



EUROTRADE INTERNATIONAL LTD

Mining of Minerals, Precious Metals & Rare Earth

Address

Company	Country	Province	District	Sector	Cell	Village
Eurotrade International Ltd	Rwanda	Northern Province	Rulindo	Shyorongi	Bugaragara	Kabaraza

Contact information

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Annual due Diligence Report

Date of report: 31 January 2021

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1. Company Information and Policy Overview

There is one mining site, namely the Nyakabingo Mine, within the Nyakabingo Concession area and is located some 12km North of Kigali in the Shyorongi district of the Northern Province. The mining concession applied for by Eurotrade International Ltd is much smaller than the original mining concession. The concession is approximately 1600 hectares. The Nyakabingo Mine acquired its exploration and exploitation license in 2007, and was awarded a 25 year Mining License in January 2015. The Nyakabingo tungsten mine produces mainly ferberite with rare sheelite. The mine is operated by Eurotrade International Ltd, a Rwandan registered Company.

The below table shows the calculated ore resource estimation of Nyakabingo mine.

Mine	Commodity	Ore tons	Sn Grade	In-situ Sn content	Saleable amount	% of resource	LOM
Nyakabingo	WO3	8,044,225	0.27	22,009	10,014	100	24

During the 1950's, when production was entirely through artisanal methods, the operation was capable of producing in the order of 10,000 to 15,000kg /month of concentrate. During the 1970's when production was sourced from both artisanal and more mechanized operations, the production levels were increased to around 20,000kg/month of concentrate. Current production is between 30,000 and 40,000kg/month. Current mining methods are still predominantly artisanal although some mechanization structures are being used.

In the past the Nyakabingo Mining Operation employed some 667 employees. Of which 72 were permanent employees and 595 contract staff. Currently Nyakabingo employs 737 employees of which 79 are permanent employees and 658 are contract staff. All the Nyakabingo Mining Operation employees have health insurance. Furthermore all employees and visitors are provided with full PPE (personal protective equipment) such as overalls, hardhats, gum boots, glasses, ear plugs and gloves.

With the commodity market recovering and the world normalizing after the pandemic and, pending investor confidence, Nyakabingo mine plans to embark on a massive development programme with the aim to increase mining of the current working areas and to exploit the down dip resource and embark on industrialized mining and modern mineral processing techniques. It is envisaged that the staffing requirements will eventually be around 1,000 employees with 100 management staff, 800 miners, and 100 Security personnel.

This Annual Due Diligence Report forms part of the implementation of **Eurotrade International Ltd** due diligence management systems in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (hereafter 'OECD Due Diligence Guidance'). The due diligence management systems and this Annual Report are designed to be in conformance with the OECD Due Diligence Guidance. According to the OECD Due Diligence Guidance, Step 5, companies should meaningfully report on supply chain due diligence to generate public confidence in the measures companies are taking.

An objective of the **Eurotrade International Ltd** due diligence management system is to identify, assess, and mitigate human rights risks in our supply chains to reduce actual and potential negative impacts on people and planet. Further, the system seeks to ensure that the company's sourcing practices are in conformance with international good practice. Our due diligence approach has been developed in a way that manages risks based on available information and make improvements over time.

Eurotrade International Ltd utilizes RCS Global services, including traceability and due diligence systems to support our efforts. The Better Sourcing Program (BSP), implemented by the RCS Global Group, is an upstream assurance mechanism that puts in place a number of systems to support that exports of minerals from Conflict-Affected and High-Risk Areas (CAHRA) are produced, transported and exported by companies operating in a manner that is aligned with the requirements of the OECD Due Diligence Guidance, the Better Sourcing Standard, and the Responsible Minerals Initiative (RMI) Responsible Minerals Assurance Process (RMAP).

This report describes a) the due diligence management system, b) the methodology for the assessment of risks, and c) the steps taken to manage the risks as established at **Eurotrade International Ltd**.

