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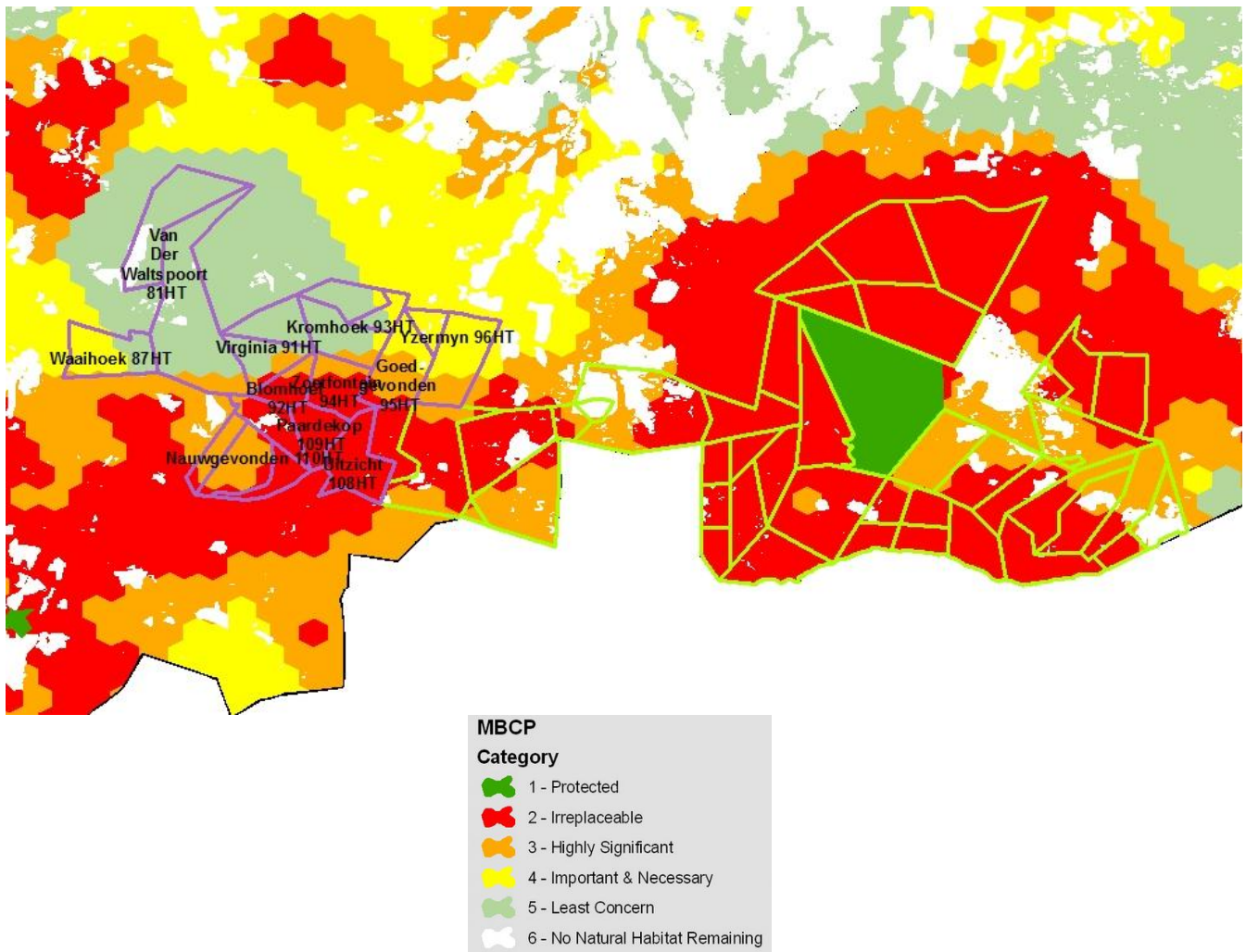
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Allan Bullock
BUNENGI HOLDINGS (PTY) LTD
P.O. Box 41922,
Craighall
2024,
South Africa
Email: Allan@pretoriusgroup.co.za
22 June 2011

Dear Mr Bullock,

Re: Prospecting Rights Application (MP30/5/1/1/2/215PR) over the properties BLOEMHOF 92HT, GOEDGEVONDEN 95HT, KROMHOEK 93HT, NAUWGEVONDEN 110HT, PAARDEKOP 109HT, UITZICHT 108HT, VAN DER WALTSPOORT 81HT, VIRGINIA 91HT, WAAIHOEK 87HT, YZERMYN 96HT, ZOET FONTEIN 94HT

