
Background Information Document and Call for Stakeholder Registration

Stakeholder Engagement Process
as part of the compilation of the
Basic Assessment Report and
Environmental Management Plan in
the application for a Prospecting
Right

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Prepared by:

**Lizelle Prosch Environmental and Sustainability Consulting
Services (Pty) Ltd**

41 7th Avenue, Unit 35, Parktown Square
Parktown North
Johannesburg
2193

EMAIL: lizelle@proschconsulting.co.za

CELL: 082 804 4024

FAX: 086 718 1695

Background Information Document and Call for Stakeholder Registration

Reference Number: NW 30/5/1/1/2 (11607)PR

Finsch Diamond Mine (Pty) Ltd (a subsidiary of Petra Diamonds) submitted an application for the prospecting of diamonds (alluvial and kimberlite) in terms of Section 16 of the Mineral and Petroleum Resources Development Act 28 of 2002 ("MPRDA" or "the act"). The application was accepted by the Department of Mineral Resources ("DMR" or "the department") on the 2nd of September 2015.

The applicant is now required to prepare and submit a Basic Assessment Report and Environmental Management Programme for environmental authorizations in terms of the National Environmental Management Act, 1998 in respect of listed activities that have been triggered by applications in terms of the Mineral and Petroleum Resources Development Act, 2002 (MPRDA) (as amended). As part of this process, stakeholder consultation must be undertaken.

The purpose of the stakeholder consultation process is to ensure that directly affected as well as interested or otherwise affected parties, are afforded the opportunity to raise concerns and / or comment on the proposed prospecting activities. In this regard, the feedback obtained from stakeholders will be utilised in the processes related to the identification of environmental and social impacts as well as the development of the management programme (where appropriate).

All feedback, comments, issues and concerns raised by stakeholder will be submitted to the Department of Mineral Resources for due consideration during their decision-making regarding the grant of a prospecting right.

1. Proposed Prospecting Area

The proposed prospecting area is located on various farms within the jurisdiction of the Taung Magisterial District, North West Province. The directly affected farm portions are indicated in the table below and are illustrated in Figure 1. An aerial image (Figure 2) is also provided as reference.

Table 1: Farm portions within the boundary of the proposed prospecting area

| Farm Name | Portion Number |
|--------------|----------------|
| Brakpan | 924 |
| Charl's Puts | 1/929 |
| | 2/929 |
| | 3/929 |
| | 4/929 |
| | RE/929 |
| Dingly Dell | 1/1041 |
| | RE/1041 |
| Doornfontein | 1/933 |
| | 2/933 |
| | 3/933 |
| | 4/933 |
| | 5/933 |
| | RE/933 |
| Enkelfontein | 1/916 |
| | RE/916 |
| Farm | 1045 |
| Gakwe | 2/918 |

| Farm Name | Portion Number |
|-----------------------|-----------------------|
| | 3/918 |
| | RE/1/918 |
| | RE/918 |
| Hoekplaats | 1/1040 |
| | 2/1040 |
| | RE/1040 |
| Kangkatjies | 1/919 |
| | 2/919 |
| | 3/919 |
| | RE/919 |
| Kankaro | 1/921 |
| | 2/921 |
| | RE/921 |
| Kgore | 1/898 |
| | RE/898 |
| Klakkalungklou | 4/926 |
| | 5/926 |
| | 6/926 |
| | RE/1/926 |
| | RE/2/926 |
| | RE/3/926 |
| | RE/926 |
| Klein Vogelstruis Nek | 2/927 |
| | 3/927 |
| | 5/927 |
| Nooitgedacht | 4/920 |
| | 5/920 |
| | 6/920 |
| | 7/920 |
| | RE/920 |
| Nyatsifontein | 932 |
| Olienboom | 1067 |
| Olyvenfontein | 915 |
| Onverwacht | 1/923 |
| | 2/923 |
| | 3/923 |
| | 4/923 |
| | 5/923 |
| | RE/923 |
| Rothesay | 1/914 |
| | 2/914 |
| | 3/914 |
| | RE/914 |
| Schaapbosch Vlakte | 1/917 |
| | RE/917 |

| Farm Name | Portion Number |
|----------------|----------------|
| Schieffontein | 1/906 |
| | RE/906 |
| Stillerus | RE/1026 |
| | 1/1046 |
| Vaalboschhoek | 2/1046 |
| | 3/1046 |
| | 4/1046 |
| | 5/1046 |
| | 6/1046 |
| | 1/922 |
| Vaalbult | 2/922 |
| | 3/922 |
| | RE/922 |
| Vogelstruisnek | 2/925 |
| | RE/925 |
| | RE/925 |