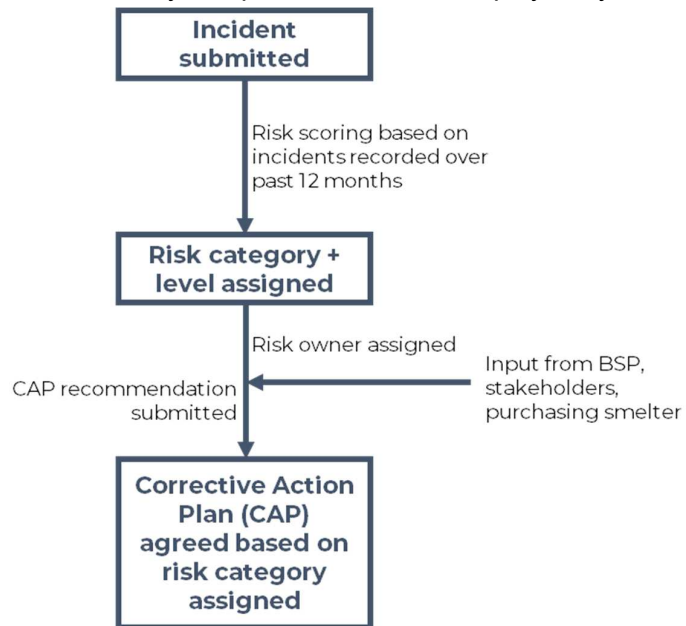
Eurotrade International Ltd has committed to adopt and make publicly available a Supply Chain Due Diligence Policy for responsible sourcing of minerals from conflict-affected and high-risk areas. This report follows the commitments of that policy, which are our reference for responsible sourcing practices. The Policy can be found at www.rcsglobal.com.

2. Risk Identification and Mitigation Approach

We take a transparent approach to mining operations, production, and the trade of minerals from our sites. Purchasing smelters are encouraged to review the information provided to them and follow-up on elements in line with their own due diligence procedures. The due diligence we apply is risk based and commensurate to the severity and likelihood of identified risks. The process includes:

- (1) Identifying risks using evidence-based information that extends across all risks noted in the OECD Due Diligence Guidance.
- (2) Supporting the assessment of risks against our supply chain policy, national laws, and international guidance.
- (3) Responding to, managing, and reporting on identified risks in a measurable and accountable manner.
- (4) Promoting transparency along the supply chain, as part of an accurate depiction of local circumstances, to enhance engagement among supply chain members and improve access to market and investment for local operators and communities.
- (5) Promoting continuous reporting of risk-related information along our supply chain to downstream buyers.

Incidents that may occur at our site are recorded by independent monitors deployed by BSP on an ongoing basis to our mine site. Monitors digitally record incidents in line with the RCS Global incident and risk categorization (aligned with the OECD Due Diligence Guidance Annex II risks). The collection and verification of incidents form the basis of the risk assessment approach. Following the logic outlined in the RCS Risk Management Protocol (RMP) the incidents recorded over the past 12 months are used to assign adequate risk levels for each monitored Risk.



The risk mitigation approach at **Eurotrade International Ltd** seeks to address issues in a structural manner. Based on the Risk Assessment a comprehensive Corrective Action Plan

(CAP) is provided to **Eurotrade International Ltd** on a monthly basis by BSP including the following information for each risk:

- Risk category
- Risk level
- Number of incidents associated with that risk category recorded over the past month
- Suggested actions for risk mitigation
- Required evidence
- Recommended timeline for implementation of mitigation actions
- Responsible actor(s) for implementation
- Status (not started, in progress, completed) of mitigation actions
- Risk owner notes (to be completed based on risk owner feedback)

In line with the core 'continuous improvement' principle in the OECD Due Diligence Guidance and accepted by market requirements, our company implements proactive and risk-based risk mitigation ('corrective action'). Current CAP statuses are also shared along with each shipment to support our risk management and reporting obligations.

TRACEABILITY

Based on recommendations from the OECD Guidance, Chain of Custody System Standards from the ICGLR Regional Certification Mechanism (RCM), and RMI RMAP audit requirements, BSP deploys a digital traceability system for materials from mine to export. The objective of BSP-implemented traceability is to provide assurance that the minerals exported originate from BSP-monitored mine sites and to protect against the smuggling and laundering of minerals into BSP-validated supply chains.

