



BACKGROUND INFORMATION DOCUMENT

ENVIRONMENTAL SCREENING PROCESS

For the proposed

PIXLEY PROSPECTING AND MINING OPERATION, WAKKERSTROOM

March 2008

Prepared by:

Marsh Environmental Services
A Division of Marsh (Pty) Ltd

MARSH



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN



BACKGROUND

Marsh (Pty) Ltd has been contracted to advise DMC Coal Mining (Pty) Ltd (DMC) with regard to the environmental considerations, as part of their feasibility analysis for the proposed mining of coal and torbanite in the Pixley ka Seme Region, in the Mpumalanga and Kwazulu-Natal Provinces. Prospecting Rights have been granted for certain land portions (as detailed in this document). However, the feasibility of the reserve can only be sufficiently assessed when consideration has been given to the potential cost of mitigation of the expected environmental impact. This assessment will be aided by an extensive Public Participation Process. Though this Environmental Screening is not a legally required process, it will enable DMC to better understand and assess any associated environmental costs, should the reserve be found to be economically feasible.

During 2007 prospecting rights were granted to DMC in terms of Mineral and Petroleum Resources Development Act (Act 28 of 2002) (MPRDA) for the exploration of torbanite and coal reserves in the Pixley ka Seme Region, in the Mpumalanga and Kwazulu-Natal Provinces. The mineral reserve at the proposed Pixley ka Seme site is estimated to comprise a total of 73 million tonnes of torbanite and 230 million tonnes of coal.

DMC has undertaken to exercise their prospecting rights to verify the economic feasibility of a future mining operation based on the further exploration, to accurately quantify the extent of the torbanite and coal reserve underlying the Pixley site.

In accordance with Standard Best Practice, a Stakeholder Engagement Process (SEP) is included in the Environmental Screening Process to enable the management of information disclosed to Interested and Affected Parties (I&APs) and to facilitate feedback to DMC. The objective of the SEP is to inform, consult, involve and empower I&APs, to ensure a joint effort by stakeholders, technical specialists, the project proponent and relevant authorities, to identify issues and concerns regarding the prospecting activities and future mining operations anticipated by DMC.

LOCATION

The proposed Pixley prospecting areas extend beyond the Mpumalanga and KwaZulu Natal Provinces (as illustrated in Figure 1) and traverse the Pixley ka Seme (Mpumalanga), eLangaleni and eDumbe Local Municipal (KwaZulu Natal) boundaries. The town of Wakkerstroom is located approximately 20 km west of the area and Dirkiesdorp is approximately 2km north of the site.

