Annual Due Diligence Report

25 February 2022

Contents

1. Company Information and Policy Overview

Ngororero Mining Company Ltd is a Rwanda Registered mining company, TIN: 103391666 with its office at Gatumba Sector, Ngororero District, Western Province. The company entered into contracts negotiations with the Government of Rwanda in 2015 and was granted two large scale (2800ha) mining licences in 2016. These licences correspond to two mining blocks, Nyamisa and Nyabisindu and are valid for renewable 15 years. The licences grant mining rights to the company to undertake mining and exploration activities for three minerals, Cassiterite, Coltan and Wolfram.

Ngororero Mining Company ltd, the majority of which is owned by Rwanda Mountain Tea, started its mining operations in 2016, in both its mining blocks. These blocks form parts of the historical Gatumba mining district, which has been mined since the early 1930s. The company operates with 84 regular employees and a number of mining subcontractors to maintain its mining and related activities.

The company is currently looking into expanding its mining activities through opening new mine sites within its concession through exploration and later mining other existing mineral commodities such as Li-bearing minerals, tourmaline, and beryl, if the required permits are granted.

This Annual Due Diligence Report forms part of the implementation of NMC 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 NMC 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.

NMC utilizes RCS Global services, including traceability and due diligence systems to support our efforts. The Better Mining Program (BM), 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 NMC.

NMC 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.

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 BM 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 NMC seeks to address issues in a structural manner. Based on the Risk Assessment a comprehensive Corrective Action Plan (CAP) is provided to NMC on a monthly basis by BM 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, BM deploys a digital traceability system for materials from mine to export. The objective of BM-implemented traceability is to provide assurance that the minerals exported originate from BM-monitored mine sites and to protect against the smuggling and laundering of minerals into BM-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.

The mined materials for each site are recorded every day in a daily production logbook which records the site and respective subcontractor. The produce is then stored, awaiting upgrading. After upgrading at the end of every month, a BM tag sealed on the production. This is removed for final concentration. A final tag is sealed on the final concentrate, which will be removed by a BM staff, upon prior to export for sampling and repacking into metal drums.

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 directly to the Human Resources and Administration Manager or through mine site supervisors. A Grievance Process for all internal employees and both internal and external stakeholders is managed by the company's Human Resources and Administration Manager. Stakeholders can also utilize the RCS Global Grievance Mechanism or the Responsible Minerals Initiative (RMI) Grievance Mechanism to raise concerns. 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

BM operated at our site in 2021 on a near permanent basis. During the year, NMC had and still has strong and skilled management team which carry out day to day activities ensuring compliant operations. The Mining Operations Manager oversees risk assessment, mitigation, and risk management activities and procedures carried out by the company's Human Resources and Administration Manager, Logistics and procurement officer, Security, environment and community Officer and mine supervisors. These are also monitored independently by BM, who produce independent observations while also supporting NMC to fulfil compliance obligations.

Often times, the security, environment and community department and mining operations departments are directly and/or indirectly affected by risks such as illegal mining activities, environment degradation as a result of illegal mining activities. In collaboration with BM, these departments carefully assess, validate and report key risks, while the company's senior administration work to mitigate and/or resolves them. Throughout 2021, BM operated at our site on a near permanent basis.

In our security staff, we included reserve force staff who have the right to deal with risks requiring direct involvement of the local security to speed up risk management processes. NMC has continued to manage and/or mitigate risks associated with its operations. We continued and maintained engagement with local government bodies through proper reporting channels including small meetings, written letters, and phone calls to inform on identified risks/incidents requiring collaboration of both parties to mitigate/manage them

Technical risks associated with NMC's operations are identified through field visits at the mine sites, while social risks are identified though visits and communication with the local community. These risks are lodged at the company's Human Resources and Administration manager. After thorough assessment by respective departments, they are approved as potential risks and ways to mitigate them are developed and communicated to concerned stakeholders. Risks requiring involvement of local government are forwarded to responsible staff starting from Umudugudu level through to the sector level.

In 2021, **16** incidents were recorded of which 50% were related to Chain of Custody, 37% fell under Working Conditions/Safety and 13% were under Legality. The majority of incidents related to Chain of Custody in which a new site being developed by NMC requires onboarding to BM digital traceability. Working Conditions/Safety incidents were recorded in which miners were not fully equipped with PPE on all sites. Legality incidents were in relation to developing a functioning Grievance Mechanism.

