

CONTENTS

INTRODUCTION.....	2
EGM DUE DILIGENCE REPORT 5 STEPS:	3
1. ESTABLISHMENT OF STRONG COMPANY MANAGEMENT SYSTEMS IN THE MINERALS SUPPLY CHAIN .	3
<input type="checkbox"/> EGM MINERALS SUPPLY CHAIN.....	3
<input type="checkbox"/> EGM ORGANISATIONAL HIERARCHY	4
<input type="checkbox"/> DUE DILIGENCE	5
2. EGM RISK ASSESSMENT IN THE MINERAL SUPPLY CHAIN.....	6
3. EGM RISK ASSESSMENT, MANAGEMENT PLAN AND MITIGATION MEASURES TO AVOID MINERALS FROM CONFLICT-AFFECTED AND HIGH RISK AREAS ENTERING IN THE SUPPLY CHAIN.....	7
4. EGM AUDITS.....	9
5. DATA SHARING AND INFORMATION ON OUR SUPPLY CHAIN WITH OUR CUSTOMERS.....	10
CONCLUSION	10



EAST GROUP MINERALS LTD. DUE DILIGENCE ANNUAL REPORT 2022

This EGM (East Group Minerals Ltd.) Due diligence report for Responsible Supply Chain of Minerals from Conflict affected and High Risk Areas, covers the reporting period from January 1st to December 31st, 2022.

INTRODUCTION

East Group Minerals Ltd. (EGM) is one of the mineral trading companies in Rwanda, Kigali city, which was established in 2019 and engaged in Procurement, Processing and Exporting Coltan (Tantalum), Cassiterite (Tin) and Wolfram (Tungsten) known as 3Ts minerals. Due diligence is important to assess whether traceability procedures and risk assessments are done properly. Due diligence reports are also a commitment of mineral traders to conduct survey of the source of minerals and reduce the risk of inaccurate information in reports that may concern about links to any armed groups in the supply chain or any related incident as mentioned in Dodd-Frank Act. As a member, EGM must to comply with ITSCI traceability system, OECD Due Diligence Guidelines and ICGLR Regional Certification Mechanism.

East Group Minerals Ltd. has the license to buy, process and sell minerals on the international market and in 2022 buyer was **MINTERRA FZC**.

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EGM DUE DILIGENCE REPORT 5 STEPS:

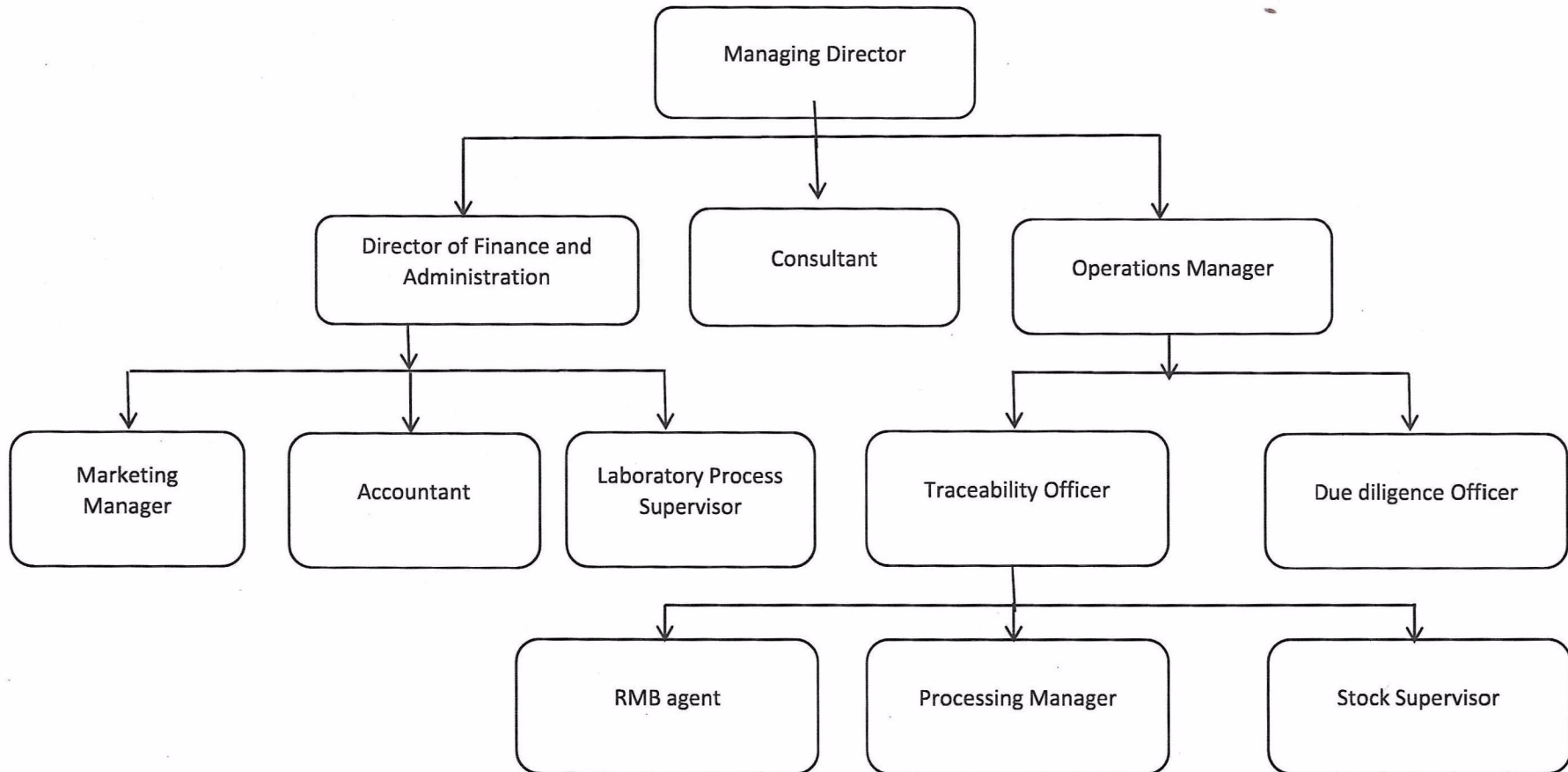
1. ESTABLISHMENT OF STRONG COMPANY MANAGEMENT SYSTEMS IN THE MINERALS SUPPLY CHAIN