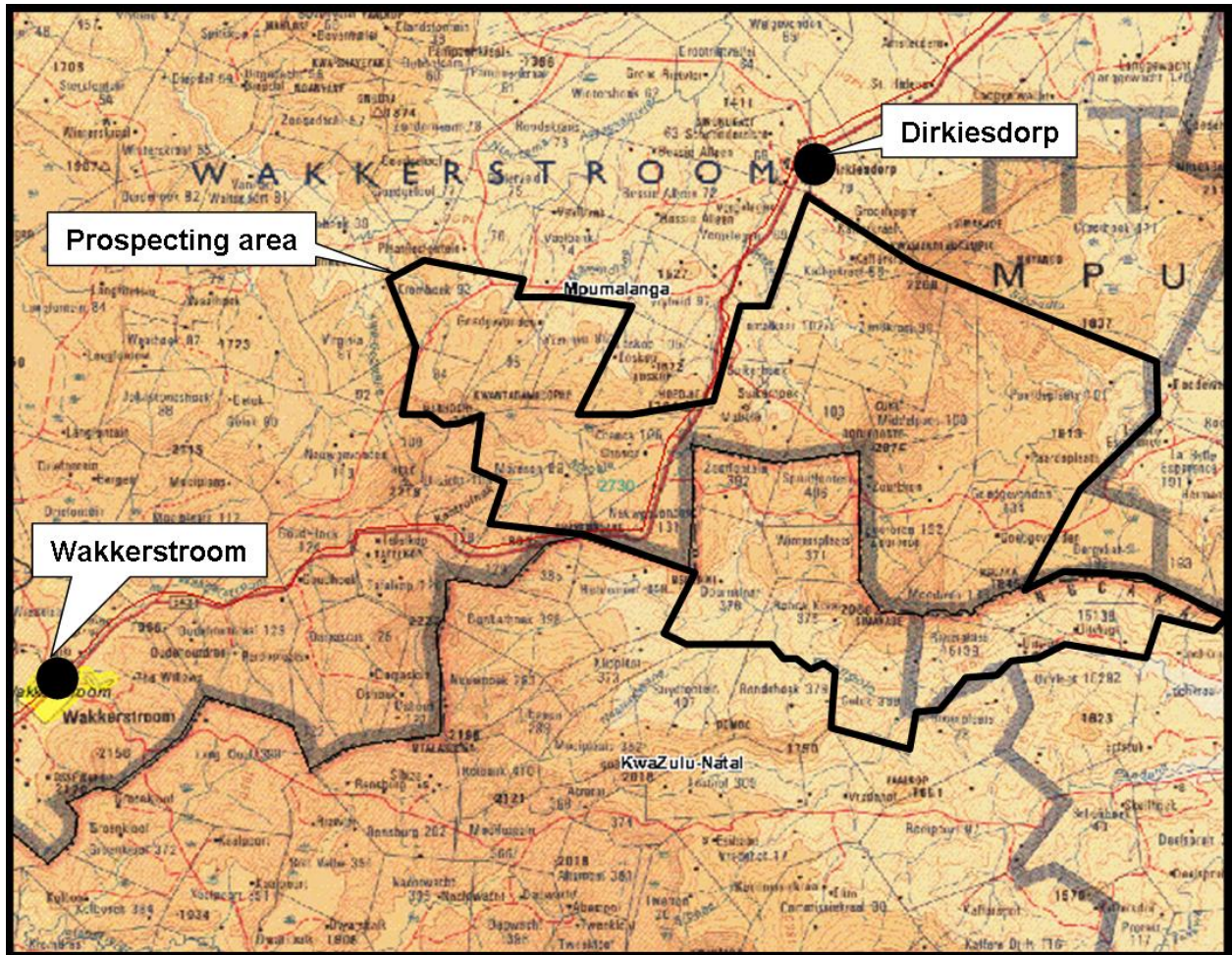


Figure 1: Locality of proposed Pixley Prospecting Area

The study area has been divided into four (4) blocks (Figure 2). Prospecting rights have been granted for Blocks 1 (granted, but not executed), 3 and 4 and includes the farm portions as identified.

