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Dear Ma'am

Attention:

SIBELO RESOURCE DEVELOPMENT (PTY) LTD MOTIVATION FOR PHASE 2 ASSESSMENT OF DOMESTIC MIDDEN AND SUBSEQUENT UTILISATION OF THE THE SITE FOR THE DEVELOPMENT OF A CORE SHED ON THE FARM HEUNINGKRANZ 364 POSTAMASBURG, NORTHERN CAPE

1. INTRODUCTION

Sibelo Resource Development (Pty) Ltd (Sibelo) is proposing the development of infrastructure on the Farm Heuningkranz 364 to support the prospecting activities undertaken on behalf of the Sishen Iron Ore Company (Pty) Ltd in the Northern Cape.

Synergistics Environmental Services (Pty) Ltd (Synergistics) act as environmental assessment practitioner (EAP) on behalf of Sibelo for the purposes of conducting the necessary environmental work required to obtain approval for the proposed developments on the Farm Heuningkranz.

Synergistics appointed African Heritage Consultants cc to conduct a Phase 1 Archeological Impact Assessment (AIA) of Heuningkranz (Kusel, U. et al Septemebr 2013) in order to identify sensitivities in terms of heritage on the farm. African Heritage Consultants identified that the general area of the "household garden" near the Heuningkranz homestead "contains some widely-dispersed domestic midden material" (part of site HKZ1, herafter referred to as **domestic midden**).

The domestic midden material is located at the site proposed for the development of a a core shed. The core shed will serve to house prospecting core material sampled from the various prospecting operations in the surroundings areas. The core shed site and associated domestic middent is illustrated in Appendix A.



Your letter to Sibelo dated 6 November 2013 is acknowledged in which it is stated that "the Icoation of the core shed is inappropriate in terms of impact on heritage resources. A new location that does not impact on any of the identified heritage resources must be selected in consultation with a heritage professional. If this is not possible, suitable motivation must be provided for the reason and the historical domestic midden will require phase 2 mitigation. A permit in terms of Section 35 of the NHRA is required for the Phase 2 mitigation."

Options for the relocation of the core shed have been considered by Sibelo together with Synergistics and it has been concluded that the originally proposed position provides the most feasible location for the shed.

This letter serves as motivation for the development of the prospecting core shed at the site identified as a historic domestic midden.

2. EXISTING INFRASTRUCTURE AND DISTURBANCE

The farm Heuningkranz has historically been used for farming activities. The farm was recently acquired by the Sishen Iron Ore Company (Pty) Ltd. All farming activities on the farm have ceased and the farm has been identified as the "Southern Hub" for prospecting activities undertaken on behalf of SIOC, with aim of expanding iron ore mining activities in the future. Infrastructure required to support such prospecting activities are thus to be developed on the Farm Heuningkranz.

In order to minimise further disturbance to the site, to make use of current infrastructure and to prevent such infrastructure from becoming derelict, Sibelo has decided to convert the existing homestead and associated buildings for the purposes of their activities. The existing infrastructure is however not suitable for the development of a core shed and a new shed will need to be erected adjacent to the existing infrastructure. The site was chosen as it is large enough to house the shed, it is located in close proximity to other infrastructure thus promoting ease of access by personnel and also facilitates the supply of utilities (such as electrical power) which will be sourced at the main house. The site also allows for the consolidation of disturbance to the existing homestead and surrounds.

3. DRAINAGE AND FLOOD LINES

The existing homestead is located adjacent to and actually within the floodline (1 in 50 year) of a tributary of the Soutloop River. For this reason the proposed development of infrastructure requires authorisation under the following environmental legislation:

- Section 21 (c) and (i) of the National Water Act (Act No. 36 of 1998) for impeding or diverting the flow
 of water in a watercourse and altering the bed, banks, course or characteristics of a watercourse.
 - Application has been made for the activity to be generally authorised in terms of GN1199 of 18 December 2009.
- Environmental Impact Assessment (EIA) Regulations (GNR 543 of 2010) for activities captured under
 of Listing Notice 1 GN R 544 of June 2010 for the construction of infrastructure within a distance of 32
 m of a watercourse and the removal of more than 5 m³ of soils from a watercourse.

Application has been made for the activity to be authorised based on a Basic Assessment Process. Synergistics is currently undertaking this process.

The following considerations were made when selecting the site:

- The site is located outside of the main drainage line of the tributary of the Soutloop River;
- The site is located in an area which has already resulted in significant disturbance within the flood line, thus preventing additional disturbance.
- The site allows for the consoldiation of disturbance with the flood line area.

The proposed infrastructure in relation to the drainage and flood lines are illustrated in Appendix B.

4. PHASE 2 HERITAGE ASSESSMENT

The findings of the Phase 1 AIA were taken into consideration in that it is recognised that since the core shed is to be located at the domestic midden site the following recommendation will be adhered to:

"Should the core shed be erected with the garden area that is bordered by the blue gum lane, a contained Phase 2 assessment of the site is recommended. In the event of a Phase 2 assessment of this midden, the collection of a control sample at the worker's midden is recommended."

The development will thus provide the opportunity for the assessment and documentation of the historical midden site. Should the site be moved there would be no incentive to carry out such studies and it is possible that the site will never accurately be documented. Sibelo has already committed to ensuring that such work is carried out prior to any disturbance of the site.

Note that the development of the core shed will not result in disturbance of the blue gum lane or any other heritage site and care will be taken that these are protected.

Synergistics has appointed PGS Heritage and Grave relocation Consultants on behalf of Sibelo to carry out the necessary work to implement the above action should SAHRA grant a Phase 2 permit.

5. CONCLUSION

Please do not heistate to contact me should you have any queries or require any further information.

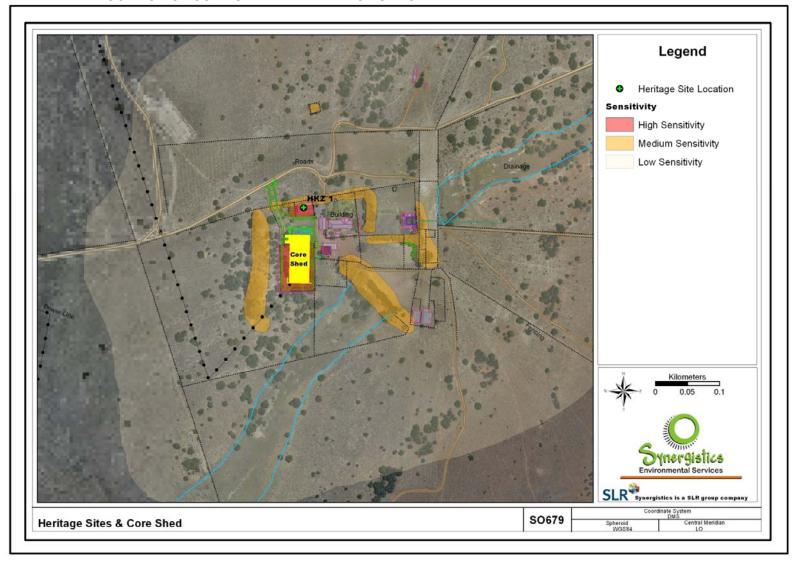
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APPENDIX A: LOCATION OF CORE SHED AND HERITAGE SITES





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APPENDIX B: LOCATION OF INFRASTRUCTURE AND FLOOD LINES

