

BACKGROUND INFORMATION DOCUMENT

DMR Reference Number: LP30/5/1/2/2/10140MR

Tuesday, 18 April 2017

Background

Dedicoal (Pty) Ltd (Dedicoal), which is a subsidiary of Masimong Group Holdings (MGH), proposes to develop a new coal mine and energy project in the Waterberg Coalfield, 22km northeast of the town of Lephalale, Limpopo Province, Republic of South Africa. The project is known as the Lephalale Coal and Power Project (LCPP or the Project). The proposed Project is to consist of an open pit coal mine and, at a later stage, an Independent Power Producer (IPP) plant. A Pre-Feasibility Study (PFS) for the project has been conducted by RoyalHaskoningDHV and indications from the PFS are that this is an economically viable project.

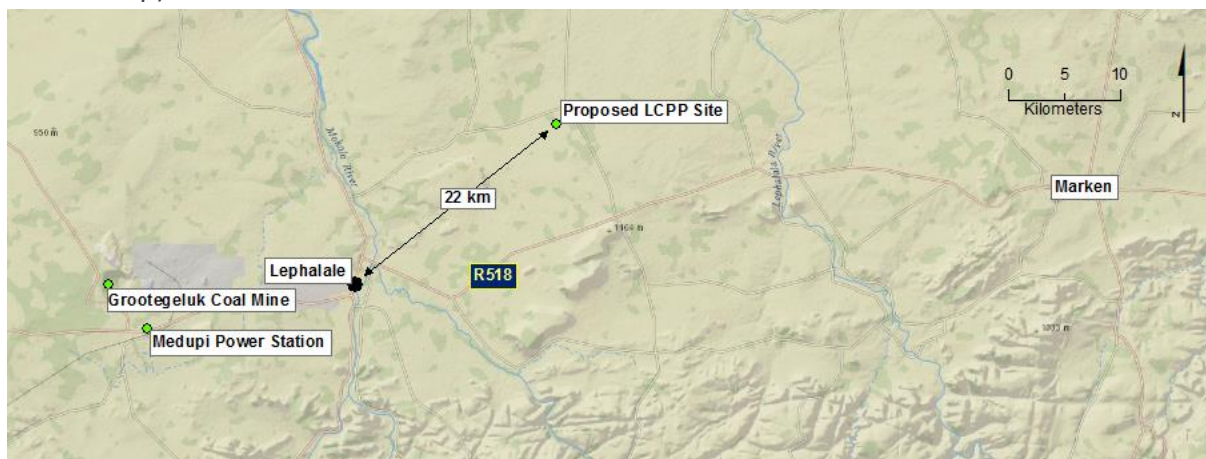
Purpose of this document

The purpose of this document is to provide you with:

- the background to the Project;
- Information about the Project and the required Environmental Authorisations (EA);
- the opportunity to register as an Interested and Affected Party (I&AP); and
- the opportunity to comment about the Project and EA's.