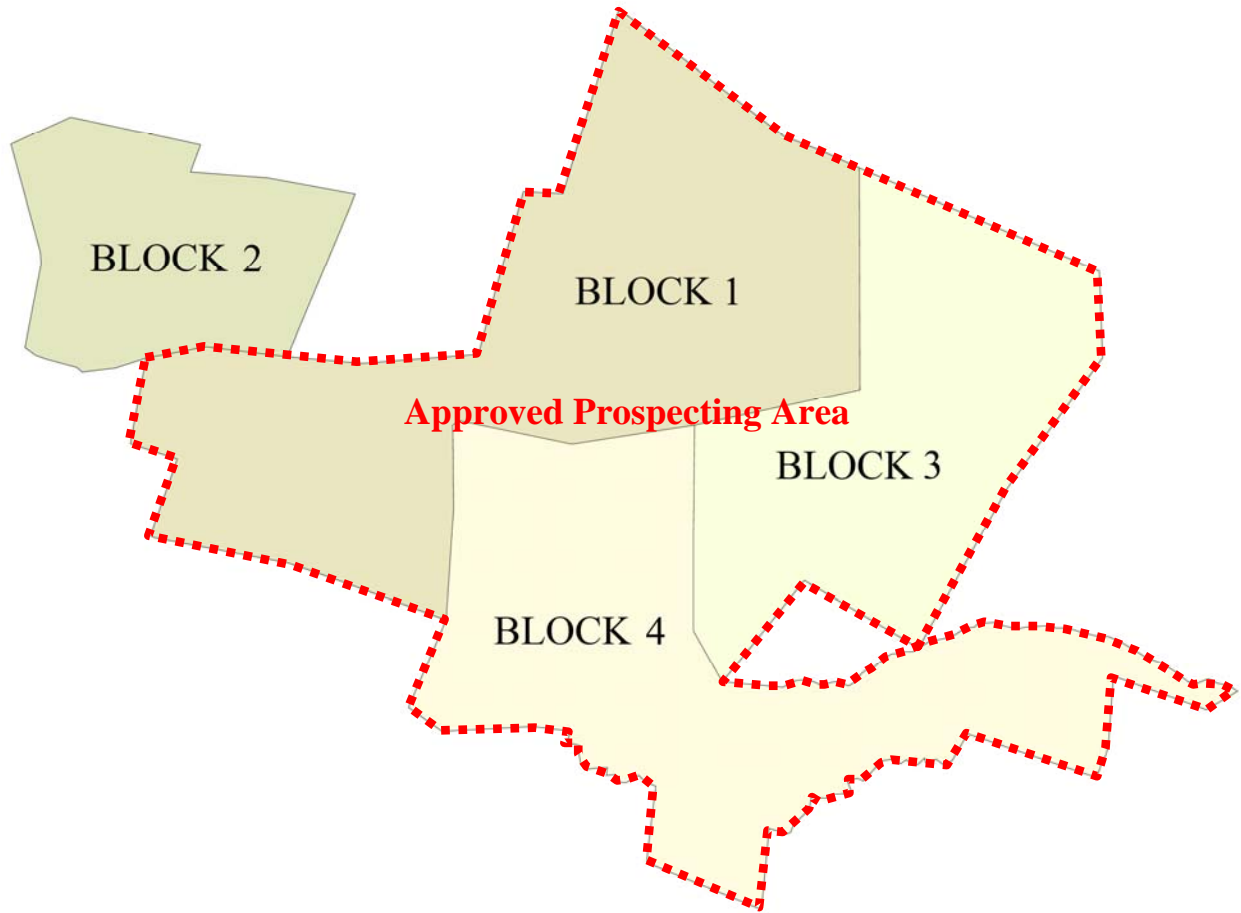


Figure 2: Study Area

Block 1	Block 3	Block 4
▪ Moreson 89HT	▪ Zuurbron 135HT	▪ Zoetfontein 392HT
▪ Zandkraal 99HT	▪ Goedgevonden 134HT	▪ Spruitfontein 406HT
▪ Middelpunt 100HT	▪ Paardeplaatz 101HT	▪ Doornkloof 376HT
▪ Inmalkaar 102HT		▪ Weltevreden 371HT
▪ Kafferskraal 98HT		▪ Roodekraal 375HT
▪ Johannesloop 103HT		▪ Geluk 369HT
▪ Suikerhoek 104HT		▪ Riverplaats 28
▪ Chance 106HT		▪ Pongola Bosch 278
▪ Triangle 130HT		▪ Uitvlugt 432
▪ Nauwgevonden 131HT		

The Pongola Bush Nature Reserve is included in the study area though no prospecting activities will be



PROPOSED ACTIVITY

The study differentiates between three distinct activities proposed and to be undertaken by DMC.

1. Prospecting for torbanite and coal;
2. The proposed mining of torbanite; and
3. The future proposed mining of coal.

Should prospecting validate an economically viable torbanite and coal reserves, a Social and Environmental Impact Assessment (SEIA) in terms of the MPRDA will be required for activities 2 and 3 (above), in order to obtain authorisation to commence with any mining activities.

Approximately 187 historical exploration boreholes occur in close proximity to the prospecting area of which DMC has acquired 74 boreholes for analysis. In order to ensure the accurate quantification of the reserve is conducted, DMC is planning to drill an estimated 200 additional prospecting boreholes. The exact locations of the proposed drill sites have not yet been identified as DMC is continuing to source data on the existing boreholes. The cores will be analysed and used for the quantification of the reserve.

Blocks 1, 3 and 4 will be subject to the proposed exploration drilling and it is estimated that an area of approximately 200 m² will be directly impacted per drill site. The exploration boreholes are expected to be 100 – 110 mm in diameter and will be drilled to an estimated depth of 180 meters below ground level.

It should be noted that this consultation process is not part of a legislated authorisation process for mining rights and that prior to the undertaking of any mining activity that may impact upon the environment by DMC, authorisation must be obtained from the Department of Minerals and Energy. The process to obtain mining rights is prescribed in the MPRDA.

