

23 July 2012

To Whom It May Concern,

Environmental Authorisation Processes for the proposed Fuel Storage Expansion project at the Isibonelo Colliery

WSP Environmental and Energy (WSP) has been appointed to undertake the function of independent environmental assessment practitioner to facilitate the stakeholder engagement process and undertake the required environmental authorisation.

IC currently consumes 30 cubic meter (m^3) of diesel per day with the current tank capacity offering a 5 day reserve for mining activities. As part of an IC corporate supply chain management strategy to mitigate against diesel fuel supply risk, a 10 day supply has been determined as optimal. The current capacity comprises two $83 m^3$ diesel tanks and two $14 m^3$ petrol tanks, totaling $194 m^3$. IC is proposing the installation of an additional four $83 m^3$ tanks thus bring the total to $526 m^3$ and meeting the 10 day supply need. The proposed tanks will be located directly adjacent to the existing tanks.

The project involves listed activities contained in the National Environmental Management Act (No. 107 of 1998), as amended (NEMA), with specific reference to the Environmental Impact Assessment Regulations 2010, Government Notice Regulation (GNR.) 543 and 544 (NEMA), the National Environmental Management: Air Quality Act (No. 39 of 2004; NEM: AQA) and the Mineral and Petroleum Resources Development Act (No. 28 of 2002; MPRDA). In accordance with NEMA, the undertaking of certain listed activities requires environmental authorisation. The activities associated with the Fuel Storage Expansion project are listed below, and require a Basic Assessment (BA) process be completed.

In addition, the proposed Fuel Storage Expansion Project requires an Air Emissions License (AEL) in accordance with the NEM: AQA. Furthermore, as the proposed project is located in a mine lease area, IC is required to undertake an Environmental Management Programme Report (EMPR) Amendment process according to the MPRDA.

Please find attached the background information document which contains additional information regarding the Bulk Fuel Expansion project.

If you would like to register as a stakeholder, please submit your details to Jared O'Brien by 20 August 2012.

Should you have any questions, please do not hesitate to contact the undersigned.

Regards,



Jared O'Brien
Consultant

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WSP Group plc
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ENVIRONMENTAL AUTHORISATION PROCESSES FOR THE PROPOSED FUEL STORAGE EXPANSION PROJECT AT ISIBONELO COLLIERY

BACKGROUND INFORMATION DOCUMENT

Project Description

Isibonelo Colliery (IC) is situated in the Mpumalanga Province between the towns of Kinross, Secunda, Bethal and Kriel. Anglo Coal (now known as Anglo American Thermal Coal) committed itself to establishing Isibonelo Colliery, an opencast operation, to supply Sasol's Synthetic Fuel (SSF) plant in Secunda. In November 2003 construction work began and the first coal was supplied to SSF in July 2005. IC utilizes the dragline strip-mining method as a primary means of removing the coal from the coal seams encompassed in the Highveld coalfield.

Bituminous coal seams hosted by the sedimentary strata in the IC Mining Licence area include, from the base up, the No 1, 2, 3, 4 and 5 seams. Only the No 4 seam is presently considered to be economically viable, with an average opencast depth of 40 m and a thickness of 5,6 m. In order to operate the mine on a daily basis the following equipment and infrastructure is required: Marion drag-lines, overburden drills, hydraulic shovels and diesel-drive 150-tcoal haulers which are used during the conventional opencast-mining process. The extracted coal is then delivered to the primary in-pitsizing plant, after which it is conveyed along a surface conveyor to a bunker. The coal in the bunker is then presented to the Sasol overland conveyor system.

In order to operate the said machinery, equipment and infrastructure, IC are required to store a large volume of fuel on-site. IC currently consumes 30 cubic meters (m³) of diesel per day with the current tank capacity offering a five day reserve for mining activities. As part of an IC corporate supply chain management strategy to mitigate against diesel fuel supply risk, a 10 day supply has been determined as optimal. Therefore, IC identified a need to expand their current diesel tank storage capacity.

The current storage area comprises two 83 m³ diesel tanks and two 14 m³ petrol tanks, totalling 194 m³. IC is proposing the installation of an additional four 83 m³ tanks thus bringing the total up to 526 m³.

The existing diesel storage tanks are located at the following co-ordinates: 26° 19' 41.11"S 29° 15' 57.97"E (refer to locality map A & B). The proposed tanks will be located adjacent to the existing storage facility (refer to locality map A & B).

