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BACKGROUND INFORMATION DOCUMENT:

KARAS LITHIUM PROJECT ON EPL 7574, //KHARAS REGION, NAMIBIA.

PROJECT NUMBER: ECC-139-449-BID-02-B

REPORT VERSION: REV 01

DATE: APRIL 2023

Prepared by: ECC ENVIRONMENTAL COMPLIANCE CONSULTANCY

TITLE AND APPROVAL PAGE

Project Name:	Karas Lithium Project on EPL 7574, //Kharas Region, Namibia.
Client Company Name:	Karas Lithium Resources (Pty) Ltd
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Ministry Reference:	TBD
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Status of Report:	Final for government submission
Project Number:	ECC-139-449-BID-02-B
Date of issue:	April 2023
Review Period	NA

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TERMS AND ABBREVIATIONS

ABBREVIATION	DEFINITION
BID	Background information document
ECC	Environmental Compliance Consultancy
ECC	Environmental Clearance Certificate
EMP	environmental management plan
EPA	Environmental Assessment Practitioner
ESIA	Environmental and Social Impact Assessment
GDP	Gross Domestic Produce
I&APs	Interested and Affected Parties
MEFT	Ministry of Environment, Forestry and Tourism
MME	Ministry of Mines and Energy
RoD	Record of Decision

1 BACKGROUND INFORMATION DOCUMENT

1.1 PURPOSE OF THIS DOCUMENT

Environmental Compliance Consultancy (ECC) has been contracted by Karas Lithium Resources (Pty) Ltd to conduct an environmental and social impact assessment (ESIA) and develop an environmental management plan (EMP), for exploration activities for lithium and other battery metals on EPL 7574 in the //Kharas Region, Namibia. Consistent with the Environmental Management Act, 2007 and its regulations. An environmental clearance certificate application will be submitted to the Ministry of Environment, Forestry and Tourism (MEFT) for the Project, which is the relevant authority to make a Record of Decision (RoD) with regards to the proposed project.

The purpose of this Background Information Document (BID) is to provide Interested and Affected Parties (I&APs) a background to the proposed Project and to invite I&APs to register as part of the Environmental Social Impact Assessment (ESIA) process.

All those who register as an I&AP will be kept informed throughout the ESIA process. Registration provides a platform for participants to submit comments, concerns, or recommendations regarding the proposed project. This BID includes the following information:

- The proposed project and location
- The necessity of the project, benefits or adverse impacts anticipated
- The alternatives within the project that will be considered and assessed
- How the ESIA process works
- The public participation process and how to become involved
- Next steps and the way forward

1.2 DESCRIPTION OF THE PROPOSED PROJECT

Karas Lithium Resources (Pty) Ltd hold the rights to Exclusive Prospecting Licence (EPL) on EPL 7574 located in the Karasburg district, south of Karasburg near the Orange River in the Karas Region. The EPL is held for base and rare metals, dimension stone, industrial minerals, non-nuclear fuel minerals, precious metals and precious stones. The EPL overlaps farm Pelladrift, Oranje Fall, Kambreek and Pelgrimrust and can be accessed via the B3 to Karasburg and then the C10 as set out in Figure 1.