The purpose of the MPRDA is to ensure the sustainable utilisation of South Africa's mineral and petroleum resources within a national environmental framework policy which primarily protects sensitive environments and the interests of affected communities, organisations and individuals, while promoting socio-economic development.



THE ENVIRONMENTAL SCREENING REPORT

The purpose of this study is to detail findings from a desktop analysis of the receiving environment that may be affected by the proposed prospecting and mining activities. It should be noted that the report does not include detailed verifications of Issues of Concern but provides recommendations with regard to any fatal flaws that may restrict and/or limit any mining activities. Though potential impacts are not quantified as part of this assessment, the report gives a brief overview of the anticipated impacts expected from the mining operations and whether feasible alternatives and/or mitigations could be implemented to minimise such impacts to acceptable standards.

To enable the identification of potential impacts, the proposed mining operations are recorded and analysed and, based on this, potential impacts are identified. The analysis of the receiving environment provides a baseline against which impacts will be measured.

The contents and findings of this report will be presented at the public meeting. Also note that a copy of this report is available on the Marsh Website ([http://www.marsh-africa.com/sector/environment/Pixley Prospecting and Mining Operations.htm](http://www.marsh-africa.com/sector/environment/Pixley%20Prospecting%20and%20Mining%20Operations.htm)).

DMC COAL MINING REPRESENTATIVE

Pieter Wiese

Managing Director

(27-11) 691 6720

info@deltamining.com

PROJECT ENVIRONMENTAL CONSULTANTS

Marsh Environmental Services (MES), A Division of Marsh (Pty) Ltd

MES is an environmental service provider to Southern African and international government, business and industry, and is committed to enhancing environmental investigations through pro-active risk management. MES utilises a wide network of specialist services allowing a comprehensive solution to any environmental problem to be offered. MES has a particularly strong focus on project management, technical solution generation and review, and strategic environmental management.



MES EIA PROJECT TEAM

Lizelle Prosch

Project Manager and Public Participation Coordinator

Anneli Botha

Managing Consultant – Mining Division

Frank Benedek

Environmental Consultant

Kerry Quinn

Associate Consultant

PUBLIC PARTICIPATION PROCESS

What Can You Do?

As previously stated, the purpose of this document is to consult with the public regarding the prospecting activities to be undertaken by DMC, and to ensure that the rights and needs of all parties are taken into account. The intention is also to establish a forum through which information can be disclosed to all interested and affected parties and to facilitate feedback to DMC.

MES will assist members of the public to participate in this process, and formulate all comments and concerns in a manner that will ensure they will be afforded due attention during the prospecting phase.

HOW TO GET INVOLVED

A Public Participation meeting is scheduled as indicated in the Table 1. All I&APs are invited to attend this meeting and will have the opportunity to discuss the proposed activity with the project proponent and environmental consultant.

Table 1: Meeting Schedule

<i>Date</i>	<i>Time</i>	<i>Town</i>	<i>Venue</i>
Monday 5 May 2008	18:00 – 20:30	Dirkiesdorp	Siyathemba Secondary School (for girls) Hall
Tuesday 6 May 2008	14:00 – 16:00 (Meeting 1)	Wakkerstroom	Wakkerstroom Town Hall
	18:00 – 20:30 (Meeting 2)	Wakkerstroom	Wakkerstroom Town Hall



Background Information Document

Please be advised that parties are not required to register or confirm attendance for these meetings. The same information will be presented at the three meetings to provide parties sufficient opportunity to attend.

Parties wishing to formally comment on the proposed activity are requested to forward their written comments (with reasons) to MES no later than 26 May 2008. I&APs will be afforded the opportunity to submit written comments at the scheduled public meetings.

I&APs that are unavailable for the public meeting but who wish to comment on the proposed activity are welcome to complete the Registration/Comment form included with this document and send it to Lizelle Prosch at MES (details provided).

HOW TO OBTAIN FURTHER INFORMATION?

Registering as an I&AP will ensure that you are placed on a database of persons to be informed of any progress regarding the proposed activity. Copies of all relevant documentation are also made available on the Marsh Website ([http://www.marsh-africa.com/sector/environment/Pixley Prospecting and Mining Operations.htm](http://www.marsh-africa.com/sector/environment/Pixley%20Prospecting%20and%20Mining%20Operations.htm)) and includes the:

- Background Information Document;
- Environmental Screening Report,
- Advertisements, and
- Registration Forms.

