



17 June 2010

Withers Environmental Consultants

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Dear Sir

Supplementary comments on the Draft Environmental Management Plan (EMP) prepared in support of an application for a Prospecting Right in terms of section 16 of the MPRDA to the Department of Mineral Resources (DMR) on 26 March 2010 for prospecting of tungsten ore, molybdenum ore, rare earths, copper ore, zinc ore, gold ore and silver ore on Portion 1 of the Farm Namaquasfontein No. 76; Portion 13 of the Farm Namaquasfontein No. 76; Remaining Extent of Portion 6 (a portion of Portion 2) of the Farm Namaquasfontein No. 76; Portion 1 of Farm No 297 ("the affected properties"), ref. WC30/5/1/1/2/434PR

On 30 May 2010 the Verlorenvlei Coalition submitted comments on the contents of the Draft Environmental Management Plan (EMP) prepared in support of Bongani Minerals Pty Ltd's application for a prospecting right ("the PRA") on the affected properties, with your reference No.: 07/11/1190.

In those comments, we provided reasons why the Coalition was unable to submit comments on the calculation of financial provision in the Draft EMP together with the remainder of our comments on the Draft EMP. In particular, we were only given access to the correct and complete version of the DMR's *Guideline Document For The Evaluation Of The Quantum Of Closure-Related Financial Provision Provided By A Mine* from the DMR on 1 June 2010. In view hereof, we reserved our rights to submit further comments on this particular aspect, which we do in this document.

1. At the outset, the Coalition wishes to record that it is particularly concerned about financial provision because, as we have motivated in detail in our objections to the PRA, we do not believe that Bongani has the required financial ability to implement the proposed Prospecting Work Programme. It is therefore of the utmost importance that, should the DMR decide to grant a prospecting right to Bongani, that adequate financial provision is in place and held in security by the DMR.

In this regard, the Coalition will strongly oppose any exemption given to Bongani to provide financial provision by way of the methods listed in Regulation 54(1)(a) to (c) of the Regulations issued under the MPRDA (R.527, 2 April 2004, GG26275).

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2. The calculation of the financial provision is contained in Appendix B to the Draft EMP, which amounts to R77 629.50 for two years of invasive drilling. (In the cost estimate of the expenditure of each phase of exploration (Part K in the Prospecting Work Programme (PWP) in the PRA), Bongani includes an amount of R60 000 for the “rehabilitation fund guarantee”, which is not equal to the amount provided in the Draft EMP for rehabilitation. No explanation is given for this discrepancy.)
3. Bongani provides no explanation or supporting documents for the calculation of financial provision in Appendix B. It does not appear to the Coalition that Bongani has used any of the methods provided for in the DMR’s *Guideline Document For The Evaluation Of The Quantum Of Closure-Related Financial Provision Provided By A Mine*, in which event they must have relied on actual cost assessment and quotations by service providers (the “detailed independent assessment” referred to in the Guideline (p.vi)). None of these documents have been provided with the Draft EMP, and therefore the Coalition cannot accept the accuracy of the calculation of this provision.
4. On the face of it, the calculation seems woefully inadequate. The proposed provision amounts to R481 per drilling site (each of which consists of two small pits and at least one borehole). As argued in our earlier comments, it is hard to imagine that full rehabilitation of a 1 km road, 3m wide, will cost less than R8 000.
5. More generally, Bongani appears to equate their financial responsibilities for all environmental issues with at most 1% of a R23,5 million proposed prospecting budget (which amount the Coalition in any event disputes).
6. A number of key components of rehabilitation have been omitted from Appendix B to the Draft EMP, and which are therefore uncosted and excluded from the proposed provision of R77 629.50. (Note that Regulation 54(1) of the MPRDA Regulations requires a “detailed itemization of all actual costs”.) These absent components include:
 - a. In the items listed under “Proposing pits”, no provision is made for:
 - i. revegetation of the affected areas; or
 - ii. remediation of any contaminated soil.

In the items listed under “Roads and tracks”, no provision is made for revegetation of areas where new roads would be made. The Coalition also disputes the rate of R0.15 per m² for ripping. (For interest and by way of comparison, in a Draft EMP prepared by Golder Associates in the Advasol Pty Ltd exploration of on-shore natural gas on various farms in the Stilbaai district, Western Cape (PASA ref no:12/3/1/184/1), Advasol uses R1.32 per m² for ripping of roads).

- a. No provision is made for the backfilling and sealing of the 160 boreholes, which must also be marked with a clearly identifiable beacon.
- b. As argued in our comments on the Draft EMP, each drilling site will have to accommodate at least one borehole and two excavation pits, the manoeuvring into position of the drill rig, the generator required to power the drill rig, the support vehicles, the water tank/reservoir, the water truck that will have to deliver water to the site, trucks to remove the drilled core to be analysed off-site in Piketberg (for a full list of equipment to be used, see C.1.8 in the Draft EMP). Yet no provision is made in Appendix B for the overall rehabilitation of the drilling sites, which Bongani estimates will be at least 60 m² in size (the Coalition estimates that these will be closer to 144 m² in size).
- c. No provision is made for the cost of waste management and disposal.
- d. No provision is made for premature closure as required by reg 54(1)(a) of the MPRDA regulations.
- e. No provision for post-closure management of residual and latent environmental impacts as required by reg 54(1)(c) of the MPRDA (including follow-up monitoring).

f. As submitted in our earlier comments on the Draft EMP, Bongani has demonstrably not considered the financial implications of many of the environmental impacts commonly associated with prospecting, have made no financial (nor EMP) provision for specific emergency-type environmental outcomes that reasonably can be expected to occur during an extended prospecting programme. An obvious example is flooding and uncontrolled flushing of effluent and drill cuttings from drill-sites during periods of heavy winter rainfall.

7. We also note that Bongani has attempted to include some rehabilitation costs in their cost estimate in the PWP instead of in Appendix B to the Draft EMP (the actual financial provision, e.g. drilling rehabilitation costs (see phase 2 “incl rehab”). This is unacceptable and not in compliance with the MPRDA, which specifically requires an applicant to make financial provision for these costs upfront.

In view of the foregoing, should the DMR decide to award a prospecting right to Bongani, we trust that the proposed financial provision will be amended significantly before a final EMP is approved to ensure both compliance with the MPRDA and its Regulations, and to ensure that adequate financial provision is in place as required by the MPRDA and its Regulations.

Kindly acknowledge receipt of this document.

Verlorenvlei Coalition

A handwritten signature in black ink, appearing to be 'Agelene', written in a cursive style.

Signed by the Chairperson