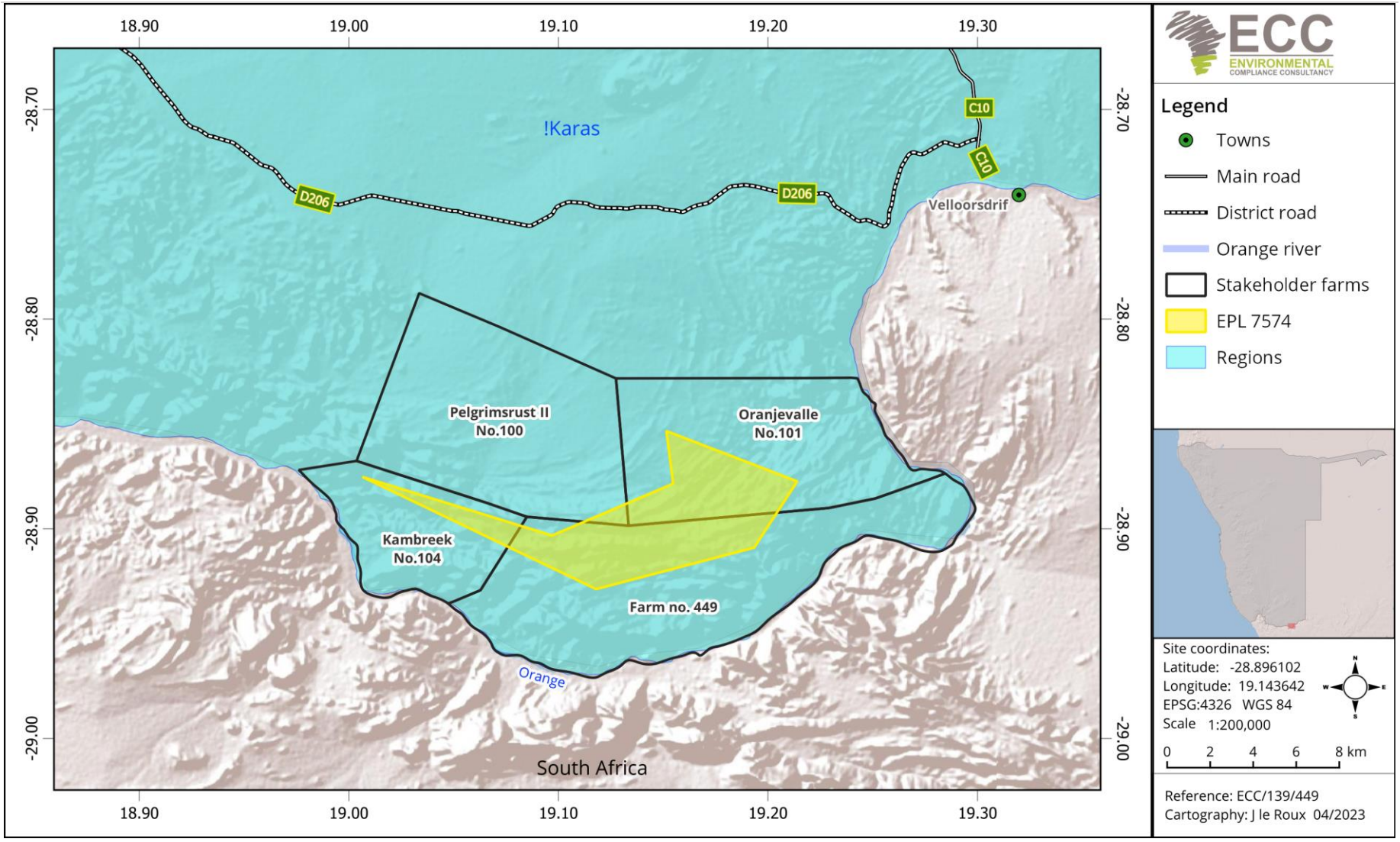

Figure 1 – Site locality map

1.3 NEED FOR THE PROJECT

In terms of Section 32 (1) of the Environmental Management Act, No. 7 of 2007, ECC has determined that the Ministry of Mines and Energy (MME) is the competent authority for the proposed exploration project. The exploration activity triggers the listed activities as per the Environmental Management Act Regulations. The relevant activities list provided later in the BID.

Namibia is rich in natural resources and the minerals sector is a key contributor to the nation's GDP in Namibia. The Proponent intends to pursue exploration activities in Namibia which will contribute to the national and local economies and may have a positive impact on the country's economy.

The proponent intends to explore for lithium, as such this assessment addresses lithium exploration only and does not include dimension stone exploration as dimension stone exploration has significantly different impacts which are not assessed as part of this application. Should the proponent choose to conduct dimension stone exploration, then a specific impact assessment and application for an environmental clearance for this activity should be applied for.

1.4 EXPLORATION METHOD

The EPL was originally granted in 2020, to explore for base and rare metals, dimension stones, industrial minerals (lithium and tantalum), non-nuclear fuels, precious metals and precious stones. Non-invasive exploration such as remote sensing and reconnaissance began in 2022.

The activities and timeline envisioned for the Project is outlined in Table 1.

