

# INFORMATION DOCUMENT ON OBTAINING PROSPECTING RIGHTS

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## 1. INTRODUCTION

This questions and answers document was designed to provide you with information on the questions asked most often with regards to prospecting rights applications.

Environmental Impact Management Services (Pty) Ltd (EIMS) has been appointed by African Exploration Mining and Finance Corporation (the Applicant) to assist in the preparation and submission of the necessary documentation, and conducting the necessary processes, to apply for the Right to Prospect. Please read the document carefully and do not hesitate to contact EIMS should you have any further questions, issues or comments. (Please refer to the contact details at the end of the document.)

## 2. WHAT IS PROSPECTING?

Before a mining company/ applicant invests money in setting up a mine, they have to investigate the area to ascertain the following:

- What minerals (if any) of commercial value exist in the area?
- How much of the mineral exists? (I.e. is it worth the capital expense of setting up a mine.)
- Are the mineral deposits in a formation that is economically viable to mine? (E.g. how deep is the formation in which the deposits occur, and is the physical nature of the deposit viable?)
- If the mineral is mined, what are the optimal techniques and technologies? (Both have their own environmental, safety, health and cost implications.)

In order to decide if it is worthwhile to mine in an area these and other questions have to be answered. This can only be done by preliminary investigations (called prospecting) in the area. According to the Minerals and Petroleum Resources Development Act (Act 28 of 2002, MPRDA) prospecting is defined as “intentionally searching for any mineral by means of any method –

- a) which disturbs the surface or the subsurface of the earth, including any portion of earth that is under the sea or under water, or
- b) in or on any residue stockpile or residue deposit of any mineral and to determine the extent and the economical value thereof, or
- c) in the sea or other water on land”.

### 3. IS IT LEGAL?

Yes, prospecting is legal provided that it conforms to the specifications set out in the MPRDA. Section 17(1) makes provision for the Department of Mineral Resources (DMR) to issue an applicant (prospecting organisation) with prospecting rights. This authorisation is the result of a legal process that includes that certain conditions are met. The legal process includes that:

- An application is lodged with the DMR.
- The DMR accepts the application and requests that the applicant consult with Interested and Affected Parties (I&APs) and submits the results thereof to the DMR together with other documentation.
- The DMR reviews the submissions and either accepts or rejects the prospecting application depending on its merits.
- In the event that the submission is accepted, a Prospecting Right is issued.

### 4. HOW CAN I BE INVOLVED?

The MPRDA makes provision for public consultation and states that the landowner or lawful occupier of the land (and other affected parties) should be consulted and that the result of such consultation be submitted to the DMR as part of the submission documentation.

EIMS is taking the following steps to ensure that all key I&APs are informed and invited to comment:

- EIMS is in process of identifying all the landowners and lawful occupiers of the affected farms/areas. Upon identification, they will receive a notification informing them of the proposal to apply for a prospecting right.
- An advertisement will be placed in the legal section of a local newspaper and I&APs will be invited to register themselves and provide EIMS with their comments, questions and issues.
- Site notices will be placed within the areas identified.
- Notices will also be placed at important places of gathering such as the Post Office and local shop.
- The municipality and ward councillors will be informed.
- The Farmers' Unions will be informed.
- All notifications will include the details of the application and the relevant contact details of the DMR for the submission of objections.

**NOTE:** An I&AP is any person/entity who feels that they are either affected by the proposal or merely interested in the proposal. This means that anybody is entitled to participate in this process.

## **5. WHAT IS DONE DURING PROSPECTING?**

Various methods to prospect exist and depend on the type of mineral that is being sought. These methods may include:

- Small scale drilling; or
- Test excavations.

As can be deduced from the above, prospecting operations are typically small-scale and disturbance to the environment and farming operations are minimal. It is also a requirement that the areas that are disturbed are rehabilitated to their **pre-prospecting condition**.

## **6. WHAT IS EXPECTED OF ME AS AN I&AP?**

Any concerns, issues or requests that you may have in the event that the applicant wishes to undertake prospecting activities on the property should be submitted to EIMS (and the DMR). This will assist EIMS in preparing the conditions that should form part of any subsequent Prospecting Right.

## **7. WHAT HAPPENS IF THEY DO NOT FIND ECONOMICALLY VIABLE MINERAL DEPOSITS?**

In the case that no economically viable mineral deposits are found at the end of the Prospecting no further activities will be undertaken. Depending on the deposits found and advances in technology, further prospecting may ensue in the future.

## **8. WHAT HAPPENS IF THEY DO FIND ECONOMICALLY VIABLE MINERAL DEPOSITS?**

In the case that economically viable mineral deposits are found as a result of the prospecting, a new legal process ensues. This is called an application for a Mining Right and involves the extraction of minerals for commercial purposes (usually at a significantly larger scale than Prospecting).

