
DUNROSE PROSPECTING RIGHT APPLICATION INFORMATION DOCUMENT

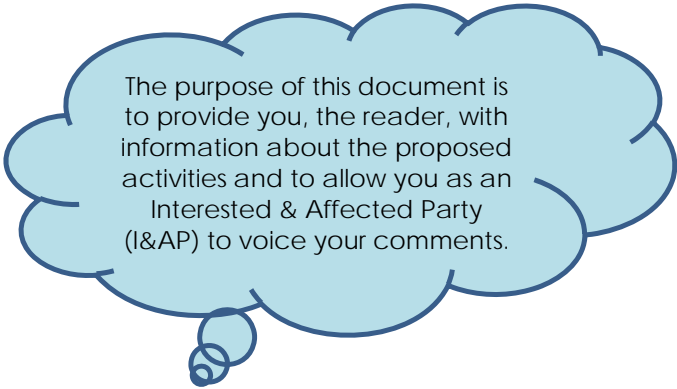
COMPANY NAME: DUNROSE INVESTMENTS 174 (PTY) LTD

DMR REF NO: KZN30/5/1/1/2/10662PR

Dunrose Investments 174 (Pty) Ltd has submitted a prospecting right application to the Regional Manager of the KwaZulu Natal Department of Mineral Resources (KZN DMR) for a Prospecting Right (PR) over a number of farms, located northeast of Colenso in the Inkosi Langalibalele Local Municipality, KwaZulu Natal Province.

The relevant farm portions for the prospecting right application is over the Remaining Extent (RE) of Portion 1 and the RE of the farm Schurfde Poort 1147 GS, Brak Fontein 18033 GT; RE of the farm Ganna Hoek 1317 GS; Portion 1 of the farm The Shaws 11317 GS; RE and Portion 1 of the farm Klip Berg 2158 GT, Portion 1, 2 and RE of the farm Ramak 13696 GT.

Dunrose Investments 174 (Pty) Ltd has appointed EcoPartners as the independent Environmental Assessment Practitioner (EAP), to compile and submit, a Basic Assessment Report (BAR), an Environmental Management Programme (EMPr) and to undertake the Public Participation Process for the Prospecting Right Application.



The purpose of this document is to provide you, the reader, with information about the proposed activities and to allow you as an Interested & Affected Party (I&AP) to voice your comments.

The mineral being applied for: Coal.

1 WHAT IS PROSPECTING?

In short prospecting tries to find out whether a mineral occur in an area, and if it does, how much of the mineral occur there, it is not mining. Prospecting means intentionally searching for any mineral by means of any method which disturbs the surface or subsurface of the earth. Prospecting starts with desktop studies that survey the land and gather information with no physical disturbance. The results from this study then allows the company to make an informed decision on where to drill, with minimal disruption to the landowner and the environment. Drilling is sometimes coupled with pitting or trenching to further verify the ore deposit. All disturbances on the property will be rehabilitated on a concurrent basis. **Please note that prospecting does not guarantee mining of the deposit in the future.**

In order to take part in the public participation process, please register as a landowner or an Interested & Affected Party (I&AP) by completing the registration form in the attached letter. This will enable us to contact you through-out the process.

2 DESCRIPTION OF PROJECT AREA

2.1 LOCATION

The application covers an area of 6,333.2240ha in the Inkosi Langalibalele Local Municipality, KwaZulu-Natal Province. The area is located 11km northeast of Colenso, 18km southeast of Ladysmith, 17km northwest of Weenen and 33km southwest of Estcourt. The settlements of Ezakheni, Doornkloof, Brakfontein, Makahyana and Mziyanke are located within 2km from the northern border of the site from the west towards the east.

The Tugela River borders the northern boundary of the site.

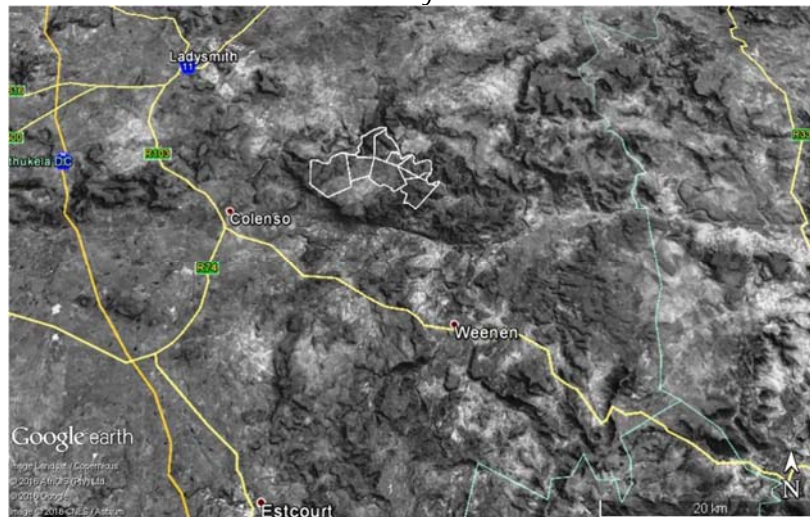


Figure 1: Locality Map

Source: Umhlaba Geomatics, 2017

3 DESCRIPTION OF PROSPECTING

The prospecting of the area will occur over a three year period. The prospecting process will begin with non-invasive work that entails mapping of the outcrops and field assessments.