Proportion of Incidents Per Risk Category - 2021
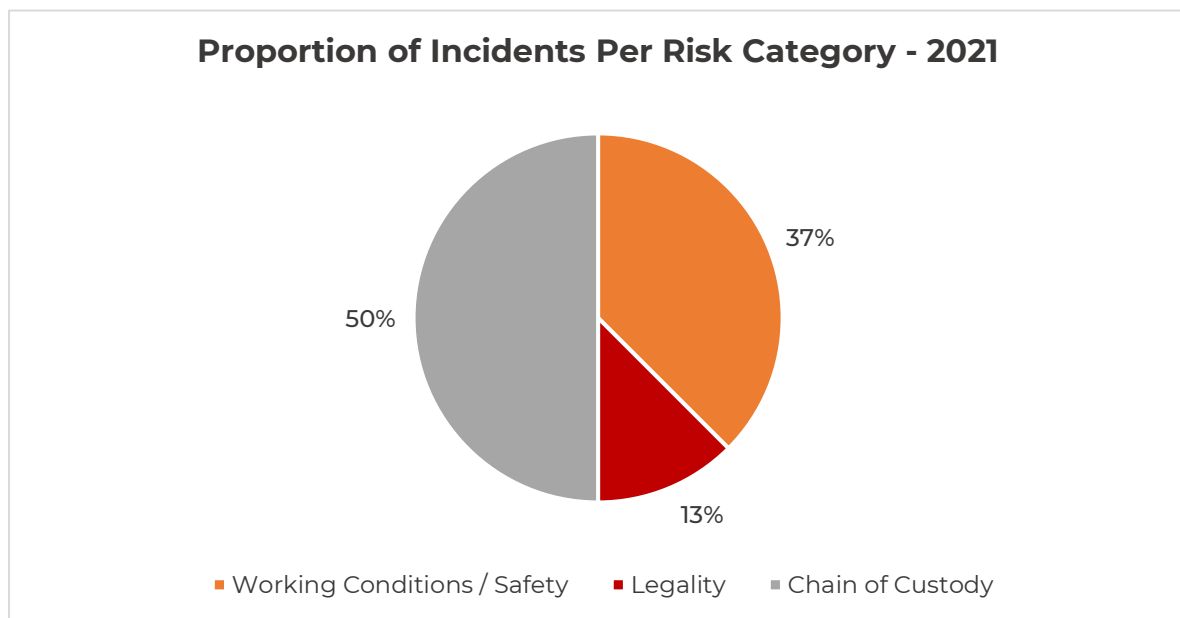
The table below shows the proportion of incidents by severity. Chain of Custody incidents are considered "High" risk although the nature of the incident in this case is not serve. NMC is awaiting Better Mining to onboard the new site to the digital traceability system. The vast majority of remaining incidents scored "Low."

Proportion of Incidents Per Score Category
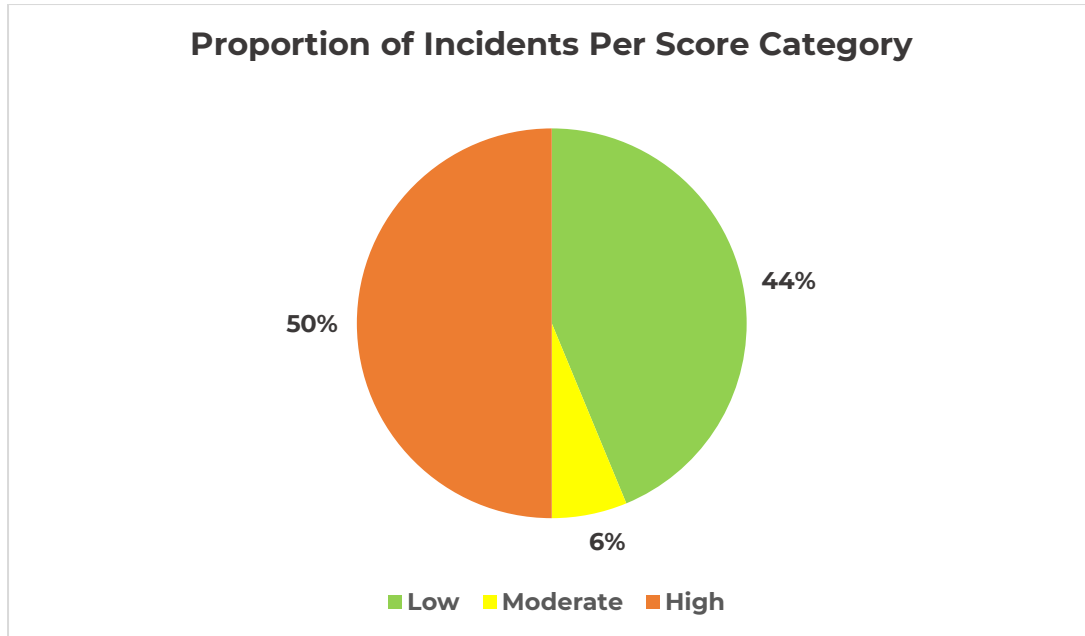
During 2021, **0** Critical incidents were registered affecting our operations.