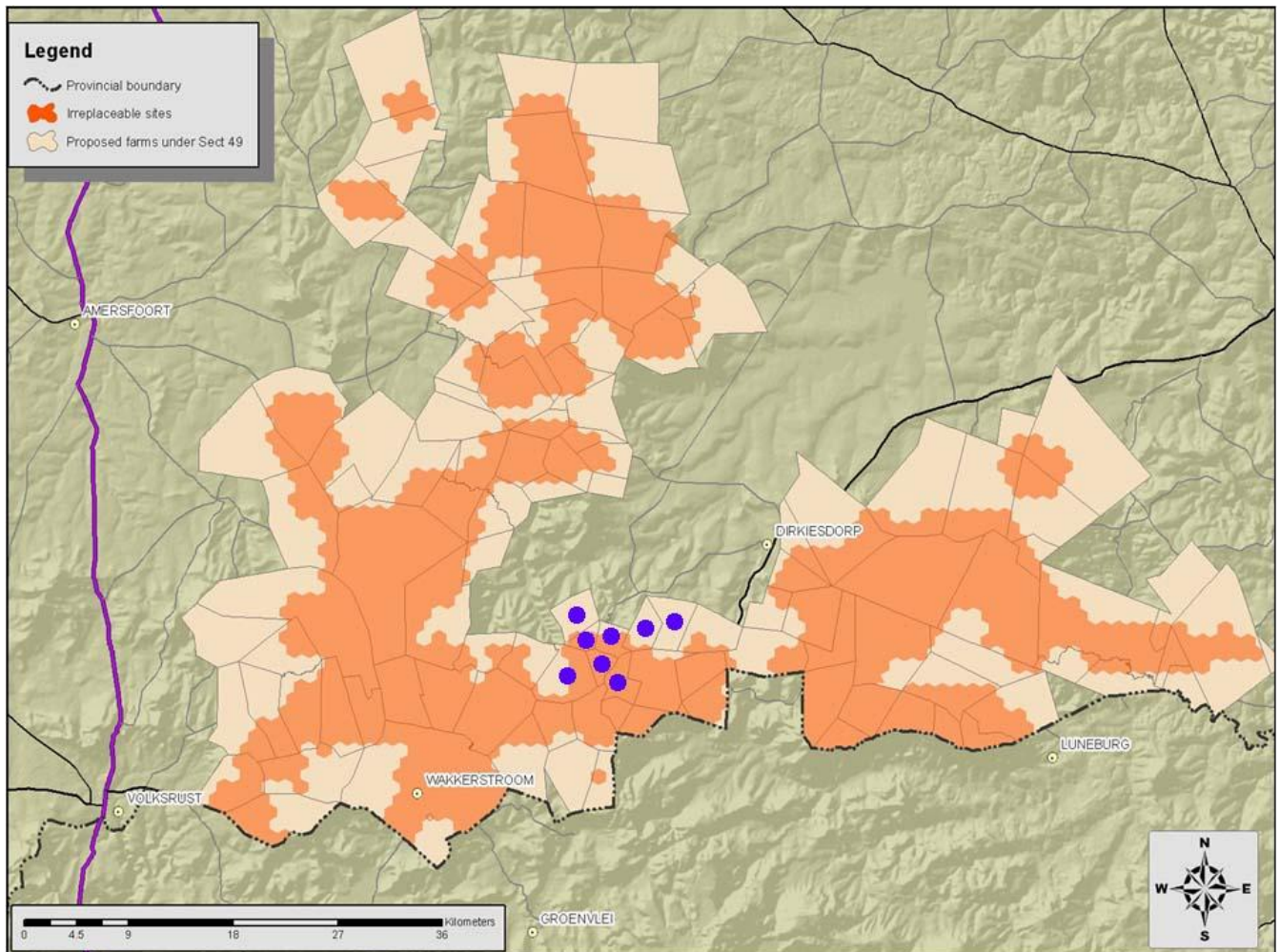
1. Thank you for your email dated 15th June 2011 in which you supplied us with your Background Information Document (BID) on your prospecting rights application for our comments. As indicated in an email response to you, there are concerns about the sensitivity of the area in which you wish to prospect and eventually mine for coal.
2. The area affected by your application falls within the a key protected area expansion zone for our work as the Enkangala Grassland Project and SANBI grassland programme in partnership with Mpumalanga Tourism and Parks Agency (MTPA) . In addition, the portions of the area fall within National and Provincial Protected Area expansion zones.
3. Certain of the properties are located in a crucial water production area for Mpumalanga Province. Should any future mining application be pursued in these areas, it will be met with opposition from environmental NGO's, landowners and other affected parties such as the Wakkerstroom Tourism Association.
4. Below is a map depicting the position of your prospecting application in relation to the Kwamandlangampisi Protected Environment (KPE) and also illustrating the irreplaceability of properties affected by your Prospecting application.