Table 1 - Proposed Project activities and timeline

Phase	Timing	Activity	Details
1	Completed	Non-field exploration activities	Remote sensing spectral analysis has been completed. The objectives of the assessments were to delineate areas of focus.
	2-3 months	Ground field reconnaissance activities	Ground truthing to all defined target areas (pegmatite bodies), rock chips (grab) sampling, geological mapping, soil sampling downhills as the EPL 7574 has a rugged topography. Channel sampling will be conducted perpendicular to the strike direction of the pegmatite bodies /outcrops and possible trenching/pitting maybe

Phase	Timing	Activity	Details
			considered. This exercise will run concurrently with above.
	2 - 4 weeks.	Geophysical surveys	Ground magnetic survey Airborne (EM) radiometric survey
	Not specified	Geochemical sampling	Geochemical analysis of samples collected from the EPL will be analysed by assay laboratories and if assay results are encouraging a more invasive stage 2 of exploration will commence.
2	6-12< months	Drilling	To determine if the target pegmatites have a potential economic size (tonnage) and grade (%) for lithium and rare earth element (REE) below the surface. To define the mineralization below the surface cover, either a Reverse Circulation (RC) technique or diamond core (DD) drill survey will be used. During this stage, infill sampling will be an ongoing exercise.
3	To be determined	Mineral Resource Estimates	The aim would be to define mineral resource potential of the orebodies and would culminate into preliminary economic assessment of the deposit (PEA). Exploration techniques employed would include drilling campaigns for resources estimation, preliminary engineering and metallurgical test work.

1.5 Consideration of Alternatives

Best practice environmental assessment methodology calls for consideration and assessment of alternatives to a proposed project. In a project such as this one, it is difficult to identify alternatives to satisfy the need of the proposed Project; the activities shall be specific to EPL 7574, which was granted by the MME to Karas Lithium Resources (Pty) Ltd.

During the ESIA assessment, alternatives will take the form of consideration of optimisation and using eco-friendly solutions to reduce potential impacts. Some aspects where alternatives may be required could include:

- Different types of technology or operation
- Different access routes

- Different exploration techniques

2 THE ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT PROCESS

The ESIA for the proposed project is being conducted by ECC and will be undertaken in terms of the Environmental Management Act, 2007 and its regulations. The process followed for this ESIA is set out in the flowchart in Figure 2**Error! Reference source not found.**.

ECC has been contracted by Karas Lithium Resources (Pty) Ltd as the independent Environmental Assessment Practitioner (EPA) to facilitate the entire ESIA process. Prior to the start of the proposed project, an environmental clearance certificate is required in terms of the Environmental Management Act, 7 of 2007 and the associated EIA Regulations.

A final decision relating to the above-mentioned application will be made by Ministry of Environment, Forestry and Tourism (MEFT): Department of Environmental Affairs (DEA).

The related environmental process will include:

1. Screening phase (completed)
2. Scoping phase which includes baseline studies and the development of the Terms of Reference (ToR) for the ESIA (initiated)
3. Assessment Phase which includes impact prediction and evaluation of alternatives, assigning mitigation measures and developing monitoring and conceptual rehabilitation plans. This phase culminates in the drafting of the ESIA report and draft Environmental Management Plan (EMP) and submission to the appropriate competent authorities

The main objectives of the ESIA are to:

a) Provide information describing the proposed exploration activities;
b) Provide an independent environmental and social assessment of the activities associated with the proposed project; and
c) Develop management and mitigation measures associated with any identified potential impacts where necessary.