The approach relies on recording of traceability information at local level, and data reconciliation in real time. The approach allows for systematic identification of all participants in the supply chain. The traceability system digitally records the weight, tag number, and ID of present stakeholders and pit managers at the pit level and verifies the information at each supply chain step up to export.

Eurotrade International Ltd, mines its own mineral from the mining sites under the license agreement. It then upgrades this mineral on its own premises under the supervision of its own employees. The mineral is then transported to Rutongo Mines on a weekly basis with its own transport, employees and security. With full traceability in place, mineral concentrate is bagged, tagged, recorded and after audit and subsequent receipt of the ICGLR certificate, the mineral is exported directly from the Rutongo premises. No mineral is purchased, received or otherwise gained from any source other than from its own mining operations.

The process accounts for average weight loss during transport and processing. Any discrepancies in the recorded data are recorded as incidents and follow the same risk assessment and CAP procedure described above.

GRIEVANCE MECHANISM

Unethical or undesirable behavior or any violations of our company Code of Ethics can be reported to **Luke Rogers – Mine Manager**

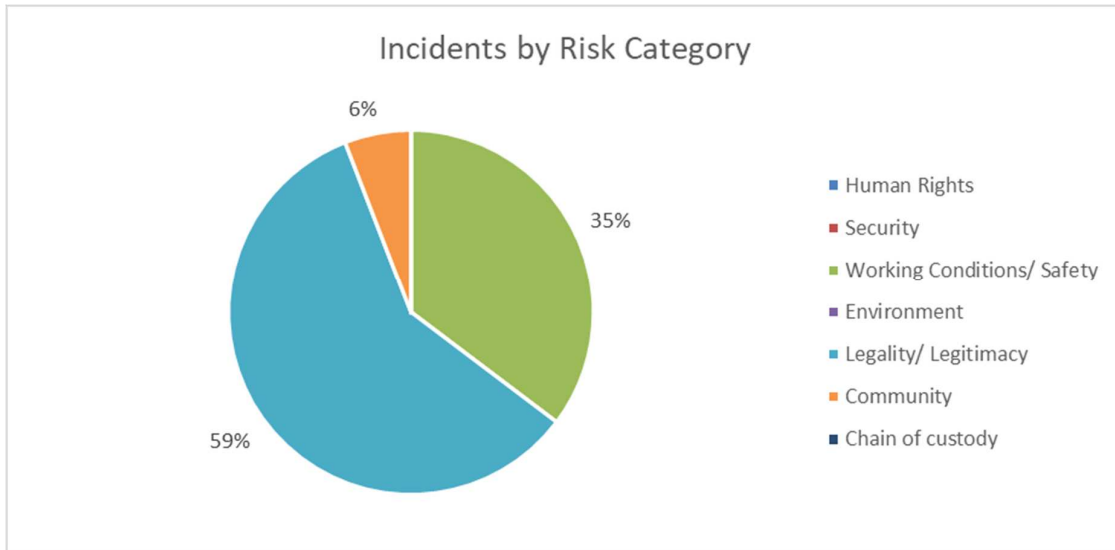
A Grievance Process for all internal employees and both internal and external stakeholders is managed by **UWIMANA Francine – HR Assistant**.

Stakeholders can also utilize the RCS Global Grievance Mechanism or the Responsible Minerals Initiative (RMI) Grievance Mechanism to raise concerns.