All comments forms or queries can be directed to:

Lizelle Prosch

Consulting Manager

Phone: (27-11) 506-5319 | Mobile: 082 804 4024 | Fax: 086 509 6235

Mailto: lizelle.prosch@marsh.com

Or

Frank Benedek

Environmental Consultant

Phone: (27-11) 506-5329 | Mobile: 084 619 7703 | Fax: 086 508 0161

Mailto: frank.benedek@marsh.com

Physical Address

The Marsh Centre,
88 Grayston Drive,
Sandton, 2196,
Johannesburg,

Postal Address

Private Bag X14,
Benmore,
2010

KENNISGEWING VAN OMGEWINGSOORSIG PROSES

Kennisgewing word hiermee gegee van 'n Publieke Deelname Proses as deel van 'n Omgewingsoorsig Proses vir die volgende aktiwiteit:

- NAAM VAN PROJEK:** Pixley prospektering en voorgestelde myn
- NAAM VAN MYN MAATSKAPPY:** DMC Coal Mining (Pty) Ltd
- PROJEK BESKRYWING:** DMC beplan om ongeveer 200 addisionele prospekterings boorgate te sink om die kwantiteit en omvang van die torbaniet en steenkool reserves akkuraat te bepaal.
- LIGGING:** Die studiearea is ongeveer 20 km oos van Wakkerstroom en 2 km suid van Dirkiesdorp (verwys na Figuur 1).
- OMVANG VAN STUDIE AREA:** Die volgende plase is binne die studiearea gelee: Moreson 89HT, Zandkraal 99HT, Middelpunt, 100HT, Inmalkaar 102HT, Kafferskraal 98HT, Johannesloop 103HT, Suikerhoek 104HT, Chance, 106HT, Triangle 130HT, Nauwgevonden 131HT, Zuurbron 135HT, Goedgevonden 134HT, Paardeplaatz 101HT, Zoetfontein 392HT, Spruitfontein 406HT, Doornkloof 376HT, Weltevreden, 371HT, Roodekraal 375HT, Geluk 369HT, Riverplaats 28, Pongola Bosch 278 and Uitvlugt 432
- PUBLIEKE VERGADERINGS:** Alle belanghebbende partye word genooi om 'n publieke vergadering (verwys na Tabel 1) by te woon. By hierdie vergadering sal belanghebbende partye 'n geleentheid gegun word om die voorgestelde aktiwiteit te bepreek met die omgewingskonsultante asook verteenwoordigers van DMC.
- HOE OM TE REGISTREER:** U kan registreer as 'n belanghebbende party op een van die volgende maniere:
- Kontak MES (kontakbesonderhede soos onder aangetoon). Die volgende inligting moet aan MES verskaf word (kontaknaam, telefoon- en faks nommers, posadres asook belange by die saak),
 - Stuur skriftelike kommentaar aan MES,
 - Die Registrasie en Kommentaar Vorm aan MES te stuur, en/of
 - Die publieke vergadering by the woon.

Partye wat formeel kommentaar wil lewer word gevra om hul skriftelike kommentaar (met redes) teen 26 Mei 2008 per fakspos of e-pos by die relevante MES kontakpersone (Lizelle Prosch / Frank Benedek) in te dien. Partye sal ook die geleentheid gegun word om skriftelike kommentaar in te dien by die geskeduleerde vergaderings.

Vir die duur van die kommentaar periode sal Registrasie en Kommentaar Vorms asook kopiee van die Omgewingsoorsigverslag beskikbaar wees by die Wakkerstroom Openbare Biblioteek, by die kantore van die Wakkerstroom Toerisme Vereniging en by die Dirkiesdorp Kliniek. Indien enige probleme ondervind word met die beskikbaarheid van die voorafgenoemde dokumentasie, kontak MES asseblief. E-kopiee van die Agtergrond Inligtingsdokument, Registrasie en Kommentaar Vorm asook die volledige Omgewingsoorsigverslag is ook op die Marsh webwerf (<http://www.marsh-africa.com/sector/environment/Pixley Prospecting and Mining Operations.htm>) verkrygbaar.