

DIGBY WELLS

ENVIRONMENTAL

BACKGROUND INFORMATION DOCUMENT

FOR PROPOSED CONSBREY COLLIERY

GERT SIBANDE DISTRICT, MPUMALANGA PROVINCE

CONSBREY A: DMR REFERENCE NUMBER: MP/30/5/1/2/2/10060 MR

CONSBREY: DMR REFERENCE NUMBER: PENDING

MARCH 2013

PURPOSE OF THIS DOCUMENT

This Background Information Document (BID) provides information regarding Breyten Coal Farms (Pty) Ltd (a subsidiary of Xstrata South Africa (Pty) Ltd (Xstrata Coal) and Xstrata Coal's proposed intention to expand their operations by establishing an open-pit and underground coal mine to be known as "**Consbrey Colliery**", composed of the Consbrey and Consbrey A Collieries. The proposed Consbrey Colliery is located in the Msukaligwa and the Albert Luthuli local municipalities, under the jurisdiction of the Gert Sibande District in Mpumalanga Province, South Africa.

In accordance with Regulation 49 of the Mineral and Petroleum Resources Development Act, 2002, (Act 28 of 2002) (MPRDA), a Scoping Report and an Environmental Impact Report (EIR) and Environmental Management Programme (EMP) has to be compiled to meet the legislative requirements for a Mining Right Application (MRA). As such, Xstrata Coal has appointed Digby Wells Environmental (Digby Wells) as the independent environmental consultant to undertake the required Environmental Impact Assessment (EIA) process, associated specialist studies and Public Participation Process (PPP) in support of the MRA in order to obtain environmental authorisation from the Department of Mineral Resources (DMR), Mpumalanga.

You are requested as an Interested and Affected Party (I&AP) to read this document for further details on:

- The company and project description and locality;
- The MPRDA process that will be followed for the EIA process; and
- The PPP for the EIA, which invites you to share your knowledge, thoughts and/or concerns. This will assist us in understanding the potential environmental and social impacts of this project.

The Scoping Report is available for your input between 6 March 2013 and 9 April 2013.

To ensure that you are provided with an opportunity to comment on these documents, and that you receive updated project information, please complete the attached I&AP Registration Sheet and, or contact:

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MINING RIGHT APPLICATION FOR THE PROPOSED CONSBREY COLLIERY

In November 2012 Xstrata Coal submitted a MRA to the DMR for the proposed Consbrey and Consbrey A Collieries. The proposed Consbrey A is a small mining area within the greater Consbrey mining area (separate prospecting rights were applied for due to different coal seams being explored). Should a mining right be awarded for these areas, the two permits will be consolidated. A DMR reference number for Consbrey was never received, only for Consbrey A (*DMR Ref. No.: MP 30/5/1/1/2/10060 MR*) which is being addressed. The MRAs were submitted and acknowledged in terms of Section 22 of the MPRDA in respect to the following farm properties (refer to Table 1 below):

Table 1: Directly Affected Farms, Portions

FARM NAME AND PORTION NUMBER	FARM NAME AND PORTION NUMBER
CONSBREY	
Op Goedenhoop 205 IS, Ptn 3, Ptn 4, Ptn 13/3	Hartbeestfontein 239 IS, Ptn 3/1, Re Ptn 5/1, Re Ptn 6, Ptn 9/5
Welgemeend 206 IS, Ptn 5, Ptn 6	Bankfontein 215 IS, Ptn 2, Ptn 6/4, Ptn 11/1, Ptn 14/6
Bosmanskrans 217 IS, Re Ptn 5, Ptn 7/1,	Klipfontein 241 IS, Ptn 6/1
Morgenster 204 IS, Ptn 2, Ptn 3	Smutsoog 214 IS, Re Ptn 3 (Area 1), Re Ptn 3
De Wittekrans 218 IS, Re Ptn 1, Ptn 3, Ptn 9	Dwarstrek 216 IS, Re Farm, Re Ptn 1, Ptn 2, Ptn 4/3, Ptn 6
CONSBREY A	
Morgenster 204 IS, Ptn 5 and Re	