Map 1 depicting location of Bunengi Holdings PR application (purple outline) in relation to the Kwamandlangampisi Protected Environment (green outline)

5. As can be clearly seen from the map, certain properties that form part of your applications are:
 - a) Directly adjacent to the declared Kwamandlangampisi Protected Environment
 - b) Are located in areas classed as “Irreplaceable, Highly Significant and Important and Necessary” by the Mpumalanga Biodiversity Conservation Plan (MBCP)

6. As mentioned in our email sent to you on 15th June 2011, we also indicated that the properties fall within a proposed section 49 exclusion zone which has been lodged with the DMR. See map 2 below with extent of the exclusion zone depicted.



Map 2 showing proposed Section 49 exclusion zone which is affected by Bunengi Holdings PR application (indigo dots indicate properties that fall under Bunengi Holdings PR application)

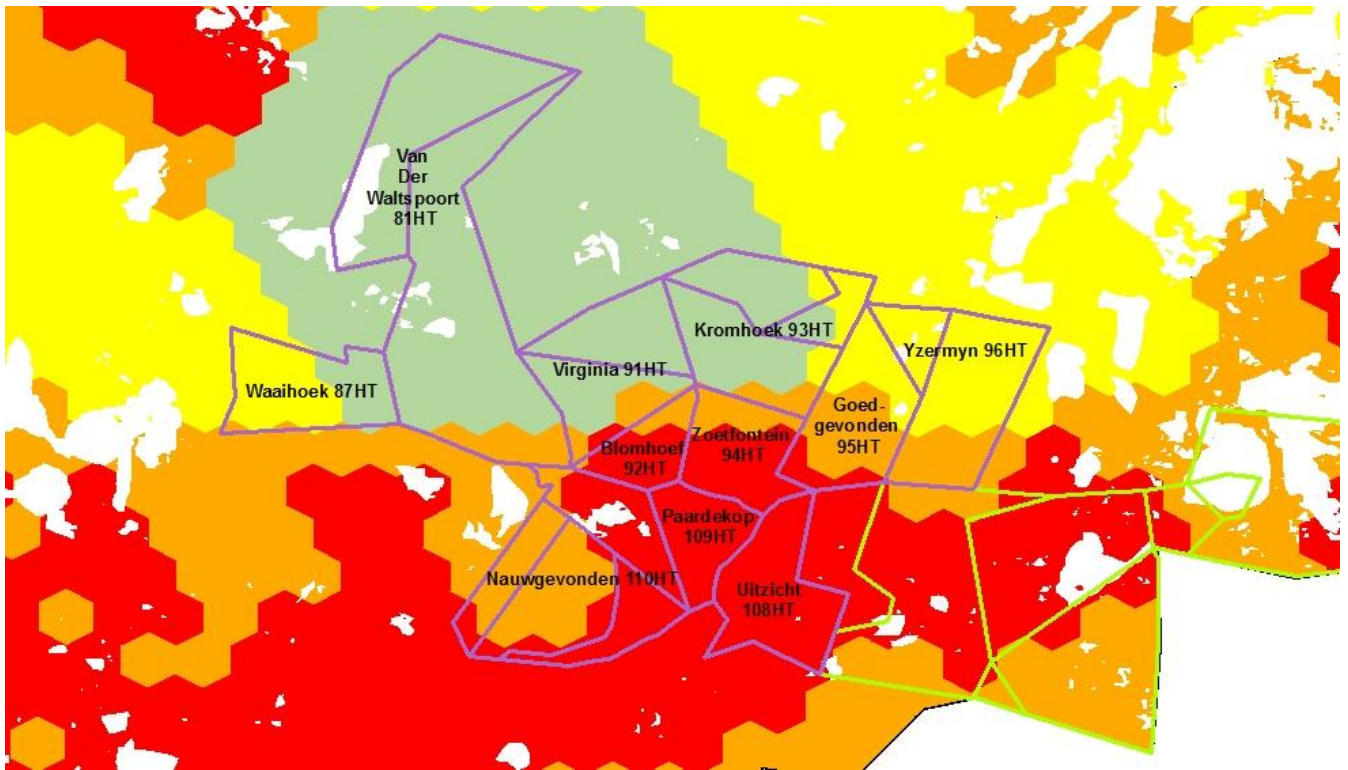
7. The reasons for this proposed section 49 exclusion zone are numerous but in summary:
 - a) The area is critically important from a water production perspective
 - b) The area is largely classed as irreplaceable by the MBCP and thus crucial for the achievement of provincial conservation targets due to the biodiversity features located there
 - c) The area is located in endangered and vulnerable threatened ecosystems (in terms of NEM:BA)
 - d) The area falls within provincial and national priority protected area expansion zones