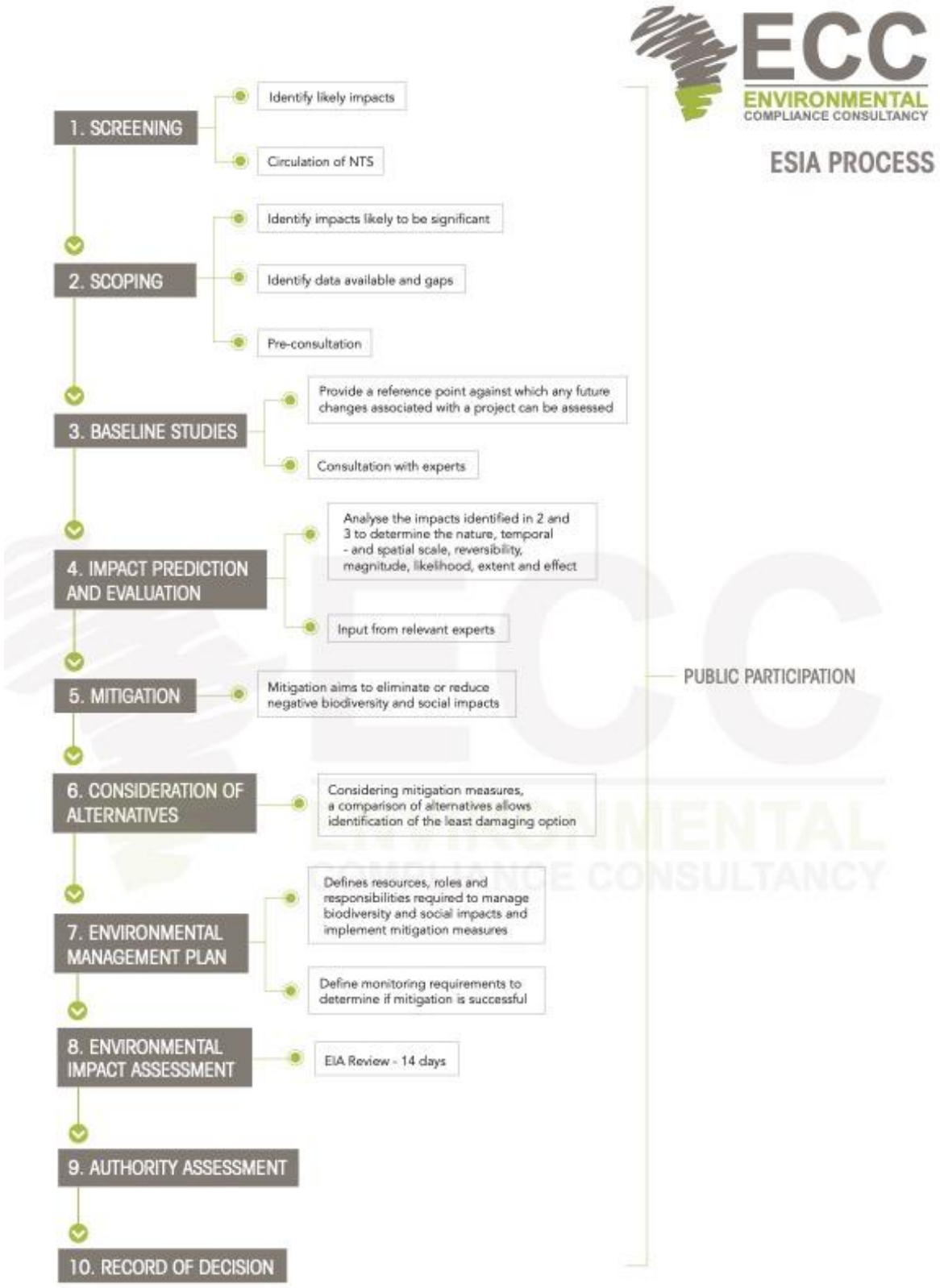

Figure 2 - Flowchart of the environmental and social assessment process

3.1 SCREENING

A review of the planned project was undertaken and the screening findings against the listed activities was conducted; the findings of which are summarised in Table 2.

Table 2 - Listed activities triggered by the proposed project.

LISTED ACTIVITY	EIA SCREENING FINDING
WASTE MANAGEMENT, TREATMENT, HANDLING, AND DISPOSAL ACTIVITIES (2.2) Any activity entailing a scheduled process referred to in the Atmospheric Pollution Prevention Ordinance, 1976. (2.3) The import, processing, use and recycling, temporary storage, transit or export of waste.	– Waste generated which will be mainly solid waste and general waste during the exploration phase will be removed by a skip and will be disposed of at the nearest licenced municipal landfill site. – A portable toilet, long drop hole for toilet or chemical toilets will be used during exploration activities.
MINING AND QUARRYING ACTIVITIES (3.2) Other forms of mining or extraction of any natural resources whether regulated by law or not. (3.3) Resource extraction, manipulation, conservation and related activities.	– The proposed project requires an environmental clearance from DEA/MEFT for the extraction of industrial minerals. – Minerals (soil and sand), and industrial minerals will be sourced within the project's footprint through bulk sampling. – The proponent will also undertake geochemical surveys, geophysical surveys, airborne surveys and RC and DD drilling.
FORESTRY ACTIVITIES (4.) The clearance of forest areas, deforestation, aforestation, timber harvesting or any other related activity that requires authorisation in term of the Forest Act, 2001 (Act No. 12 of 2001) or any other law	– During operations, limited vegetation clearing will be required as the Project develops. The necessary permits will be acquired as needed.
WATER RESOURCE DEVELOPMENT (8.1) The abstraction of ground or surface water for industrial or commercial purposes	– For the drilling of exploration boreholes groundwater may need to be abstracted or surface water will be sourced.
HAZARDOUS SUBSTANCE TREATMENT, HANDLING AND STORAGE (9.1) The manufacturing, storage, handling or processing of a hazardous substance defined in the Hazardous Substances Ordinance, 1974.	– Portable toilets, long drop hole for toilets or chemical toilets will be used during exploration activities

3.2 SCOPING

The scoping phase is directed towards defining the range and nature of anticipated potential impacts that may have significance to the biophysical and social environments at the scale of the proposed operations. The appropriate available data and the literature are identified forming the starting point for the assessment of the required baseline and specialist studies that may be required for assessment of the project impacts.