Historically, Xstrata Coal South Africa (Pty) Ltd (XCSA) was the holder of the mining rights in respect of the collieries referred to as Tselentis (Mining Right No. 319) and Spitzkop (Mining Right No. 273). XCSA, with the prior approval of the Minister of Mineral Resources, sold the collieries to Msobo Coal. As a result of the sale, the Mining Rights were duly ceded to Msobo Coal. Msobo Coal currently operates the existing Spitzkop and Tselentis Collieries which are in close proximity to the proposed Consbrey Colliery. The proposed Consbrey Colliery mining site was granted prospecting rights in 2008 under the previous ownership of Breyten Coal Farms (Pty) Ltd, a subsidiary of XCSA, for Consbrey A and Xstrata South Africa (Pty) Ltd for Consbrey. Should a Mining Rights be granted, these would be transferred from XCSA and its subsidiaries to Msobo Coal in terms of section 11 of the MPRDA to undertake the proposed mining activities and Consbrey Colliery will become part of the greater Tselentis Operations.

INDEPENDENT ENVIRONMENTAL CONSULTANT

In accordance with Regulation 49 of the Mineral and Petroleum Resources Development Act, 2002, (Act 28 of 2002) (MPRDA), a Scoping Report and an EIR and EMP has to be compiled to meet the legislative requirements for a MRA process.

As such, Digby Wells has been appointed as the independent environmental consultant to undertake the required EIA process, with associated specialist studies to obtain environmental authorisation from the DMR, Mpumalanga. Digby Wells will also be conducting the PPP for the MRA in compliance with the regulatory requirements. The PPP will facilitate commenting by I&APs which, in turn will assist in defining the specialist studies' scope of work, planning and developing of the proposed project. Digby Wells has no private interest in the companies mentioned and operates independently to reflect both the interests of the I&APs and the applicant.

