IMAFORCE (PTY) LTD

APPLICATION FOR A PROSPECTING RIGHT IN TERMS OF SECTION 16 OF THE MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT, ACT 28 OF 2002 (MRPDA) AND

THE NATIONAL ENVIRONMENTAL MANAGEMENT ACT (ACT 107 OF 1998).

KZN30/5/1/1/2/10384 PR

BACKGROUND INFORMATION DOCUMENT (BID)

This document contains INFORMATION on the proposed activities for the Imaforce (Pty) Ltd prospecting activities. The purpose of this document is to provide you, the reader, with information about the proposed activities to allow you to participate meaningfully in the Public Participation Process (PPP) and allow you the opportunity to comment and contribute to the Environmental Management Plan (EMP).

BRIEF PROJECT DESCRIPTION

Imaforce (Pty) Ltd has applied for a prospecting right on the farm Geluk (633.45 ha) 17097 HT. The application was submitted to the Department of Mineral Resources (DMR) on the 23th of May 2013 and was accepted on the 26th of September 2013.

The farm Geluk 17097 HT is located within the Zululand District Municipality and the eDumbe Local Municipality. The Geluk farm is found approximately 20.38 km north east of Paulpietersburg in the Kwazulu Natal Province.

The commodity of interest is bituminous coal.

This BID is the initial stage of the Public Participation Process (PPP) required for environmental authorization under the Minerals and

Petroleum Resources Development and Act (MRPDA) the **National** Environmental Management (NEMA). This PPP processes requires an Environmental Management Plan (EMP) to be compiled with the PPP to be undertaken Kai Batla Minerals Industry Consultants (Pty) Ltd, the appointed independent environmental consultants to conduct the necessary studies and oversee the various processes required in accordance with Section 24 National of the Environmental Management Act (Act 107 of 1998) (NEMA), as amended (Act 62 of 2008), Environmental Impact Regulations, (544, 545 and 546 - 2010) and relevant sections of the MRPDA (Act 28 of 2002).

The focus of all the environmental studies will be on the entire farm.

Once the prospecting right has been granted, environmental specialist studies will be conducted prior commencement of any prospecting activities.

The purpose of this BID is to provide you, the reader, with information about the proposed activities and to allow you as an Interested & Affected Parties (I & AP) to express your concerns and to request a meeting should you so require.

The lead authority for this application is the Department of Mineral Resources (DMR) Kwazulu -Natal and the Department of Agriculture and Environment (KZNDAE).

Applications will be made to KZNDAE for activities which may be listed under the Environmental Impact Assessment Regulation (544, 545 and 546 of 2010) as amended from the National Environmental Management Act, (act 1998) (NEMA). This 107 of application is subject to the EIA procedure, which will be conducted once the prospecting right has been granted. The following listed activities be undertaken from the Prospecting rights application:

> Reg. 544, Activity 19: Any activity which requires a prospecting right in terms of section 16 (Application for prospecting Right) of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

The first step in the process (PPP) is the lodging of the application by the applicant. The actual lodging is conducted without consultation so that the applicant's rights as first applicant are protected.

Within 14 days of receiving the application, the DMR either accepts the application and instructs the applicant to continue with the process, or rejects the application. This application has been accepted and the process is envisaged to continue as follows:

- a) The applicant prepares a BID which accompanies all written and personal communication. This document is initially sent to all identified I&AP's which include the landowner, surrounding landowners, Land Claims Commissioner, Municipality and Provincial department responsible for environment.
- b) Broader public participation will also take place and this will at least include an advertisement in the local newspaper. A notice can also be placed at the entrance of the affected farm or around the application area.
- c) Furthermore the applicant is to identify any additional I&AP's and to request I&APs to register as such (through newspaper advert for instance). This registration is important in that it ensures that those who register are kept informed of the status of the application and are provided with relevant documentation.