## **9. WHAT DOES AN APPLICATION FOR A MINING RIGHT ENTAIL?**

An application for a mining right (not the current Prospecting Right) is a more robust process than the process to apply for a prospecting right and includes:

- Submission of an application;
- Preparation of an Environmental Impact Assessment (EIA) and an Environmental Management Programme (EMPR) in accordance with the MPRDA;

- Conduct a further detailed and thorough public consultation and participation process;
- Submission to DMR for decision making; and
- Decision on whether to grant mining rights for the area with certain conditions.

## **10. FURTHER INFORMATION AND SUBMISSION OF QUESTIONS, CONCERNS, COMMENTS AND ISSUES**

EIMS is compiling a Comments and Responses Report. This report contains the questions, concerns, comments and issues of all I&APs that were submitted with answers/comments as necessary. This document is then appended to the submissions made to the DMR for their consideration before approving or declining the prospecting right.

The following information is required when you ask a question, make a comment or raise a concern or issue (please refer to the attached comment sheet):

- The EIMS reference number of the project (11 separate applications form part of this project and it is crucial that EIMS knows to which of these projects you refer. Projects are numbered A – K.) (See notification letter reference number.)
- DMR reference number (see attached letter).
- The local municipality name.
- Farm name and portion number (if you are a landowner or lawful occupier of the land or if you are an adjacent land owner).
- Your name and surname.
- Your organisation (if applicable)
- Your contact details (telephone (both home/office and cell numbers), fax number, e-mail address and postal address).
- Your question/issue/concern/comment.
- The date of the letter/fax/e-mail.

**Please refer to the contact details at the end of this document.**

## **11. TIME FRAMES**

### ***COMMENTS FROM I&APS***

All I&APs have until the 18<sup>th</sup> March 2010. Please ensure that your comments, etc. reach us on or before this date.

### ***DECISION ON THE APPLICATION***

The DMR is expected to make its decision within approximately 120 days after submission of the completed documentation.

## **12. RELEVANT CONTACT DETAILS**

All comments and/or objections need to be submitted to the DMR and copied to EIMS. The contact details for each application is presented on the table below:

<b>Farm Name and Mineral</b>	<b>District</b>	<b>DMR Ref #</b>	<b>DMR Contact Person</b>	<b>EIMS Ref #</b>	<b>EIMS Contact Person</b>
<ul style="list-style-type: none"> <li>Remaining extent of farm Foleys Rust 583 KS. The applicant intends to prospect for Uranium.</li> </ul>	Mookgopong	<b>LP30/5/1/1/2/2670PR</b>	Mmboneni Kevin Mutheiwana E-mail: <a href="mailto:Mmbonenikevin.mutheiwana@dme.gov.za">Mmbonenikevin.mutheiwana@dme.gov.za</a>	0815A	Tshivhangwaho Mudau Email: <a href="mailto:mudau@eims.co.za">mudau@eims.co.za</a>
<ul style="list-style-type: none"> <li>Portions 1, 2, 3, 4, 5, 6 and 7 and the remaining extent of farm Lemoenfontein No. 443 LS. The applicant intends to prospect for Chrome ore and Nickel ore.</li> </ul>	Molemole	<b>LP30/5/1/1/2/2671PR</b>	Mmboneni Kevin Mutheiwana E-mail: <a href="mailto:Mmbonenikevin.mutheiwana@dme.gov.za">Mmbonenikevin.mutheiwana@dme.gov.za</a>	0815B	Thomas De Ridder Email: <a href="mailto:thomas@eims.co.za">thomas@eims.co.za</a>
<ul style="list-style-type: none"> <li>Remaining extent of farm Woodstock No. 161 KQ. The applicant intends to prospect for Iron ore, Manganese ore and Andalusite.</li> </ul>	Lephalale	<b>LP30/5/1/1/2/2672PR</b>	Mmboneni Kevin Mutheiwana E-mail: <a href="mailto:Mmbonenikevin.mutheiwana@dme.gov.za">Mmbonenikevin.mutheiwana@dme.gov.za</a>	0815C	GP Kriel Email: <a href="mailto:gp@eims.co.za">gp@eims.co.za</a>
<ul style="list-style-type: none"> <li>Remaining extent of farm Middelkop No. 445 KS. The applicant intends to prospect for Chrome ore and Nickel ore.</li> </ul>	Molemole	<b>LP30/5/1/1/2/2673PR</b>	Mmboneni Kevin Mutheiwana E-mail: <a href="mailto:Mmbonenikevin.mutheiwana@dme.gov.za">Mmbonenikevin.mutheiwana@dme.gov.za</a>	0815D	Tshivhangwaho Mudau Email: <a href="mailto:mudau@eims.co.za">mudau@eims.co.za</a>
<ul style="list-style-type: none"> <li>Portions 1, 2, 3, 4 and 5 and the remaining extent of farm Rhenosterkloof No. 483 KQ. The applicant intends to prospect for Iron ore, Manganese ore and Andalusite.</li> </ul>	Thabazimbi	<b>LP30/5/1/1/2/2675PR</b>	Nancy Boshomane E-mail: <a href="mailto:Nancy.Boshomane@dme.gov.za">Nancy.Boshomane@dme.gov.za</a>	0815E	GP Kriel Email: <a href="mailto:gp@eims.co.za">gp@eims.co.za</a>
<ul style="list-style-type: none"> <li>Portion 1 and the remaining extent of farm Kwarriehoek No. 475 KQ. The applicant intends to prospect for Cobalt, Chrome Ore, Iron Ore, Gold Ore, Manganese Ore, Phosphate ore, Nickel ore, Platinum group metals.</li> </ul>	Belabela	<b>LP30/5/1/1/2/2676PR</b>	Nancy Boshomane E-mail: <a href="mailto:Nancy.Boshomane@dme.gov.za">Nancy.Boshomane@dme.gov.za</a>	0815F	GP Kriel Email: <a href="mailto:gp@eims.co.za">gp@eims.co.za</a>
<ul style="list-style-type: none"> <li>Remaining extent of farm Groenepunt No. 354 LR;</li> <li>Remaining extent of farm Rosamond</li> </ul>	Blouberg	<b>LP30/5/1/1/2/2677PR</b>	Nancy Boshomane	0815G	Thomas De Ridder Email:

<ul style="list-style-type: none"> <li>No.357 LR;</li> <li>• Remaining extent of farm Disseldorp No. 369 LR;</li> <li>• Remaining extent of farm Bayswater 370 LR;</li> <li>• Remaining extent of farm Niet Mogelyk No. 317 LR; and</li> <li>• Remaining extent of farm Carlsruhe No. 390 LR</li> </ul> <p>The applicant intends to prospect for Iron ore and Platinum Group Metals.</p>			E-mail: <a href="mailto:Nancy.Boshomane@dme.gov.za">Nancy.Boshomane@dme.gov.za</a>		<a href="mailto:thomas@eims.co.za">thomas@eims.co.za</a>
<ul style="list-style-type: none"> <li>• Portions 1, 8 and 9 and the remaining extent of farm Rietgat No. 563 KQ; and</li> <li>• Portions 1, 2 and the remaining extent of farm Klippoortje No. 564 KQ.</li> </ul> <p>The applicant intends to prospect for Coal, Vanadium and Uranium ore.</p>	Moretele	<b>LP30/5/1/1/2/2678PR</b>	Nancy Boshomane E-mail: <a href="mailto:Nancy.Boshomane@dme.gov.za">Nancy.Boshomane@dme.gov.za</a>	0815H	GP Kriel Email: <a href="mailto:gp@eims.co.za">gp@eims.co.za</a>
<ul style="list-style-type: none"> <li>• Farm Merensky No. 32 LU;</li> <li>• Farm Silonque No. 23 LU; and</li> <li>• Portion 1 and the remaining extent of farm Paul No.7 KU.</li> </ul> <p>The applicant intends to prospect for Iron ore, Platinum Group Metals, Nickel ore, Phosphate ore, Apatite, Chrome ore and Vanadium.</p>	Phalaborwa	<b>LP30/5/1/1/2/2679PR</b>	Nancy Boshomane E-mail: <a href="mailto:Nancy.Boshomane@dme.gov.za">Nancy.Boshomane@dme.gov.za</a>	0815I	Tshivhangwaho Mudau Email: <a href="mailto:mudau@eims.co.za">mudau@eims.co.za</a>
<ul style="list-style-type: none"> <li>• Farm Sterkwater 229 KR (all portions);</li> <li>• Farm Rooipoort No. 46 KS (all portions); and</li> <li>• The remaining extent of farm Witpoort 96 KS.</li> </ul> <p>The applicant intends to prospect for Lithium ore.</p>	Mogalakwena	<b>LP30/5/1/1/2/2686PR</b>	Mmboneni Kevin Mutheiwana E-mail: <a href="mailto:Mmbonenikevin.mutheiwana@dme.gov.za">Mmbonenikevin.mutheiwana@dme.gov.za</a>	0815J	Thomas De Ridder Email: <a href="mailto:thomas@eims.co.za">thomas@eims.co.za</a>
<ul style="list-style-type: none"> <li>• Remaining extent of farm Goudafontein No. 76 LR;</li> <li>• Remaining extent of farm Julietta No.112 LR; and</li> <li>• Portions 1, 2 and 3 and the remaining extent of farm Moonlight No. 111 LR.</li> </ul> <p>The applicant intends to prospect for Marble.</p>	Lephalale	<b>LP30/5/1/1/2/2674PR</b>	Mmboneni Kevin Mutheiwana E-mail: <a href="mailto:Mmbonenikevin.mutheiwana@dme.gov.za">Mmbonenikevin.mutheiwana@dme.gov.za</a>	0815K	Thomas De Ridder Email: <a href="mailto:thomas@eims.co.za">thomas@eims.co.za</a>