Legal framework

The project involves listed activities contained in the National Environmental Management Act (No. 107 of 1998), as amended (NEMA), with specific reference to the Environmental Impact Assessment Regulations 2010, Government Notice Regulation (GNR.) 543 and 544, the National Environmental Management: Air Quality Act (No. 39 of 2004; NEM: AQA) and the Mineral and Petroleum Resources Development Act (No. 28 of 2002; MPRDA).

In accordance with the NEMA, the undertaking of certain listed activities requires environmental authorisation. The activities associated with the Fuel Storage Expansion project are listed below:

- GNR 544, Activity 28: *The expansion of or changes to existing facilities for any process or activity where such expansion or changes to will result in the need for a permit or license in terms of national or provincial legislation governing the release of emissions or pollution, excluding where the facility, process or activity is included in the list of waste management activities published in terms of section 19 of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008) in which case that Act will apply; and*
- GNR 544, Activity 42: *The expansion of facilities for the storage, or storage and handling, of a dangerous good, where the capacity of such storage facility will be expanded by 80 cubic metres or more.*

In addition, the proposed Fuel Storage Expansion Project requires an Air Emissions License (AEL) in accordance with Section 21 of the NEM: AQA:

- Section 21, Subcategory 2.2.

Therefore, applications to complete a Basic Assessment and AEL process have been submitted to the Mpumalanga Department of Economic Development, Environment and Tourism in order to obtain environmental authorisation prior to activity commencement.

Furthermore, as the proposed project is located in a mine lease area, IC is required to undertake an Environmental Management Programme Report (EMPR) Amendment process, according to the MPRDA, and the Mpumalanga Department of Mineral Resources will be the authority responsible for authorisation of the said EMPR Amendment.

Stakeholder Consultation Process

The purpose of stakeholder engagement is to consult with interested and affected parties in the public and private sectors in the decision-making process on projects which may affect them. The process aims to develop and maintain open channels of communication between the project team and stakeholders. This process provides stakeholders with the opportunity to express their views and concerns regarding the proposed project through project correspondence. The environmental assessment practitioner documents the views and concerns of stakeholders, and makes the project team and relevant authority aware of issues that need to be considered during the compilation and evaluation of the potential risks and impacts associated with the project.

Who is a Stakeholder?

Any person, group of persons or organisation interested and/or affected by the proposed development.

Register your interest by completing and returning the Registration and Comments Form attached herewith.

Purpose of this Document

This background information document (BID) introduces all stakeholders to the proposed project. This document forms part of the environmental authorisation process undertaken as a component of the stakeholder consultation process and is intended to provide stakeholders with adequate information to comment on the project.

The BID details the project, the environmental authorisation process, the role of stakeholders in the process as well as to encourage stakeholders to comment on the project, ask questions and raise issues that should be included in the project documents. Aside from this document, at various stages of the environmental authorisation process, information and reports will be made available for stakeholders to comment on.

WSP Environment and Energy (WSP) has been appointed by Anglo American Thermal Coal: Isibonelo Colliery as the independent environmental assessment practitioner (EAP) to undertake the environmental authorisation process for the project and to facilitate stakeholder engagement.

To become a registered stakeholder and ensure all comments and queries regarding this project are accurately documented and addressed, please forward your contact details and comments by the 20 August 2012 on the attached *response sheet* to:

Consultant: Jared O'Brien
Company: WSP Environment and Energy
Address: P.O. Box 5384, Rivonia, 2128
Tel: 011 361 1396
Fax: 086 505 3939
Email: Jared.O'Brien@wspgroup.co.za

What does the Environmental Authorisation Process consist of?