- d) The Mineral and Petroleum Resources Development 2002, Act 28 of 2002 (MPRDA) does not require a separate scoping report for a prospecting right or mining permit application, but documentation indicating the planned and as well as proof of any or all public participation completed and response received must be submitted to Mineral Resources Department (DMR). This Information must reach the DMR within 30 days of the applicant being notified that the application has been accepted.
- e) All comments are included in Environmental Management Plan (EMPlan) to be compiled. The applicant has a further 30 days (i.e. 60 days in total) to prepare and lodge the EMPlan to the DMR.
- f) The DMR are responsible for distribution of the EMP to State Departments whom have 60 days to provide comment on the report to the DMR
- g) The standard practice (given the short time period of only 60 days before lodging of the EMPlan) is to provide all registered I&AP's with opportunity to comment on the EMP during the State Department commenting period.
- h) The DMR assesses all comments and provides the applicant with their considered decision 60 days after receipt of all comments. (i.e. 120 days after EMPlan is lodged).

Please see Figure **2** for the prospecting right application public participation process flow chart.

Compliance with the above mentioned Act as proposed in the EMP's will be monitored by Imaforce in house Environmental Manager.

YOUR INVOLVEMENT

Public involvement is an essential component of the process. It addresses the right of Interested and Affected Parties (I&APs) to be informed of the proposed activities and to be involved in decision that affect them.

It also affords the environmental practitioner the opportunity to assess and address the issues and concerns raised by I&APs.

We encouraged 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 attached respondent sheet and return it to us on or before the 18th of October 2013.

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

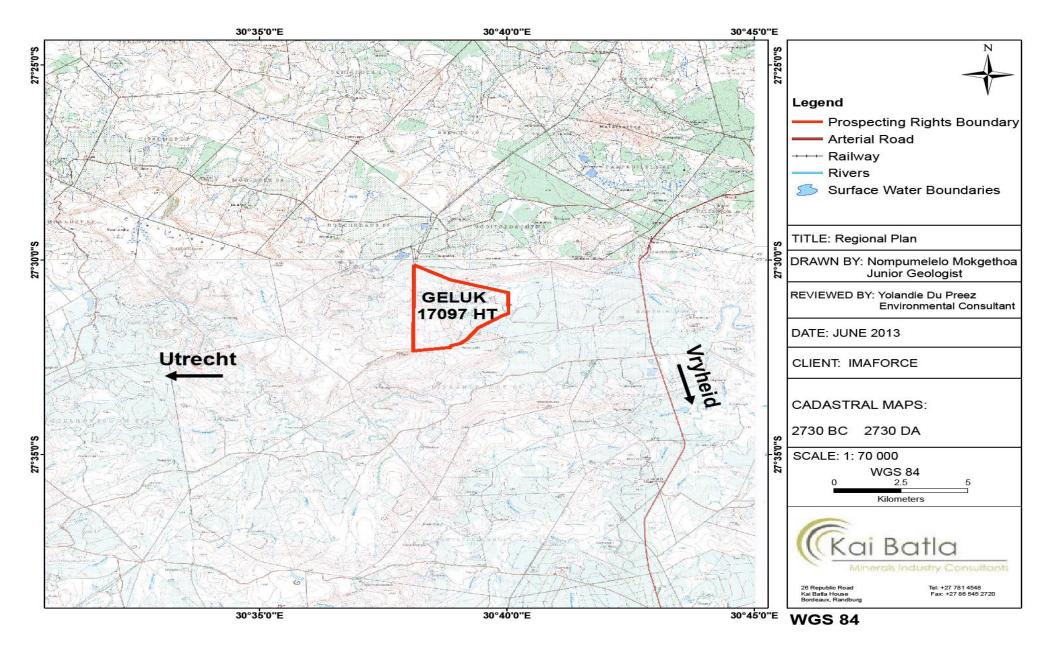


Figure 1:Geluk Regional Map

How to comment?

Should you wish to raise a comment, question or issue please do not hesitate to contact us by telephone,. Fax or email or post.

A response sheet is attached.

