

BACKGROUND INFORMATION DOCUMENT

AFRICAN EXPLORATION MINING AND FINANCE CORPORATION



PROSPECTING RIGHT APPLICATION

WC 30/5/1/1/2/424 PR

PURPOSE OF THIS DOCUMENT

- Provides an overview of the Environmental Management Plan Process (EMP) for the African Exploration Mining and Finance Corporation (Pty) Ltd ("AEMFC") Prospecting Right Application;
- Provides you as an Interested and Affected Party (I&AP) with the opportunity to contribute your issues and concerns with the project which will be addressed in the Environmental Management Plan (EMP).

INTRODUCTION AND PROJECT DESCRIPTION

African Exploration Mining and Finance Corporation (Pty) Ltd ("AEMFC") has applied for prospecting rights in terms of Section 16 of the Mineral and Petroleum Resources Development Act (Act No. 28 of 2002) ("MPRDA") to the Department of Mineral Resources (DMR) on the farms Annex Langverwacht 245, Haasendal 222 and the remaining extent of Rosendal 249, in the Magisterial District of Stellenbosch for the following minerals: Tin Ore, Zinc Ore, Lead Ore, Lithium Ore, Copper Ore, Manganese Ore and Silver Ore. The DMR has provisionally accepted this Prospecting Right Application (PRA) and issued DMR Reference Number: WC 30/5/1/1/2/424 PR. AEMFC is required to notify the landowners or lawful occupiers and other affected parties of the proposed prospecting activities, and to submit an EMP for the proposed project. AEMFC have appointed GCS (Pty) Ltd, to consult with the public, and to compile the EMP for this project.

In the PRA acceptance letter issued by the DMR on 13 January 2010 DMR Reference Number: WC 30/5/1/1/2/424 PR, the following is required:

- Proof of public participation to be submitted on/before 12 February 2010; and
- Environmental Management Plan to be submitted on/before 12 March 2010;

The objective of prospecting is to increase the confidence in known deposits, and to prospect for the continuation of deposits outside the current known limits. Both non-invasive and invasive methods of prospecting will be implemented during the proposed prospecting period, if the PRA is approved by the DMR.

AEMFC Company Overview

AEMFC is a wholly owned subsidiary of the Central Energy Fund (CEF) of South Africa. AEMFC is mandated by the Department of Mineral Resources (DMR) (previously known as the Department of Minerals and Energy or 'DME') to acquire and hold exploration and mineral rights in respect of all energy related and other minerals on behalf of the state; and engage in the mining thereof.

CEF, incorporated in terms of the Central Energy Fund Act, is mandated by the South African Government to engage in the acquisition, exploration, generation, marketing and distribution of any energy form and to engage in research relating to the energy sector. CEF is controlled by the Minister of the DMR. All shares are held by the State and are not transferable.

African Exploration has been mandated to support ESKOM and PetroSA by ensuring that there is a secure supply of feedstock for sustainable power generation and development of indigenous fuels (Coal to Liquids). African Exploration's current portfolio includes coal, lime/limestone and uranium that constitute its strategic mineral resources. However, AEMFC has started to capitalise itself through diversification to other unrelated minerals. African Exploration will make strategic equity investments and enter into joint venture partnership.

AEMFC seek to:

- Diversify exploration risk;
- Consider acquisition of operating entities;
- Diversify into non coal mineral resources; and
- Enter into regional markets (Botswana, Swaziland and Mozambique).

At present, the company is in a start up phase and continues with mining and exploration activities throughout South Africa.

THE ENVIRONMENTAL MANAGEMENT PLAN PROCESS

According to Section 39(2) of the Mineral and Petroleum Resources Development Act (Act 28 of 2002) (MPRDA) any person who applies for a PRA must submit an EMP. GCS (Pty) Ltd has been appointed by AEMFC to assist in the public consultation component, as well as to compile the EMP for this project.

In terms of Section 16 of the MPRDA, AEMFC is required to notify in writing and consult with the landowner or lawful occupier and any other affected party and submit the result of such consultations to the DMR. This letter serves to inform you of the project and provides you with the opportunity to comment on the application and raise any issues or concerns you may have in this regard.

The contents of the EMP will therefore include the following, as specified in the MPRDA:

- A description of the objectives and specific goals for each phase of the prospecting operation including:
 - Environmental impacts identified;
 - Socio-economic conditions;
 - Historical and cultural aspects; and
 - Rehabilitation process
- An outline of the implementation programme, which must include:
 - A description of the chosen appropriate technical and management options for each environmental impact, socio-economic condition and historical and cultural aspects of the preferred alternative under each phase of the mining operation;
 - Layout of action plans to achieve the objectives and specific goals (including a time schedule);
 - Maintenance and emergency procedures for further remediation;
 - Contingency measures;
 - Requirements for monitoring and EMP assessment;
 - Financial provision; and
 - Environmental awareness plan.

The EMP provides a tool for meeting the objective to reduce or avoid negative environmental impacts associated with prospecting activities within a certain environment by providing detailed mitigation measures and management commitments. The EMP will become legally binding on the approval thereof.

PUBLIC PARTICIPATION

WHO ARE THE INTERESTED AND AFFECTED PARTIES (I&APs)?

The I&APs are the persons who will be directly or indirectly involved and/or affected by the project.

Your role as an I&AP is to:

- Register with the environmental consultants, who will include you on a database of I&APs in order for you to receive future project information and/or formally record issues and concerns; and
- Contact the consultants to obtain further information and / or raise issues and concerns.

COMMENTING ON THE PROJECT

The Public Participation Report will be submitted to the DME on Friday 12 February 2010; thereafter the process of compiling the Environmental Management Plan will begin. Please provide your comments on or before Tuesday 9 March 2010, in writing to Renee Francis-Steele or Estie Retief (see contact details below).

All comments and concerns lodged with GCS will be listed in the EMP, and management measures will be included to address these concerns and comments.

HOW TO COMMENT

Comments, questions or issues, which you wish to raise, can be made by telephone or in writing (sent to us by fax, e-mail or post). A comment sheet is attached. It is not essential that you submit comments, but please ensure that you provide us with your name, contact details and interest in the project.