8. The properties Kromhoek 93Ht, Goedgevonden 95HT and Yzermyn 96HT have recently been assessed as part of the Stewardship initiative in the area and have all been proposed for protected area declaration (pending the outcome of the provincial review panels decision). The stewardship initiative compliments the provincial and national protected area expansion strategy and is actually the mechanism by which these strategies are being implemented in the area. The property Uitzich 108HT is to be assessed in October 2011 as part of the continued implementation of the stewardship initiative. See table below showing outcome of assessments on the abovementioned properties



Property	Species	Significant landscape features & reasons for recommended Stewardship Status	Recommended Stewardship Status
Portion 1 Kromhoek 93HT 204.3073 ha	<i>Merwilla plumbea</i> Bald Ibis nesting Oripi – 2 pairs White Bellied Korhaan Secretary Bird	<ul style="list-style-type: none"> • Priority 1 in Park Expansion Strategy • Threatened ecosystems occur • Large unfragmented grasslands • Borders the existing KPE • Important water catchment – irreplaceable Hillside seeps, wetlands, 2 waterfalls, riverines and springs that flow year round as well as the Assegaai river that flows through the properties, are important for water production of the area. Sandstone, indigenous forests patches and rocky outcrops as well as cliff faces, altitudinal gradients and thornveld contribute to significant landscape features.	Protected Environment
Remainder Kromhoek 93HT 980.4206 ha			Protected Environment
Goedgevonden 95HT 739.4455 ha			Protected Environment
Portion 1 of Yzermyn 96HT 193.8289 ha			Protected Environment
Remainder of the Farm Yzermyn 96 HT 826.1608 ha	Korhaan Secretary Bird Klipspringer	<ul style="list-style-type: none"> • Priority 1 in Park Expansion Strategy • Strategic location – bordering KPE • Significant altitudinal gradient • Important catchment area and high water yield • Riverine corridors • Largely unfragmented • Surrounded by large untransformed grasslands • Hillside seep • Rocky outcrops 	Protected Environment Could be upgraded to Nature Reserve

Also, see map 3 below for details of the properties over which you have applied for a Prospecting Right extension (in purple) and their relative position to each other and the edge of the KPE (in green).



Map 3 showing farm names and position

9. In terms of past, present and future stewardship expansion strategies, the following is applicable:

- GOEDGEVONDEN 95HT
- KROMHOEK 93HT
- YZERMYN 96HT
- UITZICHT 108HT
- BLOEMHOF 92HT
- NAUWGEVONDEN 110HT
- PAARDEKOP 109HT
- VIRGINIA 91HT
- ZOETFONTEIN 94 HT
- VAN DER WALTSPOORT 81HT
- WAAIHOEK 87HT

RED – already assessed as part of KPE Phase 2

GREEN – to be assessed in October 2011 as part of KPE Phase 2

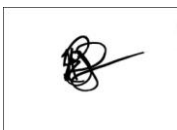
BLUE – Certain of these properties would be priority locations for a Phase 3 KPE (2012)

ORANGE - These may be additional locations for a Phase 3 KPE (2012)



10. We therefore wish to lodge our objection over any prospecting right extension or future mining rights applications over properties that fall within sensitive areas (red, orange or yellow sites) as defined by the MBCP and/or the proposed section 49 exclusion zone for reasons already stated.

Yours sincerely



Angus Burns

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