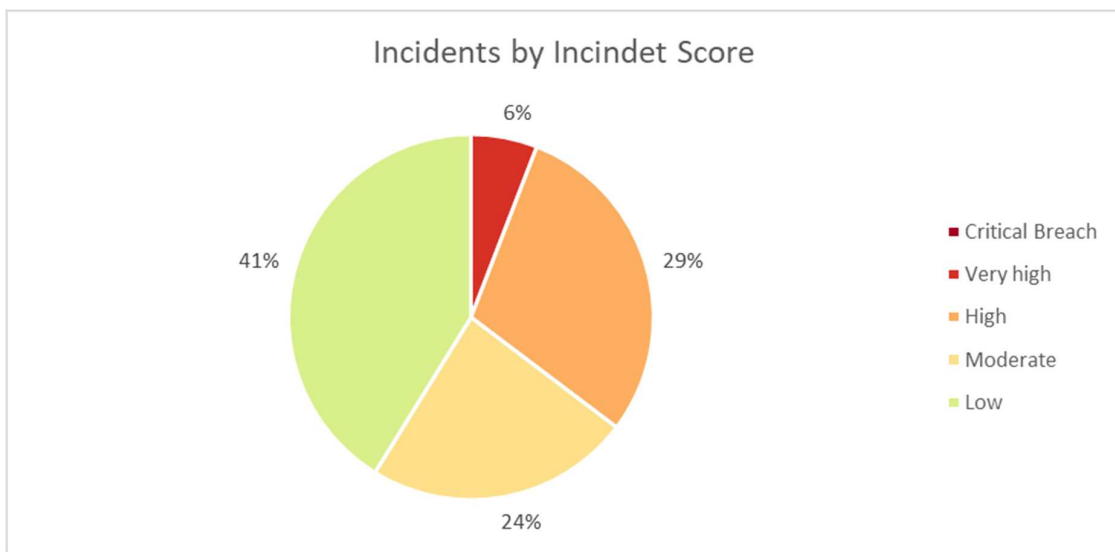
3. Annual Risk Mitigation Efforts

BSP operated at our site in 2020 on a near permanent basis. During the year, **Eurotrade International Ltd** engaged with Local authorities, Security organs and RIB regarding mineral theft and internal theft. Furthermore **Eurotrade International Ltd** participated in community meetings regarding environmental issues as well as Covid-19 precautions. In September 2020, **Eurotrade International Ltd** started the construction of a 5km road from the concession to the Rutonde cell. A total of 36 community members were used for 3 months for which they were paid RWF2000/day. The project which included improvements on the road, building bridges, buying of unused land and labour costs came at an investment of RWF36 060 000. **Eurotrade International Ltd** invested in a cooperative of 20 ladies from the community to create crushed aggregate stone with the intention to sell to construction companies. To date the cooperative has earned RWF700 000. **Eurotrade International Ltd** also planted Bamboo trees along the road to strengthen the sides of the road as well as to assist the community with feed for their livestock. **Eurotrade International Ltd** participates with Umuganda by making available construction machines to repair roads, Schools and any other community project that needs a machine for a short period. **Eurotrade International Ltd** have been committed to pay school fees, stationary, books as well as food for 20 children since 2018. In 2020 a 21st child was added who is a brother of one of our employees who lost his life in an accident on the mine. The total amount spent on school related issues was RWF1 036 005.

In 2020 17 incidents were recorded. The majority of incidents (59%) were classified under the legality / legitimacy category and included the lack of a published annual due diligence report and explosive theft from the Nyakabingo Mines concession.



With regards to the severity of the recorded incidents, the majority of incidents are rated as low-high (94%). There was only 1 very high scoring incident (6%) relating to a worker fatality. Most incidents (41%) scored low including worker injuries, presence of illegal buyers or workers, safety, and community conflict.