LOCATION OF THE PROPOSED CONSBREY COLLIERY

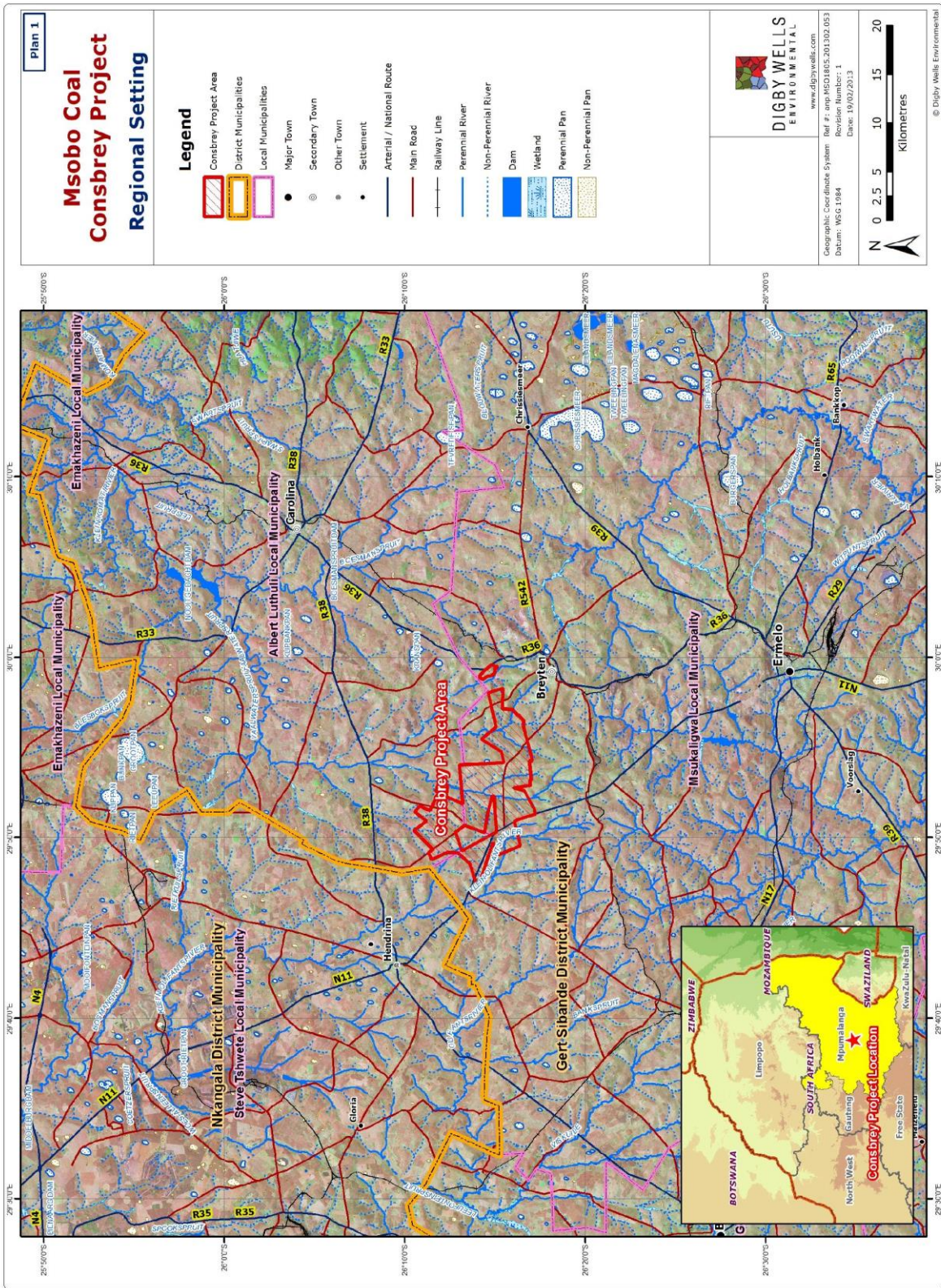
The proposed Consbrey Colliery is located in the Msukaligwa and the Albert Luthuli local municipalities, under the jurisdiction of the Gert Sibande District in Mpumalanga Province, South Africa. The closest communities located near the site is Kwa-Zanele (near Breyten) located 6 km south-east of the project. The main access roads to site are the R36 and R542. Refer to the Regional Setting Plan 1 and Land Tenure Plan 2 below.

