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1st January 2009

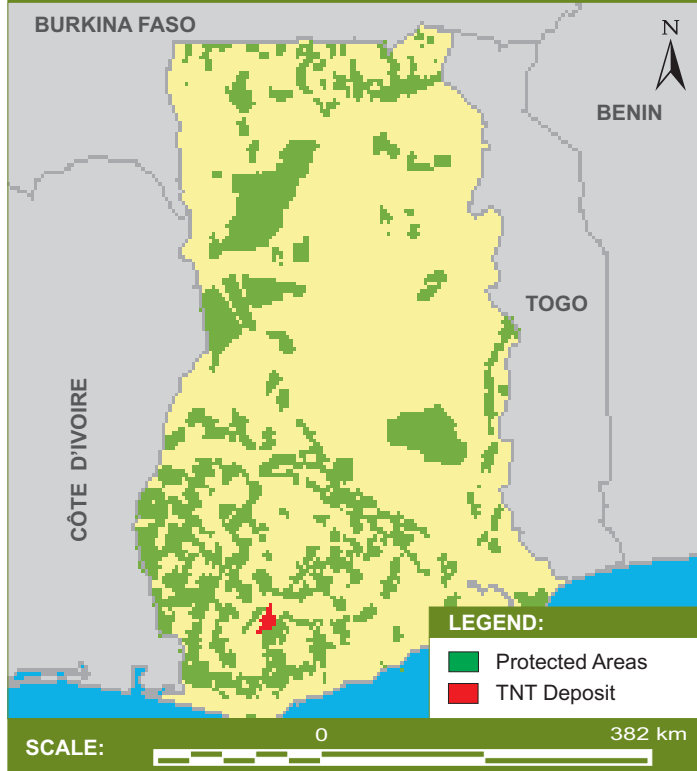
POLICY, LEGAL AND ADMINISTRATIVE FRAMEWORK

The legislation governing environmental compliance of mining projects in Ghana are the Mining and Mineral Law, 1986, and Minerals and Mining Law (as amended). This statement focuses on identifying environmental criteria which have a significant cost implication on the budget sheet, and does not serve, nor was it intended to serve, as a full environmental compliance legal document.

PROJECT DESCRIPTION

The Deposit is located in the south of the Western Region of Ghana. It occurs in a protected Forest Reserve, also recognised by the Rain Forest Action Network. The deposit will be mined mainly for iron ore. A considerable amount of bauxite also occurs along with it. This is a greenfields project, in which exploration last took place in 1975, commissioned by the Government of Ghana, through the Integrated Steel and Iron Feasibility Study. The area has currently no access routes, infrastructure, such as water works, nor known formal human settlements.