Invasive prospecting activities will be conducted on a progressive basis following detailed geological mapping and resource modelling and will comprise of the following:

- Phase 1: Selective outcrop and trench sampling to determine extent and continuity of the coal seams
- Phase 2: In-fill diamond core drilling and pitting to determine the coal reserve. This will then enable mine

planning should it be viable and support detailed design of mine.

The location of proposed boreholes, will be established to comply with the JORC (Australian standard) of status drilling grids and will be mainly located alongside existing and previously mapped roads and/or tracks on the properties.

A maximum of 10 holes will be drilled to a depth of 75m and two test pits, will be dug, which will be rehabilitated concurrently

A feasibility study will then be conducted, this will enable calculations of resources and reserves, mine planning and engineering studies, marketing studies and discounted cash flow analyses.

4 PROSPECTING RIGHT APPLICATION PROCESS

In terms of the Mineral & Petroleum Resources Development Act (Act 28 of 2002), (MPRDA) the state is the custodian of all mineral rights in South Africa and the Minister of Mineral Resources has the sole right to grant, refuse, suspend or cancel mineral rights.

The application of a prospecting right is in terms of Section 16 of MPRDA and the granting of a prospecting right requires approval in terms of Section 17 of the MPRDA from the Department of Mineral Resources (DMR).

Section 16 of the MPRDA, triggers the environmental authorisation process of the National Environmental Management Act (Act No. 107 of 1998).

5 ENVIRONMENTAL AUTHORISATION PROCESS

In terms of Section 24 (2) of National Environmental Management Act (Act No. 107 of 1998) or NEMA the Minister, or an MEC with the concurrence of the Minister, may identify-

- (a) activities which may not commence without environmental authorisation from the competent authority;

Procedure Required: Activities that are listed in Listing Notice 1 (GN 983) and Listing Notice 3 (GN 985) of the Environmental Impact Assessment (EIA) Regulations, 2014

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made under section 24 (2) of NEMA may not commence without authorisation and requires a Basic Assessment Process to be undertaken.

A Basic Assessment procedure is required for the following activities listed in Government Notices 983 and 985 of 4 December 2014.

Regulation	Activity Number	Nature of Activity
National Environmental Management Act, Act 107 of 1998, GN 983	Activity 20	Any activity including the operation of that activity which requires a prospecting right in terms of section 16 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), including— (a) associated infrastructure, structures and earthworks, directly related to prospecting of a mineral resource, or (b) the primary processing of a mineral resource including winning, extraction, classifying, concentrating, crushing, screening or washing; but excluding the secondary processing of a mineral resource, including the smelting, beneficiation, reduction, refining, calcining or gasification of the mineral resource in which case activity 6 in Listing Notice 2 applies.
National Environmental Management Act, Act 107 of 1998, GN 985	Activity 12 (b)(v)	The clearance of an area of 300 square metres or more of indigenous vegetation except where such clearance of indigenous vegetation is required for maintenance purposes undertaken in accordance with a maintenance management plan (b) In KwaZulu-Natal: v. Critical biodiversity areas as identified in systematic biodiversity plans adopted by the competent authority or in bioregional plans;

The Basic Assessment Report (BAR) and Environmental Management Programme (EMPr) for comment will be made available to all Registered Interested and Affected Parties (I&APs). In order to take part in the process and to submit your comments on these documents you are invited to register as an Interested and Affected Party (I&AP) by completing the registration form and sending it back to us.

Information on the environment, the impacts of the proposed prospecting activities and recommended mitigation and management measures; as well as more information on the application itself, will be described in these documents.