LEGISLATIVE REQUIREMENTS

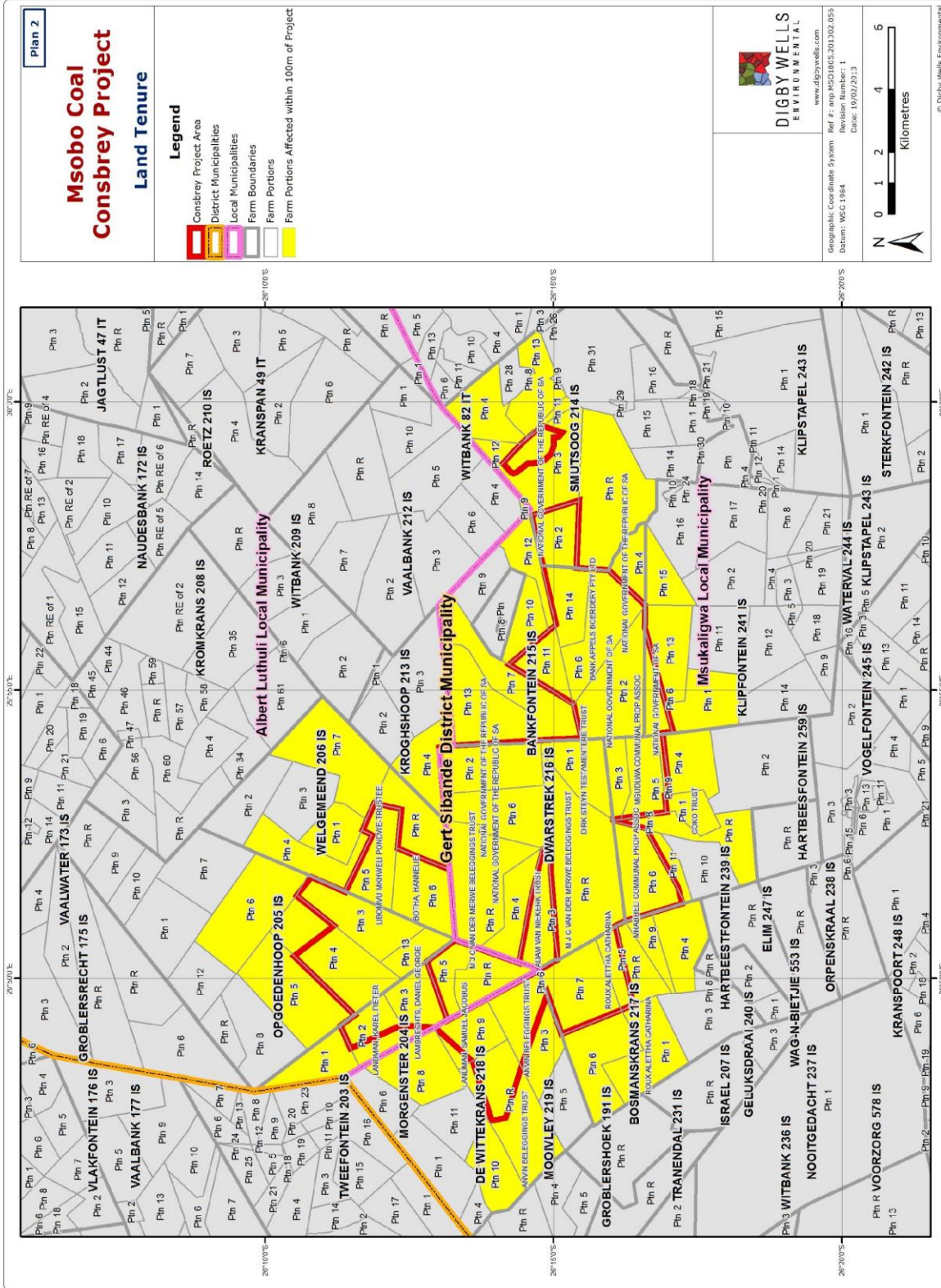
The following relevant legislation will be followed for this project:

- **Mineral and Petroleum Resources Development Act, 2002, (Act 28 of 2002) (MPRDA)**

The MRA was submitted to the DMR in November 2012 and acknowledged received in February 2013. It is anticipated that further environmental authorisation will be required in terms of the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA) and Associated EIA Regulations (GNR. 543 of 18 June 2010), the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008) (NEM:WA) and National Water Act, 1998 (Act No. 36 of 1998) (NWA). The applications for the above Acts and Regulations will be undertaken at a date still to be determined, however the project will not commence until all legislative requirements have been met. All registered I&APs will be notified of the processes to be followed in respect to the above and their participation in the processes.



Plan 1: Regional Setting of the proposed Consbreay Colliery



Plan 2: Land Tenure indicating affected farms included in the MRA

PROJECT DESCRIPTION AND MINING METHOD

The proposed project site covers a predominately greenfields area, characterised by agricultural activities and towards the east it encroaches on the historical Consolidated Breyten Mine (with the associated Consbrey dump which was part of the old JCI Mine). The project area is 9146.7 ha; the mineral to be mined is bituminous coal, located within the Ermelo coal field. The coal seams A, B, C, D and E are proposed to be mined with the use of both open pit (truck and shovel) and underground (bord and pillar) methods. The coal depth ranges between 120 m and 180 m below the surface. A total of 292 Million tonnes (Mt) of coal is present in the Consbrey area. It is currently estimated that Consbrey will have a 30 year Life of Mine (LoM).

Access to the sites will be via existing roads, where possible and if necessary, new roads will be constructed. The coal from Consbrey will be transported to Spitzkop Colliery by truck where it will be washed at the existing Spitzkop Colliery beneficiation plant. After beneficiation of the coal it will be loaded onto dedicated trains for transport either to the Richards Bay Coal Terminal for export, or to a regional power station and other domestic consumers. Some areas of the B and C lower seams can be beneficiated to supply export quality coal, while the C upper seam is of poorer quality and is suited for the domestic power generation market.