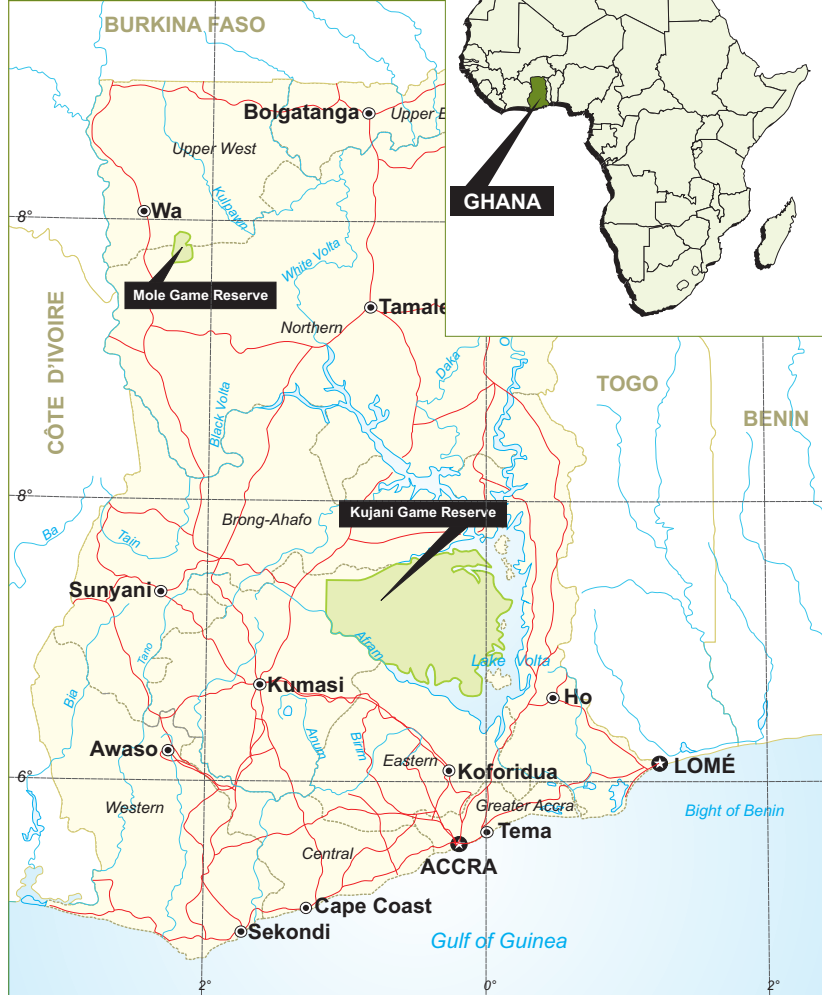
PROTECTED AREAS IN GHANA



LOCALITY WITHIN AFRICA



LOCALITY WITHIN GHANA



Specialist studies will have to be carried out on the following:

- residing fauna and flora;
- natural water courses, including the quantity and quality of the water;
- existing communities, including the extent of environmental communities are responsible for sustaining their livelihoods and their economic status; and
- existing heritage or cultural sites.

ENVIRONMENTAL IMPACT ASSESSMENT

A thorough Environmental Impact Assessment will be carried out to outline the potential impacts that the proposed mining operation will have on:

- the biophysical environment;
- natural water courses; and
- air quality.

This assessment shall be carried out by credible environmental practitioners to ensure that potential impacts from mining are reduced.

ENVIRONMENTAL AND SOCIO-ECONOMIC BASELINE

Environmental and socio-economic baselines are important for determining the level to which the environment has to be rehabilitated, especially after the closure of the operation. As the area has been under protection since 1930, NewCo (Pty) Ltd deduces that the environment is pristine forest. A study will still be carried out to record all the existing infrastructure in and around the project area.

SOCIAL IMPACT ASSESSMENT

The social realm of sustainability is vital to project success. As such, the potential influences of the mining venture on the communities will be investigated, including:

- family structure;
- social behaviour;
- economic development;
- cultural practices; and
- general health.

NewCo (Pty) Ltd will engage in a public participation process, with the aim of letting the community know and understand what the NewCo project entails and how it is going to impact on the community. NewCo (Pty) Ltd will accept comments and try to address any concerns that the community might have at this early stage of the project.

The NewCo project aims to source as much of its workforce from the surrounding communities as possible. The positions that require low skills levels (such as miners and labourers) will be reserved for persons within the local communities, while positions that require a higher level of skill will be sourced from outside the community. Should there be potential candidates from the community for mentorship and training, such training will be provided.

NewCo (Pty) Ltd includes sustainability in its project planning to ensure a good relationship with the community from the project's onset and to maintain it throughout the life of mine.

ENVIRONMENTAL MANAGEMENT / IMPACT MITIGATION PLAN

The Environmental Impact Assessment (EIA) and the Social Impact Assessment (SIA) will allow the compilation of an effective Environmental Management Plan (EMP) for the project site.

The EMP will address the potential impacts outlined in the EIA and the SIA, and find possible ways to mitigate them. Each impact will be assessed separately and the best possible remediation procedure found to counteract it.

The resultant document will be kept at the site and all employees notified of its existence and trained to maintain the environment-protecting mitigation measures accordingly throughout the life of mine.

ENVIRONMENTAL MONITORING PLAN

This plan will be implemented and will monitor the efficiency of environmental management systems, improving them should the need arise. The EMP should be upgraded on a regular basis.