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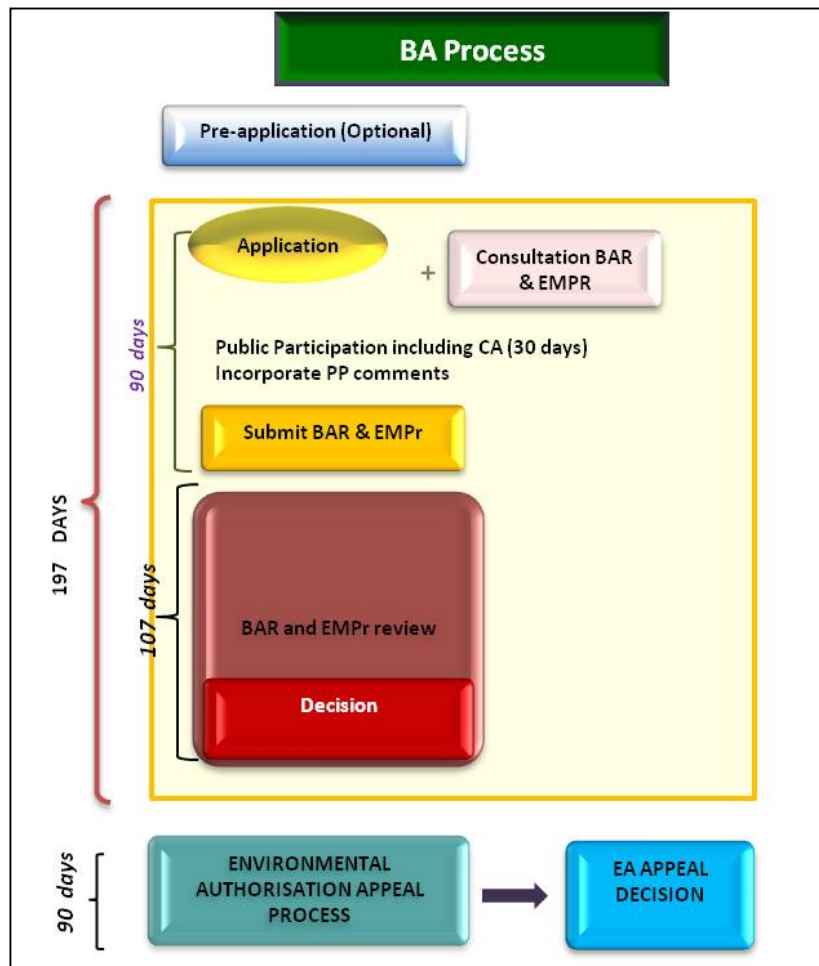
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6 APPLICATION PROCESS

Below is the summarised timeline and a depiction of the process for submitting a prospecting right application.

- A prospecting right application is submitted together with an Environmental Authorisation Application.
- From this date of submission the Applicant and their appointed EAP has 90 days to submit a BAR and EMPr.
- The DMR then has up to 107 days to accept or reject this application.



Source: Department of Environmental Affairs, 2014

Figure 2: Basic Assessment Process

The BAR and EMPr is to be submitted to the competent authority, which is the Regional Manager of the KZN DMR, 90 days after the application for a prospecting right was acknowledged, the application was acknowledged on 7 February 2017. These reports need to have been subjected to a public participation of at least 30 days (this excludes the period between 15 December to 5 January).

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Please note in terms of Regulation 3(7) of the EIA Regulations, 2014, the competent authority may, prior to the lapsing of the relevant prescribed timeframe, in writing, extend the relevant prescribed timeframe by a 50 day extension. Dunrose Investments 174 (Pty) Ltd requested such an extension from the KZN DMR and the extension was granted. The submission of the final BAR and EMPr will therefore be extended to 30 July 2017.

7 PUBLIC PARTICIPATION

Consultation is required in terms of the Mineral & Petroleum Resources Development Act (Act 28 of 2002) as amended, Section 16(4)b and will be done in accordance to the public participation process (PPP) required in terms of Chapter 6 of the EIA Regulations, 2014.

Landowners, neighbours and other Interested and Affected Parties (I&APs) are entitled to participate in and be consulted in respect of new prospecting right applications.

The proposed PPP for this application will include a number of steps, as listed below:

- Issuing notification of this project to:
 - Owners and occupiers of the properties as well as those adjacent to the site;
 - The municipal councillor and local ratepayers association;
 - The municipality which has jurisdiction, and
 - Any organ of state having jurisdiction;
- Placing a notice in a local newspaper;
- Placing a notice on the site; and
- Making the BAR and EMPr available for comment to landowners, stakeholders and registered I&APs.

The goal of public participation is to provide the landowner, lawful occupiers and other registered I&APs with the necessary information on all intended activities so that they can bring to the attention of the applicant any issues which he or she believes may be of significance to the consideration of the application. I&APs must disclose any direct business, financial, personal or other interest which they may have concerning the application.

8 WHERE ARE WE NOW IN THE PROCESS?

We are now in the process of notifying identified landowners, neighbours and other potential I&APs of the application by Dunrose Investments 174 (Pty) Ltd to prospect on the mentioned farms for coal. The notification process also invites all interested and affected parties to register and to participate in this process.

9 HOW YOU CAN GET INVOLVED

The first step in the public participation process is for any members of the public who feel they are affected by or have an interest in the project to register as Interested and Affected Parties (I&APs). All landowners and registered I&APs will be kept abreast of the process and of the availability of reports for comment.

We encourage you to review the information presented to you in this Project Information Document (PID) and to register as an I&AP for the project. Please complete the accompanying registration sheet and return it to us.

In the registration sheet landowners and other I&APs are requested to provide EcoPartners with:

- Information on how they consider that the proposed prospecting activities as described in this document will impact on them or their socio-economic conditions;
- Information on current land uses and their location within the area under consideration ; and
- Information on the location of environmental features on site

By providing your details on or before 12 May 2017, you will be able to take part in each step of the public participation process.

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

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