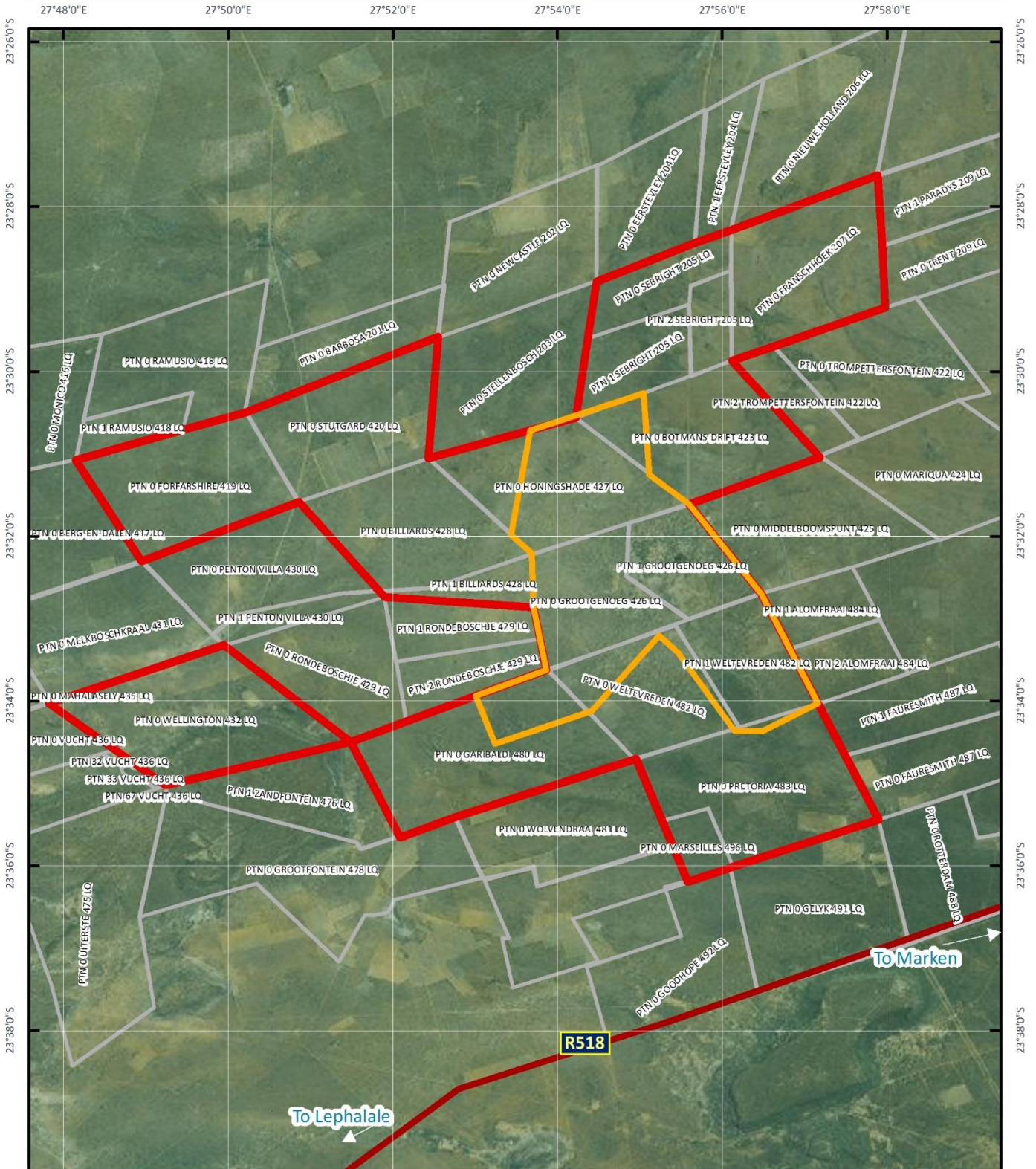
Location

The project is located within the Lephalale Local Municipality in the Waterberg District Municipality of Limpopo Province, South Africa. The proposed LCPP lies approximately 10 km north of the R518 provincial road linking the town of Lephalale and the village of Marken (see sketch map).



Lephalale Coal & Power Project (LCPP)

Plan 1: Project Area



Legend

- R518 Regional Road
- Footprint Area
- Farm Boundaries
- Project (MRA) Area



Lephalale Coal Mines (Pty) Ltd, the applicant, and also a subsidiary of MGH, holds the Prospecting Rights for the 12 associated farms:

Prospecting right LP 30/5/1/1/2/1359PR:

The farms Honingsshade 427 LQ, Garibaldi 480 LQ, Pretoria 483 LQ, Wellington 432 LQ, Forfarshire 419 LQ, Stutgard 420 LQ, Billiards 428 LQ, Franschoek 207 LQ.

Prospecting right LP 30/5/1/1/2/1046PR:

The farms Grootgenoeg 426 LQ, Weltevreden 482 LQ, Sebright 205 LQ, Botmansdrift 423 LQ.

There are several other mining and exploration projects in the Waterberg Coalfield near the LCPP in various stages of development.

Project Information

The proposed Project will be an open pit operation, mined using the truck and shovel method. It is estimated that the mine will produce approximately 6 million tonnes of coal per annum, the economic base case is that most of the coal will be used to supply the proposed onsite IPP, other markets and optimisation options are being further investigated. The Life of Mine (LoM) is more than 35 years. The mine will operate seven days a week, 52 weeks a year and 24 hours a day, in three eight hour shifts. Trucks will take the coal from the mine pit to a single stage washing plant and then by conveyor to the proposed IPP. At full production, the Project is expected to employ approximately 400 people, with most of the labour coming from the Lephalale Local Municipality and the surrounding areas. All employment will take place in line with all the relevant legislation, codes and statutes. The proposed IPP would be a fluidised bed power station producing 600 Megawatts of peak power. Power generated by the IPP will hopefully be sold onto the Eskom grid.