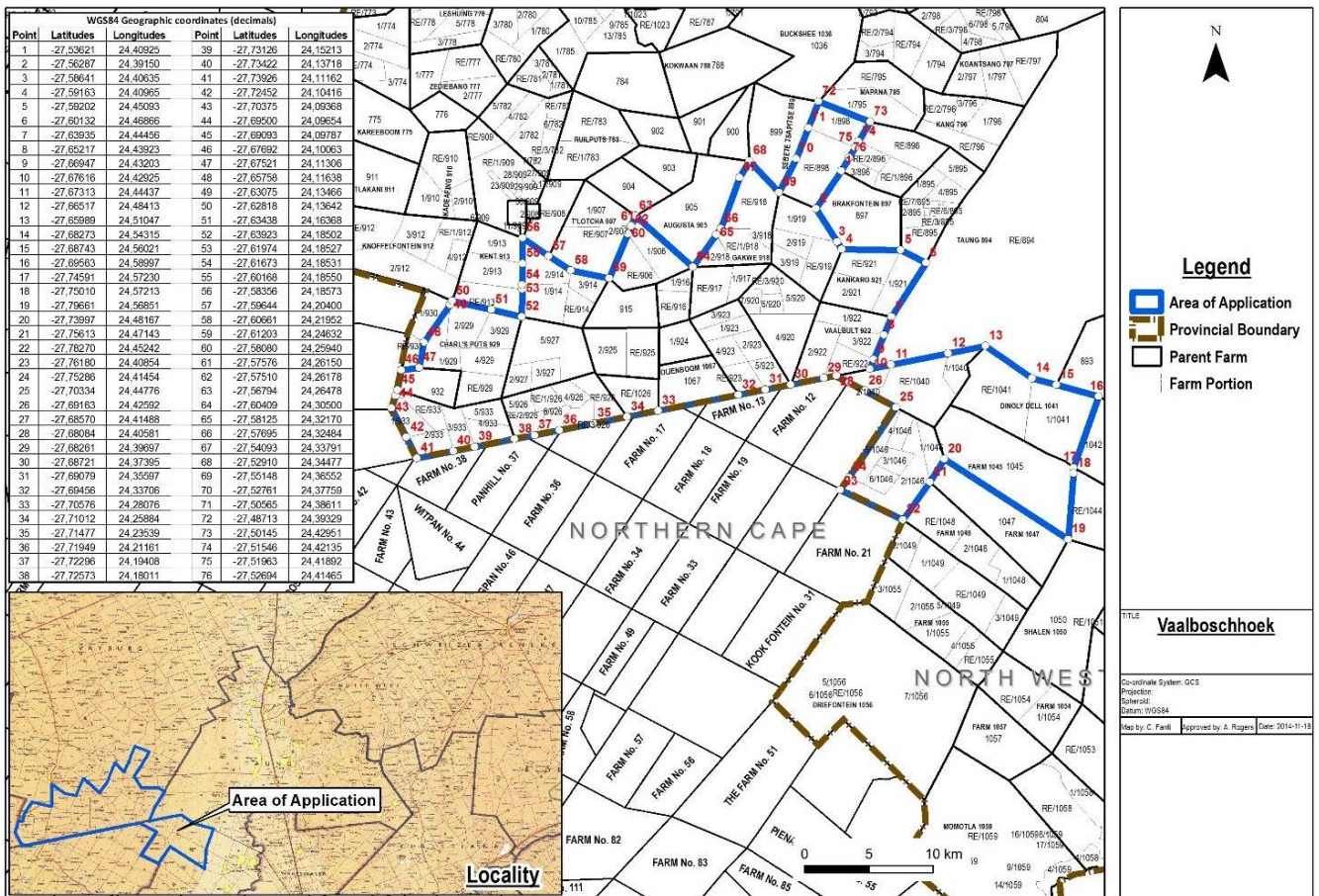


Figure 1: Farm portions within the boundary of the proposed prospecting area

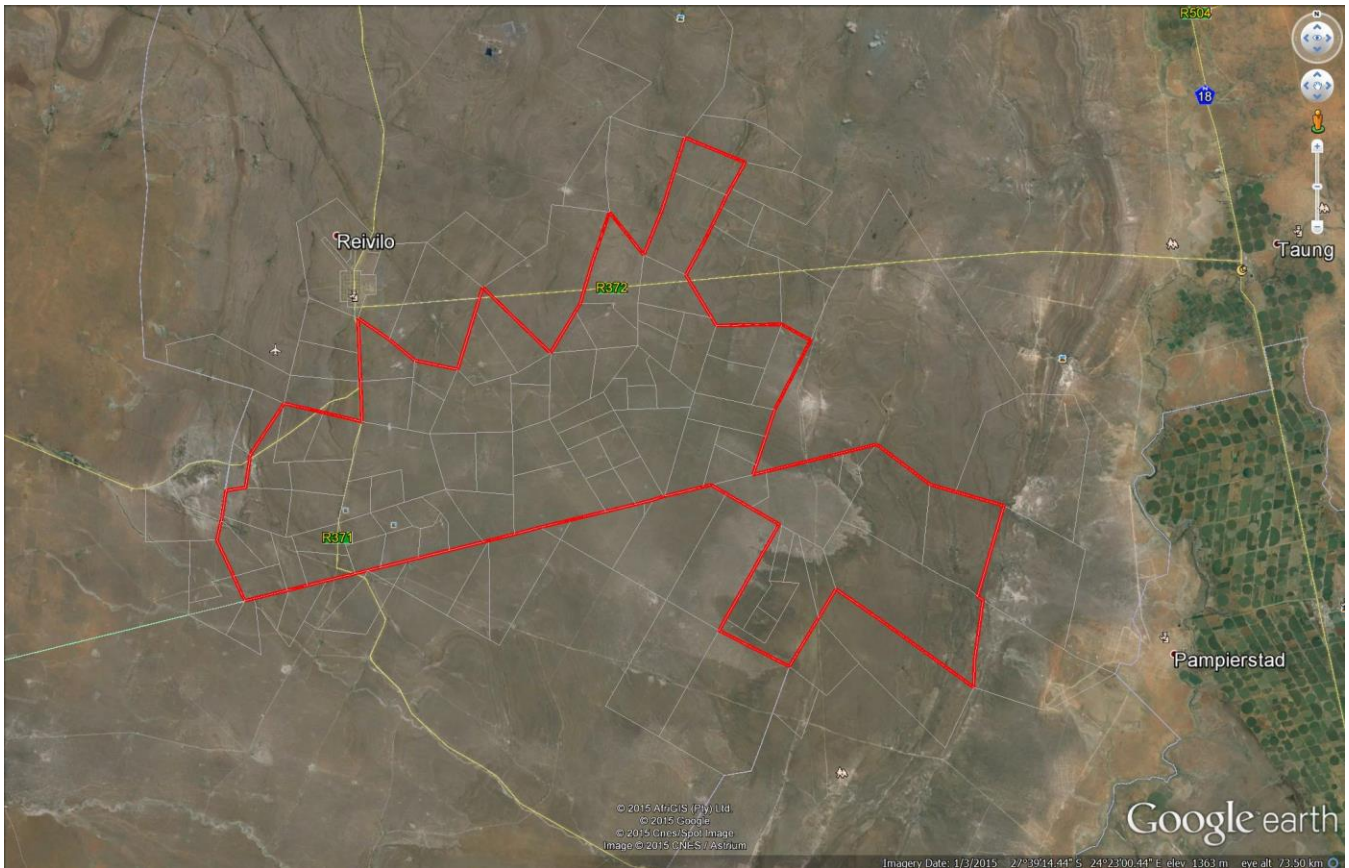


Figure 2: Aerial image indicating the proposed prospecting area

2. Purpose of Stakeholder Consultation

The purpose of the stakeholder consultation process is to:

- a) Engage with stakeholders as part of a process to identify the potential social and environmental impacts which may result from the planned prospecting activities.
- b) Develop an understanding of the views, concerns and expectations of stakeholders.
- c) Engage with stakeholders to determine the closure objectives as input into the development of a rehabilitation plan.

3. Consultation Process

The stakeholder consultation process is undertaken as detailed below:

- a) Key stakeholders have been identified including:
 - i. Landowners and/or occupiers of affected land portions.
 - ii. Landowners and/or occupiers located on land portions directly adjacent to the farms where prospecting will take place.
 - iii. Government bodies / organs of state that have jurisdiction over the area where prospecting will take place.
 - iv. Ward Councillors are consulted to ensure that host communities in proximity to the site are afforded the opportunity to participate.
 - v. The Department of Rural Development and Land Reform are contacted to confirm land claims and if applicable, land claimants will be registered as stakeholders.
 - vi. Associations and non-governmental organisations that might have an interest in the area.
- b) The identified stakeholders are contacted and requested to register (the registration process is described in Section 5 below) to become part of the consultation process.
- c) All stakeholders are afforded the opportunity to share their views, raise concerns and clarify their expectations as it relates to the planned prospecting activities. Comments and concerns can be submitted in writing via email or fax (details provided in Section 5). Registered stakeholders will also be

invited to a stakeholder meeting (to be scheduled at a suitable time and venue) at which time the following will be presented:

- i. An overview of the application process.
 - ii. The planned prospecting activities (also outlined in Section 4 below).
 - iii. The anticipated social and environmental impacts and the measures to manage these impacts.
 - iv. The objectives for closure and rehabilitation.
- d) A written record of the stakeholder engagement process, the stakeholder comments and concerns will be compiled into a Report on Results of Consultation, and will be submitted to the DMR for consideration.
 - e) All registered stakeholders will be provided with written feedback to address any questions and concerns.
 - f) Further opportunity to review and comment on the draft Basic Assessment Report and Environmental Management Programme will be afforded to all registered stakeholders.
 - g) All registered stakeholders will be informed of the department's decision regarding whether a prospecting right was granted or not.

4. Overview of the Planned Prospecting Activities

The prospecting work programme will be designed in phases, each phase conditional on the success of the previous phase.

Phase 1: Data Acquisition and Desktop Study:

A desktop study of all available data for the area will be performed in order to accumulate as much regional and historical data around the area as possible. This includes published geological reports, infrastructure mapping, satellite imagery and existing geophysical information (if available). Both primary (Kimberlite or Lamproite) and secondary (alluvial) diamond deposits will be targeted.

Phase 2: Target Generation and Ground Truthing:

Should the initial results of the desktop study be encouraging, further data will be generated through airborne or ground geophysics. Targets generated by geophysics and/or historical information will be investigated on the ground and subject to more detailed target-specific ground geophysics and loam sampling for the presence of Kimberlite Indicator Minerals (KIM).

If any of the exploration targets give a positive result, a drilling program will be undertaken in order to identify the causative body for the geophysical/geochemical targets

Phase 3: Scout Drilling and Delineation Drilling:

Targets that have been prioritized through detailed anomaly-specific loam sampling and ground geophysics will be tested by initial diamond or percussion drilling (4 drill holes are estimated at this stage, and only depended on the results of phase 2 stated above). If kimberlite is intersected, one or more 10kg samples will be taken for HMA (Heavy Mineral Abundance) analysis to extract KIM such as garnet, chromite, ilmenite and chrome diopside in representative quantities. These will be analysed by electron microprobe for major and selected minor elements, and the results will be interpreted to assess diamond potential.

Dependent on HMA results, further delineation drilling (a further 3 drill holes are estimated) and micro-diamond (MiDA) sampling would be carried out to further define the deposit and give a better indication of grade.

Positive results from MiDA would be followed by more detailed delineation diamond drilling and geological modelling to assess potential resource tonnage and diamond content. Information gathered during this phase would be used in the decision to embark on additional prospecting and evaluation activities not covered in the scope of the current prospecting application. Additional work would only be carried out after an appropriate amendment to the application has been submitted and approved.

5. How to register as a Stakeholder

Register to take part in the stakeholder consultation process through submitting your details via one of the following methods:

Email: lizelle@proschconsulting.co.za

Fax: 086 718 1695

Phone or SMS: 082 804 4024

Please submit the following details:

1. Your name and surname;
2. Your telephone and/or cellular phone number (cellular phone numbers may be used for SMS notification if required);
3. Your physical and postal address; and
4. Your organisation and/or capacity (for example "Ward Councillor, Ward Number, Municipal Area" or "Landowner / Resident, Farm Name and Number").

All stakeholder are kindly requested to register, submit your initial comments and concerns as well as indicate whether you would like to receive an invitation to the stakeholder meeting, on or before the 2nd of October 2015.

6. Stakeholder Consultation Programme

The following stakeholder consultation activities are anticipated. It should be noted that the programme below provides indicative dates and all registered stakeholder will be kept up to date regarding final dates and changes to the proposed programme.

| Action | On or Before | Comment |
|--|---|--|
| Register as a stakeholder submit initial comments and concerns and / or provide an indication to attend a stakeholder meeting. | 2 October 2015 | While care has been taken to identify all affected parties and interested stakeholders, should there be other stakeholders you would like to be involved in the process, please send their details to the email address above. |
| Stakeholder Meeting(s). | Final date(s) to be confirmed | All registered stakeholders will be extended an invitation to the meeting and a suitable date and time will be agreed. |
| Review and comment of the Draft Basic Assessment Report and Environmental Management Programme. | October 2015 (final review period to be confirmed) | All registered stakeholders will be afforded the opportunity to review and comment on the Draft Assessment Report and Environmental Management Plan. |
| Stakeholder to submit final comments. | 21 November 2015 | Comment, issues and concerns will be accepted no later than the 12 th of November after which the report and programme will be finalised for final submission to the Department of Mineral Resources. |