The following risks were identified in the NMC supply chain. The below table shows the average score recorded during 2021 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	High 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	Least Risk
Community	Business Conflict	Least Risk
	Community Engagement / Development	Least Risk
	Indigenous / FPIC / Heritage	Least Risk
Chain of Custody	Traceability	High Risk

To mitigate the identified risks NMC worked on implementing **14** mitigation actions following the guidance of the BM-issued Corrective Action Plans. Over the past year **64%** actions were

successfully implemented. For **36%** mitigation actions the implementation is still ongoing and **0** actions are yet due to be started. The below chart highlights the division of mitigation action status for each risk.

CAP Implementation Progress Overall - 2021

36%

64%

■ Implemented   ■ In Progress   ■ Not Started
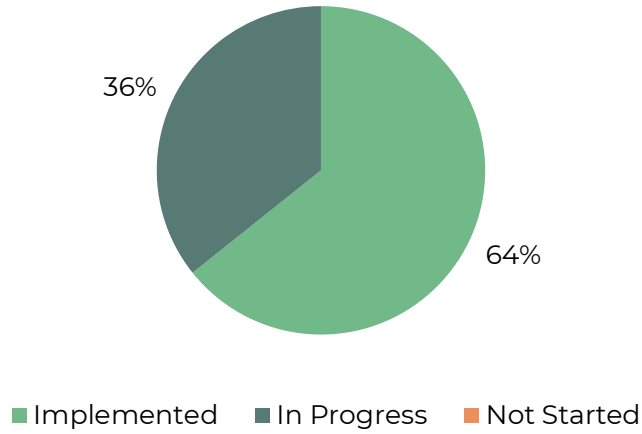
The below chart shows the rates of implementation for each risk that has been identified during 2021.