Stakeholder Engagement

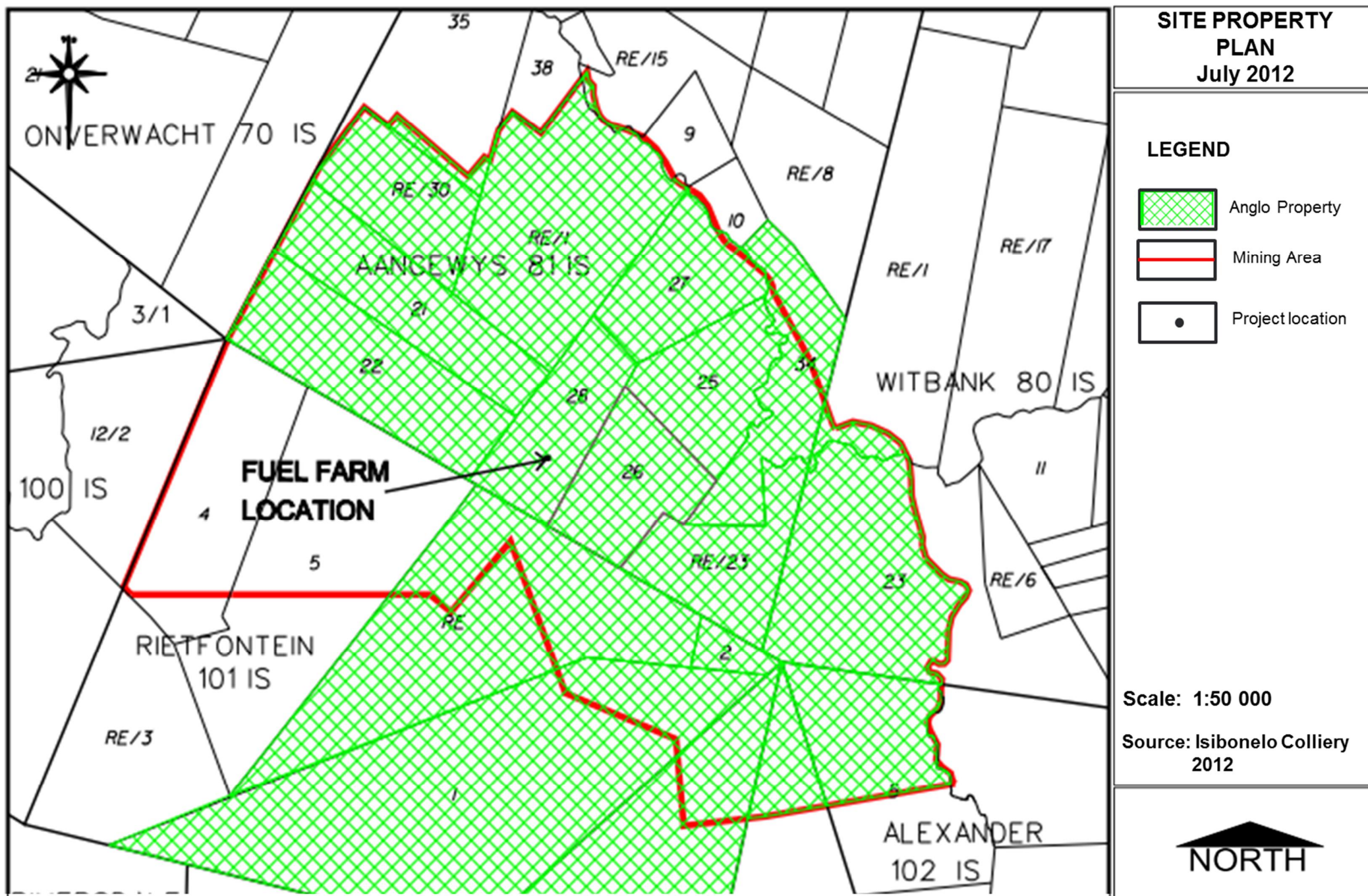
The first steps are to notify the public and previously identified stakeholders of the proposed project and invite all stakeholders to a public meeting through the following mediums:

- Newspaper advertisements:
 - The Ridge; and
 - The Sowetan.
- Site notices in and around the project area;
- Written notification letters to surrounding landowners and municipal ward councillors; and
- Distribution of the BID to surrounding landowners and registered stakeholders.