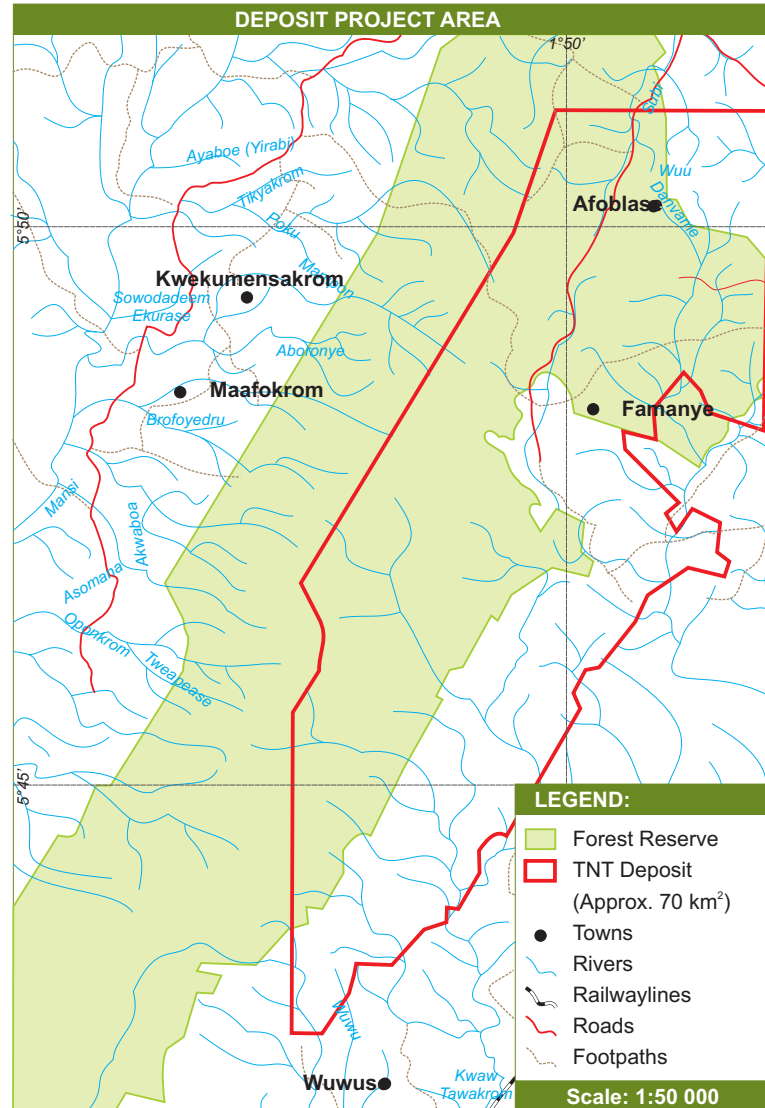
It is likely that the exploration requirements or the mine plans will change at a later phase of the project. In a pristine environment like this one, introduction of a mining project often results in an influx of job-seekers into the existing community; constant monitoring will enable the NewCo Management to be aware of such changes and will provide a means to mitigate the impacts of such changes.

CLOSURE PLAN

The aim of the closure plan is to establish the potential use(s) of the project site once mining has ceased. Ideally, rehabilitation should be undertaken with the aim of returning the project area to a similar form as it was before mining commenced. The closure plan will be agreed upon at the beginning of the mine's life; therefore, all environmental management and monitoring plans will be done with closure in mind.

The aim of this plan will be to restore as much of the environment as possible through revegetating and eliminating alien species. The alternative is to use the mine infrastructure for the benefit of the community or to generate other economic activities.

A complete closure plan shall be put together during the feasibility stage of the mining project, and will be updated as the project progresses.



FINANCIAL PROVISION FOR REHABILITATION

Environmental rehabilitation will be financially provided for before mining commences, according to current market values and the environmental requirements, as outlined in the EIA and SIA. The bulk of the costs involved in environmental management and monitoring will be factored in as part of the production cost. The bulk of the financial provision will be dedicated to funding the closure plan. Closure plans can sometimes continue for long after the project has ceased and NewCo (Pty) Ltd commits to rehabilitating the area to an appreciable standard.

Rehabilitation provision will change year-on-year due to economic factors and continuous environmental monitoring. Financial provision will be done by means of bank guarantees.