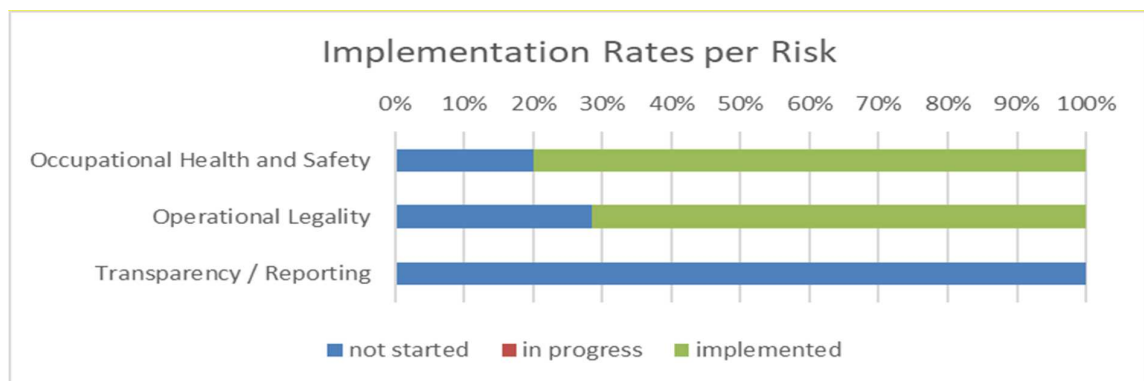


As a result, the following risks were identified in the **Eurotrade International Ltd** supply chain. The below table shows the average score recorded during 2020 for each risk.

Risk category	Risk	Risk Score
Human Rights	Child Labour	Least Risk
	Worst Forms of Child Labour	Least Risk
	Discrimination	Least Risk
	Forced Labour	Least Risk
	Gender	Least Risk
	Torture, cruel, inhuman treatment	Least Risk
Security	International Humanitarian Law	Least Risk
	Non-State Armed Group	Least Risk
	Public or Private Security Forces	Least Risk
Working Conditions / Safety	Occupational Health and Safety	Moderate Risk
	Worker Rights	Least Risk
Environment	Emissions / Waste	Least Risk
	Water	Least Risk
	Mine Closure and Reclamation	Least Risk
	Protected Flora / Fauna	Least Risk
	Resource / Land Management	Least Risk
Legality / Legitimacy	Corruption / Bribery	Least Risk
	Legal / Transparent Tax Paying (EITI)	Least Risk
	Money Laundering	Least Risk
	Operational Legality	Moderate Risk
	Transparency / Reporting	High Risk
Community	Business Conflict	Least Risk
	Community Engagement / Development	Least Risk
	Indigenous / FPIC / Heritage	Least Risk
Chain of Custody	Traceability	Least Risk

To mitigate the identified risks **Eurotrade International Ltd** worked on implementing 14 mitigation actions following the guidance of the BSP-issued Corrective Action Plans. Over the past year 9 (64%) actions were successfully implemented, while 5 (36%) actions are yet due to be started. The below chart highlights the division of mitigation action status for each risk.

The below chart shows the rates of implementation for each risk that has been identified during 2020.



Health and Safety – Eurotrade International Ltd will continue to train their employees about safety and health at workplace where every employee will believe in ZERO Accidents. This will be achieved by changing everyone’s mindset, proper investigations and simple and non-negotiable standards of health and safety.

Operational legality – There were cases of theft of mineral and explosives reported in 2020. To mitigate these incidents, armed security were employed to protect the explosive magazine as well as extra security to protect the mining site from illegal miners and mineral thieves.

Transparency/Reporting – Tinco, the company under which Eurotrade currently operates, is currently in negotiations with the Rwanda Government and other shareholders and as a result the Tinco website has ceased to be used until such time that more clarity is gained regarding the company’s position. Subsequently, Eurotrade International Ltd has given BSP permission to publish the Rutongo reports on the BSP website to ensure transparency.

In 2021, Eurotrade International intends to expand the operations and thus improving production. With the improved mineral price and an increase in development we envisage creating more jobs, especially in with regards to woman in mining and reducing the gender gap, be in a better position to engage and assist the community as well as having a positive impact on the environment. A nursery with 15 000 seedlings has been established and these seedlings will be planted within the concession in 2021. Eurotrade are in the process of building a water treatment dam which will capture all the dirty mine water and only allow for clean water to flow down the valley. A rescue team, which will assist in any emergency work on the mine has been established, and in 2021, this team will be trained and an equipped rescue room will be constructed. This team will be made available to the whole mining industry in Rwanda. One of Eurotrade’s priorities is to construct a large modern shower, toilet and change room facility on the site for the use of every employee. As Tinco concludes negotiations with Government we are hoping for a positive result which will give us the opportunity to increase industrial mining and commence with the construction of a modern processing plant which in turn will yield a positive impact on injuries within our own working sites as well as increase production and reduce the impact of historical mining on the environment.