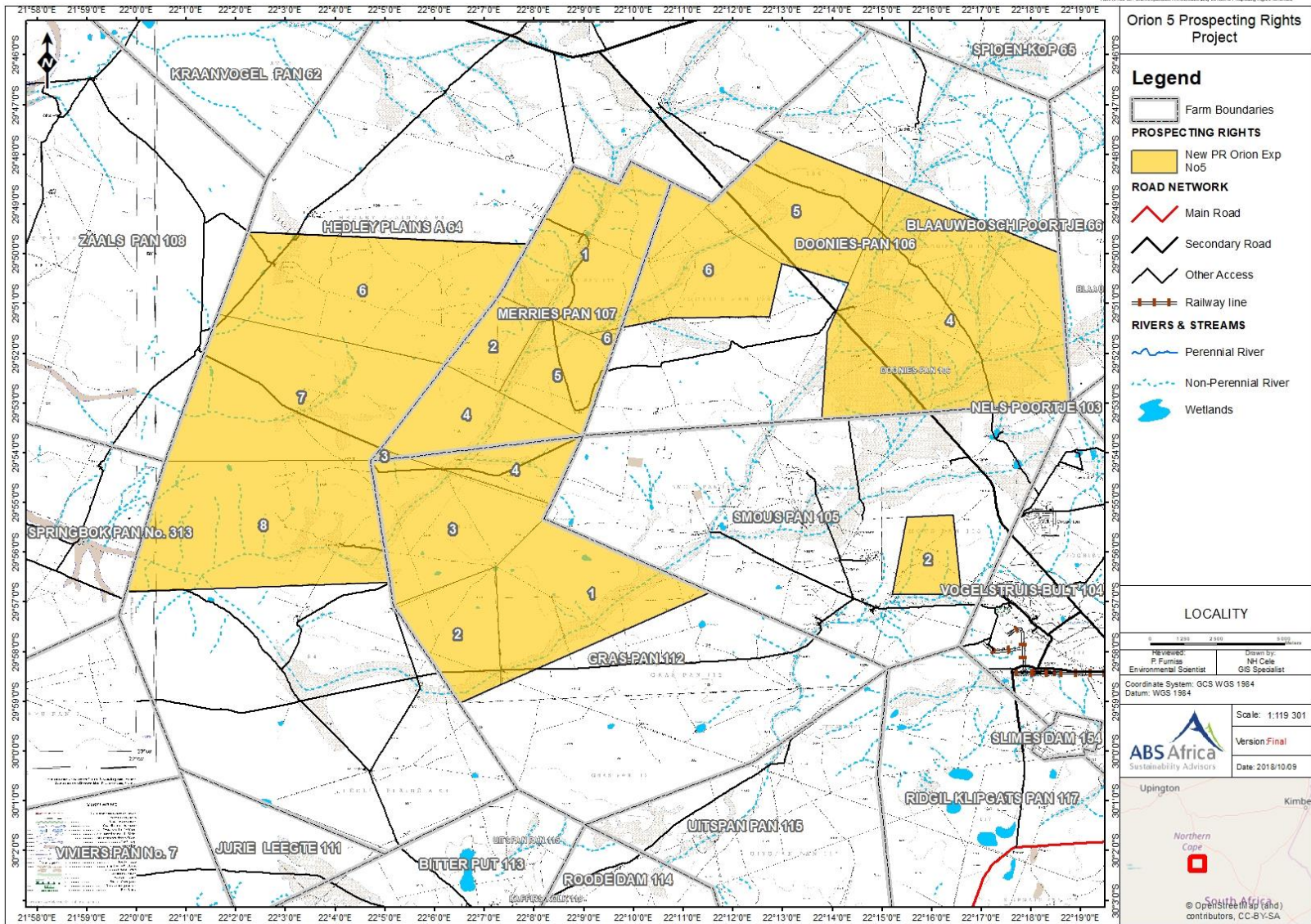


FIGURE 1: SITE LOCALITY