The following infrastructure will be built and includes:

- Offices, workshops, change house, storehouses, warehouses;
- Internal roads and haul roads, fuel storage facilities;
- Open pit, crushing circuit, wash plant, conveyors;
- Water supply network, storm water network, pollution control dams, raw water dam, effluent dam, water treatment works;
- Topsoil stockpiles, discard dump, Run of Mine stockpiles, ash dump; and
- IPP power station.

Water for the project is expected to be sourced from groundwater from the pit, rainwater and sewage effluent. Potable water will hopefully be sourced come from MCWAP Phase 2 project. The water usage strategy for the LCPP is designed to operate as a closed water system and most of the water on site is to be recycled.

Electricity for the project is to be supplied by Eskom. Investigations have indicated that the Eskom grid in the area will not have capacity to service the LCPP until the new Medupi power station is completely commissioned in 2020.

Regulations and Licences

Kongiwe Environmental (Pty) Ltd has been appointed by Dedicool to undertake the Environmental Impact Assessment (EIA) process in support of the Mining Right Application (MRA) and other EA's required for the proposed mine and IPP.

Important to note is that applications at this stage will only be made for the mining section, applications for the IPP would be done in the future once the detailed design of the IPP has progressed.

The following applications will be made to the Department of Mineral Resources (DMR) as competent authority for the proposed mining project:

- Mining Right Application (MRA) in terms of the Minerals and Petroleum Resource Development Act, 2002 (Act No. 28 of 2002) (MPRDA);
- Application for EA for listed activities triggered in Listing Notices GN R983, 984 and 985 and in accordance with the Environmental Impact Assessment (EIA) Regulations, 2014, promulgated in terms of National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA); and
- Application for listed waste activities in terms of GN R. 921 of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008), as amended (NEM:WA).

In addition, the following applications will be made to the relevant competent authorities:

- Application for an Atmospheric Emission License (AEL), in terms of the National Environmental Management: Air Quality Act, 2004, (Act 39 2004) (NEM: AQA) the Lephalale Local Municipality (LLM) is the competent authority;
- Integrated Water Use Licence (IWUL) in terms of the National Water Act, 1998 (Act 36 of 1998), as amended (NWA). The Department of Water and Sanitation (DWS) is the competent authority; and
- Relevant permit applications will also be made in terms of sections 34, 35 and 36 of the National Heritage Resources Act, 1999 (Act No. 25 of 1999) (NHRA). The South African Heritage Resources Agency (SAHRA) and or the Limpopo Heritage Resources Authority (LIHRA) will be the competent authorities.

These applications require a Scoping and Environmental Impact Assessment as per regulation 21 and regulation 24 of the Environmental Impact Assessment (EIA) Regulations, 2014, of the

NEMA. Various specialist studies will be undertaken to assess the potential impacts of the project, these may include:

- Soils, Land Use & Land Capability
- Closure & Rehabilitation
- Wetlands
- Aquatic Ecology
- Climate Impacts & Sustainability
- Noise
- Air Quality & Dust
- Heritage & Archaeology
- Fauna and Flora
- Hydrology
- Hydrogeology
- Socio-economic & Tourism
- Visual Impacts
- Traffic & Safety
- Blasting & Vibration
- Community Health

Possible mitigation measures to lessen the possible negative impacts identified will be developed and enhancements for positive impacts will be proposed. An Environmental Management Programme (EMPr) will also be developed to manage identified impacts. The EMPr Report will be available for public review together with the EIA Report.

Authorisation process

In accordance with the provisions of the EIA 2014 Regulations, the EIA process to be followed is described in phases, namely, Scoping, Environmental Impact Assessment, and Authority Decision making process. A schematic representation of the process is presented in the adjacent figure. Once the application is submitted to the DMR, the Scoping phase begins. Within 44 days of submitting the application, a Scoping Report must be submitted for authority review. During that 44-day period, the public will be entitled to a 30-day Scoping Report review and comment period. This period will also include a public meeting and consultations.