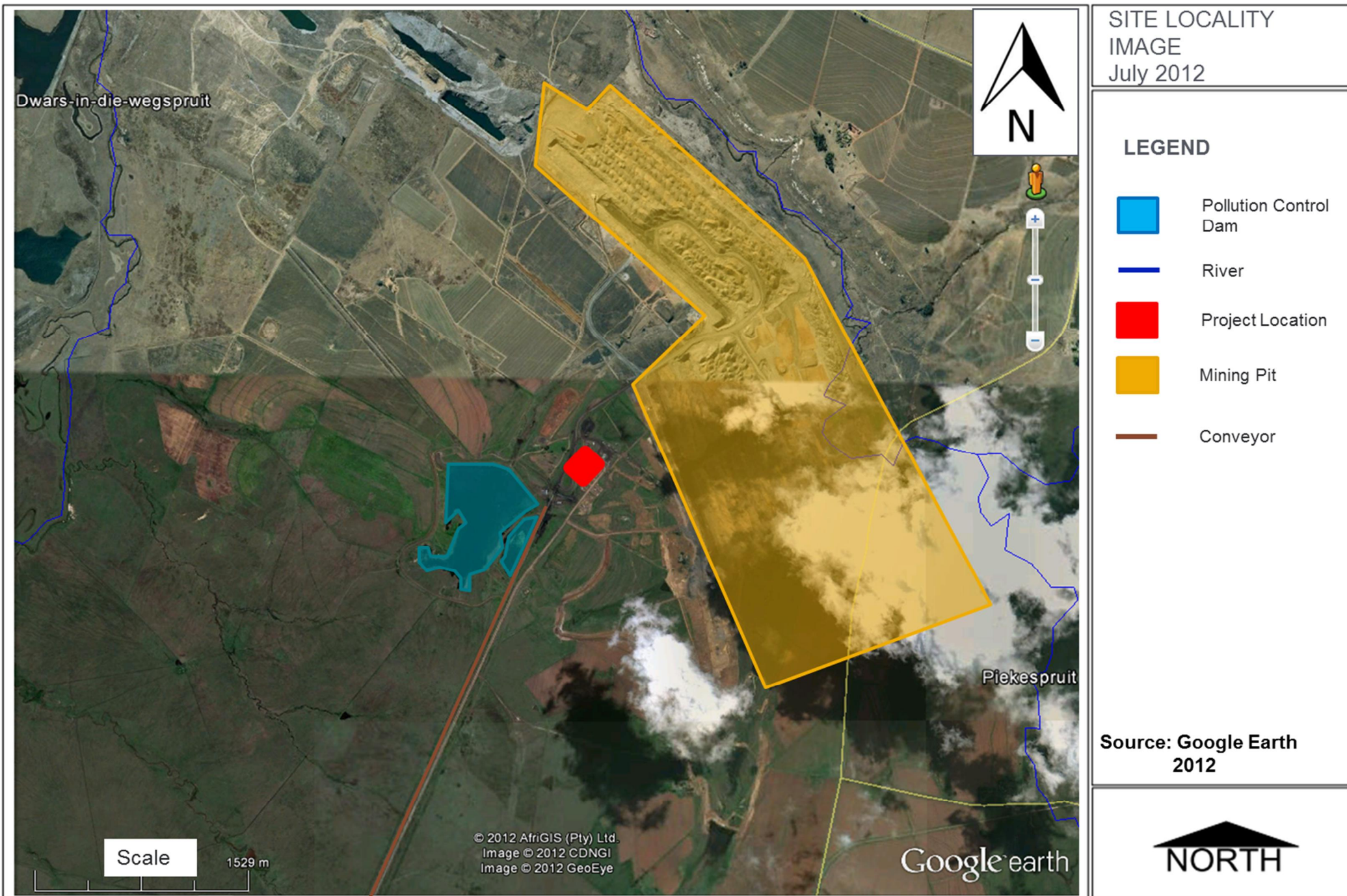
BA Report and EMPR Amendment Report

WSP will compile a draft BA Report and a draft EMPR (inclusive of the AEL application) which will be made available to stakeholders for review / comment for a period of 40 days. Thereafter, WSP will include and respond to all comments received during the public review period prior to finalising and submitting the reports to the Mpumalanga DEDET and the Mpumalanga DMR for consideration / authorisation.

Locality Map A



Locality Map B



Registration and Comments Sheet

To be a registered stakeholder and ensure all comments and queries regarding this project are accurately documented and addressed please forward your comments and contact details with the attached response sheet to:

Jared O'Brien

WSP Environmental (Pty) Ltd
Address: P.O. Box 5384, Rivonia, 2128
Tel: 011 361 1396
Fax: 086 505 3939
Email: Jared.O'Brien@WSPgroup.co.za

Please insert your personal details below:

Name:	
Organisation & Designation:	
Address:	
Tel:	
Fax:	
E-mail:	

Please list your interest in the project and comments below:

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