OTHER ADDITIONAL INFRASTRUCTURE

The preliminarily proposed infrastructure associated with the open pit and underground activities on Consbrey Colliery include:

- Temporary construction facilities and infrastructure;
- Temporary handling and storage of general and hazardous waste, on-site change house and ablution facilities with sewage treatment plant;
- Process water management facilities through the use of pollution control dams;
- Storage and handling of hazardous substances such as various hydrocarbons and input chemicals, raw material stockpiles/ bunkers and explosives; and
- Services such as power lines, pipelines, conveyors, roads, telephone lines, communication and lighting masts.

EIA PROCESS TO BE UNDERTAKEN FOR THE PROJECT AND PUBLIC PARTICIPATION

The EIA process will consist of the following phases:

1. **Project announcement** – I&APs is provided with background information about the proposed project, requested to register as an Interested and Affected Party and provide comments on the application;
2. **Scoping phase** – a detailed project description and terms of reference for specialist studies is provided together with a request to I&APs for comment on the Scoping Report;
3. **Impact assessment phase** – feedback on specialist studies will be provided together with a request to I&APs for comments on the Draft and Final EIR and EMP; and
4. **Decision making phase** – the authority's decision about the proposed project will be communicated to I&APs together with information about the appeal procedure to be followed.

In considering the phases above, a number of specialist studies will be undertaken to determine the status of the existing environment and evaluate the potential impacts of the proposed project on the natural and social environment. The following studies will be undertaken as part of the EIA process:

- Topography and Visual Impact Assessment;
- Soil, Land Use and Land Capability Impact Assessment;
- Flora and Fauna Impact Assessment;
- Surface Water Impact Assessment;
- Wetland Impact Assessment;
- Aquatic Environment Impact Assessment;
- Groundwater Impact Assessment;
- Air Quality Impact Assessment;
- Noise Impact Assessment;
- Heritage Impact Assessment (this depends on the outcome of the South African Heritage Resources Agency (SAHRA) and/ or the relevant Provincial Heritage Resources Authorities (PHRA) for the need for further investigations); and
- Social Impact Assessment.

PUBLIC PARTICIPATION PROCESS (PPP)

PPP is a cornerstone of any EIA process that facilitates openness and transparency. It provides a platform for I&APs to obtain sufficient information about the proposed development and affords them an opportunity to make valuable contributions towards the EIA process and associated specialists studies in terms of their issues and concerns.

Who is an I&AP?

- Any person, group of persons or organisation interested in or affected by an activity; and
- Any organ of state that may have jurisdiction over any aspect of the activity.

A Comments and Response Report (CRR) will be compiled to outline identified issues and concerns raised by I&APs and provide responses to the issues and comment raised with support from the specialists findings and mitigation and management measures to reduce/avoid negative impacts and optimise positive impacts associated with the proposed project.

REGISTRATION AS AN INTERESTED AND AFFECTED PARTY AND CALL FOR COMMENTS ON THE MPRDA SCOPING REPORT

To ensure that you are registered, provided with an opportunity to comment on the proposed development and authorisation process, and that you receive updated project information, please complete the enclosed registration and comments sheet, or contact (attached in Microsoft Word for easy access and completion).

PPP: SCOPING REPORT FOR PUBLIC REVIEW AND COMMENT

Members of the public are hereby invited to review and comment on the Scoping report and send these comments in writing to Digby Wells.

The Report will be made available to the public for a 30 day review period from **06 March 2013 until 09 April 2013** at the following locations and public venues.

- Breyton Public Library;
- Chrissiesmeer Public Library;
- Carolina Public Library;
- Ermelo Public Library; and
- Digby Wells Environmental website: www.digbywells.com; and
- The report will be made available to I&APs on Computer Disc (CD) upon request.

Digby Wells Environmental

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We thank you for your time in reading this document and your participation is valued greatly.