

ANNUAL REPORT ON SUPPLY CHAIN DUE DILIGENCE

Introduction

Piran Rwanda Limited was awarded the Musha and Ntunga mining concessions in Rwanda on 5th August 2014 for an initial period of 25 years.

Piran Rwanda Limited carries out both mining and ore processing, with the resulting concentrate production exported for refining. Piran Rwanda has been inspected and approved as a certified mine site according to the ICGLR Certification Manual standards and procedures i.e. a Green-Flagged mine site.

The purpose of this document is to publicly report on due diligence for the responsible supply chains of minerals in order to provide public confidence in the measures Piran Rwanda Limited is undertaking in accordance with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The company, including the Board of Directors, management and staff approach all matters of supply chain due diligence with the utmost seriousness and professionalism.

The Company is currently operating at a pilot scale. The policies and procedures in place are continually reviewed as the business moves towards full scale commercial production to ensure compliance with OECD Guidance, ITSCI procedures, Rwanda laws and regulations, ICGLR certification mechanisms and the Piran company code of business ethics.

1. Conflict minerals policies, due diligence plans and management responsibilities

Piran processes and exports materials mined and processed directly by the company. The company has no facility or interest to purchase, trade for, barter or in any way acquire materials mined outside of our legally licensed concession area. Therefore, Piran remains in control of its source material at all stages.

The policy to control and manage the materials for export were simplified in 2018 following discussion with the ITSCI team. The procedures are diligently followed throughout mining and processing at the concession as follows:

- Material is mined from dedicated underground workings and transported to the processing area. The processing facility utilises gravity separation techniques to generate a high-grade concentrate for drying and final upgrade through magnetic separation. The resulting product is placed in bags of up to 100kgs which are tagged with mine tags before storing in preparation for export. All of the above activities are performed under supervision of the independent Rwanda Mines, Petroleum and Gas Board in the presence of Piran's traceability and security staff.
- On the day of export all material is mixed in accordance with the requirements of the third-party laboratory representative responsible for the final export certificates. The final product is sealed in drums and exported in a container together with the mine tags used in the process under the control of the company and/or contract officials.
- For every batch of concentrate for export the company ensures that all paperwork is properly completed and involves all relevant stakeholders

including the Government Mineral Field Officer (always present), Rwandan Customs (certificate of origin), and the ICGLR Certification Mechanism Unit (Certificate). The ITSCI exporter declaration form (C2 Form) is always completed and ITSCI is notified of the export immediately. The company sends all relevant documents to ITSCI via e-mail, and the RMB Field Officer provides a hard copy of the logbook and export receipts records to the local ITSCI representation Office. The company also keeps copies.

2. Company resources/staff in place to manage due diligence over the sale of product from the operation

Management of the tagging process and record keeping are always completed by trained staff with direct involvement, as required, of senior management to oversee the process. This includes a specialised employee dedicated solely to the chain of custody of Minerals and Documents (Traceability/compliance to ITSCI).

3. Sources of information used to assess any risks of conflict connections, either by way of company investigations, information obtained from the ITSCI, or from other sources.

Rwanda is a peaceful country without any armed conflicts. We ensure that everyone recruited by the company is at least 18 years old, and we carry out due diligence on all suppliers to make sure that we do not buy any equipment, goods or services from any supplier involved in illegal mining/buying or conflict minerals in general, directly or indirectly.

We always consult with the ITSCI representation office in Rwanda, the Government of Rwanda and relevant authorities whenever we need guidance or advice, and keep them updated on our progress.

Illegal mining and illegal buying on the concession is no longer a major challenge. The company works jointly with local communities and local authorities including the police and military to fight against this illegal business on our concession. Therefore, incidents of illegal mining have reduced considerably. The Company has directly engaged personnel previously involved in artisanal mining as a workforce, who are now directly employed by Piran Rwanda. Any cases of illegal mining identified and reported to the Rwanda Investigation Bureau (RIB).

4. Sharing data and information on our supply chain with customers, directly or through ITSCI systems, to help protect the business commercial/confidential information.

We maintain open communications with all our stakeholders by organising regular meetings and via other means of communication. We currently sell all production to one client and ITSCI is kept informed through the export reports we share immediately following each export.

5. Participation in EITI reporting

We ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from Piran Rwanda Limited are paid to the appropriate Rwandan government authorities and we keep the government informed of all details regarding our mineral sales and related taxes/fees payments through our monthly, quarterly and yearly reports as well as through the Application Form we send to the International Conference on the Great Lakes Region (ICGLR) Certification Mechanism when applying for the ICGLR certificate

6. On the ground assessments, and using information provided by ITSCI locally

The company only sells minerals mined and processed on our concession, and therefore focuses on internal controls and processes, and on ensuring that all employees and sub-contractors that we work with comply with best practices in supply chain due diligence.

7. Assessment of the risks we face e.g. untagged mineral, unknown suppliers, security etc)

Piran Rwanda is subject to a low risk profile due to the fact that we do not buy minerals from third parties. All minerals exported are mined and processed on our concession. Piran has very proactively put continued efforts into reducing the illegal mining crisis within the area of our concession through creation of employment opportunities with the Company

It is Piran's aim to develop and maintain good relationships with the local authorities to address challenges in the community and to date no serious issues have arisen.

8. Participation in stakeholder discussions either locally or internationally (OECD)

We are an active member of the Rwanda Mining Association (RMA) and use this forum to discuss a wide range of issues, challenges and opportunities with other mining and trading companies. We participate in various meetings/workshops/consultative dialogues such as the Regional Certification Mechanism (RCM) and due diligence trainings, meetings with the Mining Stakeholders (Private Sector Federation, Rwanda Mining Association, Government institutions namely the Rwanda Mines, Petroleum and Gas Board (RMB), Ministry of Finance (MINECOFIN), Rwanda Development Board (RDB), Ministry of Commerce (MINICOM) and Rwanda Revenue Authority (RRA).

We also participate in other relevant stakeholder engagement processes organised by third parties such as the UK Department for International Development (DFID) and OECD.

9. Monitoring performance of our suppliers

All minerals exported are mined and processed at our concessions.