3.3 BASELINE STUDIES

The ESIA will focus on the environmental receptors that could be affected by the proposed project. ECC will also engage with stakeholders, I&APs and the proponents to seek input into the assessment. The baseline studies chapter is broken into three sections, the baseline context, environmental (physical and biological), and social (including economic).

Desktop studies a well as all available field surveys and specialist studies from the project area will be used to help define the baseline. These studies also give a further indication of whether there are any local or regional future developments that could impact the project or vice versa.

Lastly, the socio-economic section of the baseline studies helps to gain information on the governance, demographic profile, social stratification (employment, education, crime, infectious disease), occupation and livelihood (economic activities, occupations in study area, employment rates), land patterns (noise and vibrations) and access to services (drinking water, sanitation, healthcare facilities etc.).

3.4 STAKEHOLDER ENGAGEMENT

The public and key stakeholders receive invitations to register as I&APs. After the presentation of the proposed project and ESIA process through the defined public consultation process, a period of time for input will be granted for the Environmental Assessment Practitioner (EAP) to receive any additional concerns or comments from registered I&APs. All feedback from the initial public consultation process will be incorporated into the scoping report.

3.5 SCOPING REPORT

The scoping report will be drafted and made available to the registered I&APs for comment before being submitted to the competent authority and MEFT. The scoping report will contain a description of the project and the biophysical and socio-economic environments, the specialist baseline studies, the stakeholder engagement report and the terms of reference for the ESIA.

3.6 ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT PHASE

3.6.1 POTENTIAL IMPACTS

The potential social and economic impacts should be considered with due regard to the nature and scale of the proposed operations its location within the broader ecological, commercial and social environments. The potential environmental and social impacts that have been anticipated may include the following:

- Heritage impacts
- Power and water supply
- Water use, contamination, and management
- Waste management
- Waste resource management
- Visual impacts
- Biodiversity impacts
- Potential air quality pollution
- Noise and vibration,
- Socioeconomic and social impacts, such as job creation
- Potential pollution impacts
- Rehabilitation

3.6.2 DRAFT ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN

An EMP shall be developed for the proposed project setting out auditable management actions for the project to ensure careful and sustainable management measures are implemented for their activities in respect of the surrounding environment and community. The EMP becomes the legally binding commitments upon approval of the EMP and issuing of the environmental clearance certificate. Environmental clearance certificates are issued for a period of 3 years and renewal is subject to compliance with the provisions and conditions of the environmental clearance certificate.

3 THE WAY FORWARD – PUBLIC PARTICIPATION

Public participation is an important part of the ESIA process. It allows you, the public and stakeholders to raise concerns or provide valuable local environmental knowledge that can benefit the assessment process as well as aid the planning process for the scoping phase of the defined assessment process. At this phase ECC will perform the following:

- Prepare and submit the application for the environmental clearance certificate in the prescribed manner
- Identify relevant key stakeholders, authorities, municipalities, environmental groups and interested or affected members of the public, hereafter referred to as I&APs
- Carry out a public consultation process in accordance with Regulation 21 of the EMA 2007 including:
    - Distribute the BID for the proposed Karas Lithium Resources (Pty) Ltd exploration Project (this document)
    - Advertise the environmental application and call for registration of I&APs in two national newspapers
    - Open the project I&AP register and record all comments of I&APs and present both comments and responses provided by ECC, in the comments and responses report, which will be included in the scoping report and submitted with the application
- Prepare a scoping report and provide it to registered I&APs for comment
- Submit the scoping report and the I&AP comments to the competent authority and Environmental Commissioner for a record of decision

Your request for registration as an I&AP as well as any comments on the BID or Project must be submitted in writing and can be emailed using the details in the contact us section below. Registration as an I&AP for the project can be completed online on ECCs website on the projects page, or by using this link: https://eccenvironmental.com/download/the-proposed-exploration-of-industrial-minerals-on-epl-7574-kharas-region-namibia/

Registration as an I&AP should be submitted on or before **30 April 2023**.

We welcome any enquiries regarding this document and its content. Please contact:
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