CAP Implementation Progress by Risk
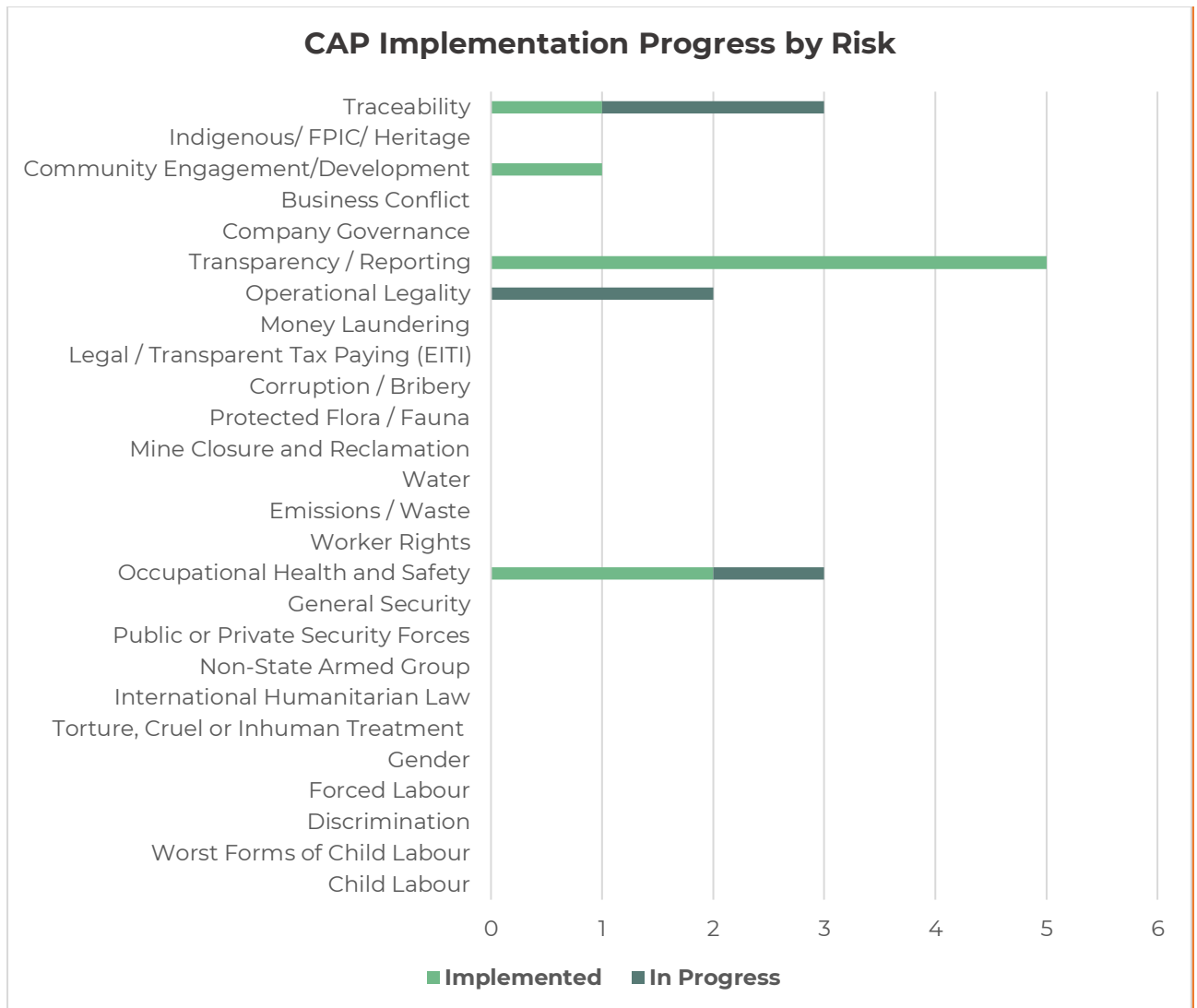
Throughout 2021, NMC has continued engagement with stakeholders including local communities and local government to discuss and find long term solutions to key identified risks such as illegal mining, environment degradation by the illegal miners, and Chain of Custody related risks. In collaboration with the local government and the local community, NMC has seen a significant reduction in illegal mining cases reported. The issue of the impacts of explosives has been finally resolved. The affected people have been paid fees equivalent to the value of their houses.

- **Transparency/reporting:** a few policies had not been previously published but the new NMC management has ensured that the required reports and policies are prepared and/or updated and published. The company will keep updating the policies and will keep reporting according to the OECD guidelines.

- **Occupational health and safety**: there have been a few incidents of miners negligibly not wearing PPE voluntarily. NMC has taken steps to educate miners on wearing PPE

for their own safety. This has improved their willingness to use the provided PPE and NMC will keep improving this to achieve the maximum miner's occupational health and safety. NMC will also be providing new PPE twice a year for free to ensure our miners are well equipped. It has also been found that some miners take the PPE and keep them at home to be used in their other activities or they take them and leave the sites. We have introduced logbooks for the PPE but we have not been very successful.

- **Traceability:** NMC is in communication with BM to begin onboarding the new site into the BM system. The material from the new site is in a secure warehouse while in awaits tagging and NMC is carefully monitoring the bags.

- **Operational Legality:**

To Mitigate the above risks, NMC has been proactive in communicating with BM on the onboarding of the new site, provided PPE to all workers, provided a Grievance Mechanism document to BM for feedback and is publishing the annual due diligence report.

The company also continues to work closely with BM to make sure its operations are done to the best possible standard and that key reports, company policies, and mechanisms are made available and accessible to everyone.

In 2022, NMC will keep improving the risk assessment and risk mitigation processes through continued collaboration with all the stakeholders, including local community, company staff, local government officials, security organs and independent parties such as RCS Global Upstream Ltd. With this collaboration, risk assessment and mitigation processes will be fast and acted upon in a timely manner.