Once the Scoping Report has been submitted to the DMR, they have to either accept or reject the Scoping Report within 43 days. Once such correspondence has been received from the DMR, the EIA phase commences for a period of 106 days, whereby I&AP’s will be afforded a 30-day period in



which to review and comment on the EIA/EMPr documentation. Prior to expiry of the 106 days, an EIA/EMPr document must be submitted to the DMR for review, they have 107 days to declare a Record of Decision (RoD) which may be appealed by the I&APs or the Applicant.

Public Participation Process

In addition to the South African legislative requirements, the PPP will be undertaken in line with the IFC's Performance Standards (PS) on Environmental and Social Sustainability and will comply with the World Bank Guidelines.

As stakeholders, you have certain rights and responsibilities, these include:

- registering as an I&AP;
- submitting comments within the required timeframes; and
- informing others of the project and environmental authorisations.

As the Environmental Assessment Practitioners (EAP's) we are responsible for:

- providing sufficient and understandable project information so that I&APs can make informed, comments and decisions regarding the project;
- recording, assessing and responding to any issues raised by registered I&APs, and
- independently and responsibly providing all information gathered to the authorities to inform their decision-making process.

Proposed estimated time frames:

- Registration of Interested and Affected Parties (I&APs) March 2017 onwards;
- Specialist studies March – July 2017;
- Public review of scoping document Monday 24 April 2017 – Thursday 25 May 2017;
- Public meeting Wednesday 17 May 2017
- Public review of EIA report Tuesday 1 August 2017 – Wednesday 30 August 2017
- Public meeting Wednesday 23 August 2017
- Environmental Authorization Decision estimated February 2018, registered I&APs will be informed of the decision.

Registered I&APs will be reminded of all document comment periods and the dates and venues of public meetings.

Registration as an I&AP

Any person affected by or who may be interested in the proposed project is asked to please register as an I&AP. Please fill in the attached registration and comment form and submit to stakeholders@kongiwe.co.za or you can call or SMS, Stephen Horak at 082 3314 993 he will take your comments and register you as an I&AP. Further information regarding the project will be found on the Kongiwe Environmental website <http://www.kongiwe.co.za/publications-view/public-documents/>

You will be informed about the availability of all reports and stakeholder meetings, provided the correct contact information has been submitted. Your comments will be provided to the authorities to help them make the correct decisions. Your comments will also help the project team by informing the Scoping and EIA processes.

COMMENT AND REGISTRATION FORM

To register as an I&AP and provide your comments, please complete this comment and registration form to the contact details provided. **Stephen Horak** Kongiwe Environmental: **Cell:** 082 3314 993 **Email:** stakeholders@kongiwe.co.za, or visit www.kongiwe.co.za **Postal Address:** PO BOX 597, Douglasdale, 2165

Your contact details

Title	Mr	Mrs	Ms	Dr	Prof	Other	
First Name							
Surname							
Organisation/Farm/ Business/ Village. Etc.							
Position in organisation							
Contact Numbers	Cell phone			Fax		Tel	
Email address							
Postal address							
Please indicate your preferred method of communication	Email			SMS		Post	Fax

If you are a landowner or you are occupying land, please indicate farms and who owns the farm.

Landowner	Farm/s						
Land occupier	Farm			Farm owner			

I intend attending the Public Meeting

Wednesday, 17 May 2017, 09:30-11:30, Magol Club Lephalale.	Yes	No
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To assist us with the specialist studies please answer the questions below. Should you require any assistance with filling in the questions please contact Stephen Horak 082 331 4993.

How do you think the project might affect / impact you?

How do you think the project might affect / impact your farm, business, household, village etc.?

How do you think these affects/impacts can be managed, avoided and / or fixed should they happen?

What is the land currently being used for?

Where are these land uses taking place?

Are there any natural environmental/ ecological aspects which we need to be aware of? (water, heritage sites, grave sites, special plants or animals)

Where are these aspects found?

Do you think the project could affect / impact any structures you might have? (e.g. houses, buildings, roads, dams)

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If so how can these affects/ impacts be managed, avoided or fixed should they happen?

Any other comments

Please include more pages should the space provided not be enough.

Please provide contact details of any other stakeholders we should consult.

Title	Mr	Mrs	Ms	Dr	Prof	Other	
First name							
Surname							
Organisation/ Farm / Business							
Cell phone							
Email							
Title	Mr	Mrs	Ms	Dr	Prof	Other	
First name							
Surname							
Organisation/ Farm / Business							
Cell phone							
Email							

Signature: _____

Date: _____