CONTACT DETAILS

Yolandie du Preez/ Mapadi Molepo

Tel: (011) 781 4548

Fax: (086) 545 2720

Email: ydupreez@kaibatla.co.za

mmolepo@kaibatla.co.za

Post: P.O. Box 41955, Craighall, 2024

Definitions/ Descriptions

Who are the Interested and Affected Parties (I&AP's)?

I& APs are people who will be directly affected/involved by the project.

What is a Prospecting Right Application?

A Prospecting Right application is a structural process as described by the MRPDA, whereby a mining company is allowed to prospect for specific minerals to evaluate the mineral reserve and economic potential to mine.

The applicant must demonstrate that is has the financial resources to develop, operated and close the proposed mine and that it adequately understands, and can pay for the mitigation measures needs to minimise or prevent long terms impact to the biophysical and social environment.

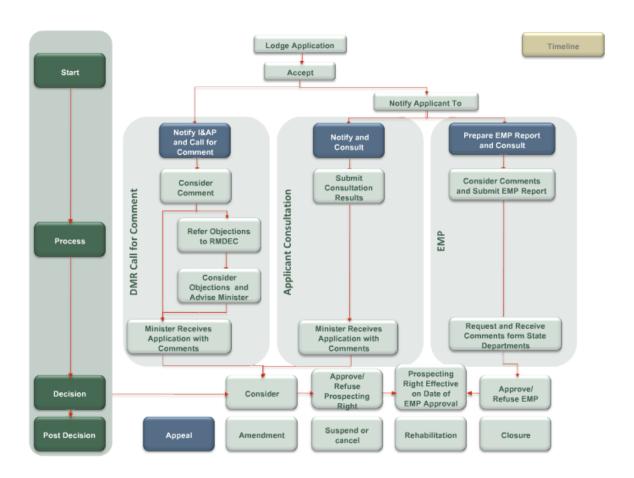


Figure 2: Process for Prospecting Right

IMAFORCE PTY LTD PROSPECTING RIGHT APPLICATION: RESPONSE SHEET

Please assist us in our efforts to provide a better service to the public by filling this response sheet

Question 1: Personal Information			
Name and Surname			
Farm Name/Organisation			
Question 2: To what extent has the background information document met your expectations?			
Please tick ($$) one (1) of the following:			
Completely			
Satisfactory			
Partly			
Not at all			
If your expectations have not been met, please indicate why?			
-	ion document provided you with sufficient information about the project?		
Please tick ($$) one (1) of the following:			
Completely			
Satisfactory			
Partly			
Not at all			
If your expectations have not been met, please indicate why?			
Insufficient information provided			
Information provided was too			
technical			
Question 4: Please specify what aspects of the project you are interested in.			
Please tick ($$) one (1) of the following:	_		
All aspects	Employment opportunities		
Eco-tourism	Business opportunities		
Air pollution, noise, dust visual	Local economic development		
pollution			
Ground and/or surface water	Mine closure and		
pollution	rehabilitation		
Natural habitat: land and animal Life	Future of Paulpietersburg		
Health, safety and security			
Other (please specify)			
(1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-			
Ougation 5: Are you aware of any of the f	Maying with regards to the proposed project (places aposity details		
westion 5: Are you aware of any of the fo	ollowing with regards to the proposed project (please specify details		

Please tick ($\sqrt{}$) which is applicable:

Potential Physical Impacts		
Potential Social Impacts		
Potential sites of cultural significatetc.)	ance (potential heritage sites, graves	
Rare or endangered animals and	1 / or plants	
	er questions or concerns that you have a project team will respond to these in due	
Question 7: Are there any other	er parties or organisations that you think	should know about the project?
Question 8: Do you want to be I&AP?	kept informed about the future stages o	f this study and remain registered as an
Please tick ($$) one (1) of the foll	owing:	
No thank you! Yes please!		
Tel		
Fax:		
Cell:		
Email:		
Postal Address:		