East Group Minerals Ltd. has established the minerals supply chain policy as mentioned by ITSCI system, OECD Due diligence Guidelines and ICGLR Regional Certification Mechanism. This policy is communicated with all suppliers for the implementation.

➤ EGM Minerals supply chain

- a. After receiving the minerals, at the security checkpoint, mineral bags are checked and yellow mine sheets are verified. It is also checked whether the client has a valid license and whether the minerals have all the necessary documents. After this step, the minerals are received by the RMB representative together with the EGM representative responsible for traceability, and they both check that the minerals are well tagged, if they have the logbook sheet where tags are recorded with the weight of each bag and other information indicating the origin of the received minerals.
- b. Mine tags are removed and recorded by the RMB representative in the processing logbook.
- c. Minerals go through various processing steps to increase the value and reduce undesired elements/impurities in the final blend. The process always starts with crushing the minerals, followed by process of separation of the elements with magnetic separator. The minerals are then mixed and re-sampled, and both samples are taken to the laboratory to determine the concentration of elements of the blend sampled and obtain results that are used in pricing the product before payment to the supplier is done. And After purchase, they are tagged with the negotiant tag, ready for export.
- d. Minerals are exported: here we sort out Lot numbers assigned to the export, then we invite third-party involved in the supply chain and export process - ALEX STEWART INTERNATIONAL RWANDA laboratory for assay certification and inspection of packing and container itself. The RMB representative is also invited to the side of regulators for the process of export. After packing the minerals in metal drums, we start the certification process, we have to get Mineral authentication certificate from ALEX STEWART INTERNATIONAL RWANDA laboratory, ICGLR Certificate from RMB, Certificate of Origin and Custom documents from RRA.

➤ **EGM ORGANISATIONAL HIERARCHY**





East Group Minerals Ltd. purchases minerals from various mining companies and cooperatives from Rwanda and contributes by providing financial support and technical advice to miners to increase Rwanda's the mining production and contribute significantly to the mining sector and the development of the country. EGM has strengthened the engagement with their supplier where the supply chain policy is shared and communicated through regular visits and meeting, contracts with suppliers for the capacity building with a view to improving due diligence performance.

➤ **Due diligence**

East Group Minerals Ltd. has appointed a due diligence team to regularly visit suppliers' mines, as required by the OECD Due Diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas, which provide detailed guidance on how companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. On full time basis; EGM has provided the team with all the means to do their work: transport, air time and accommodation for mine visits located far from Kigali. In 2022 EGM visited 10 mining companies and the operational plan for the due diligence team was as follows:

- Analysis of the monthly mineral production report of the visited mining cooperative or mining company. EGM Minerals Stock Department sends to EGM Due diligence team every month "*a minerals supplied production from*", a list of mining companies that supplied production to RGM in order to do analysis of monthly supplied production from each supplier and detect any bias related to known supplier's baseline production. This may be noticeable surge or depletion in relation with previous month's supplies; such cases are investigated during due diligence mine visit.
 - Follow up of ITSCI monthly report of listed companies for due diligence reinforcement for EGM suppliers.
 - Incident reports from ITSCI and other authorities about possible anomalies in the mineral chain of custody.
 - Verbal communication, writing, meeting and visiting mining site where the risk is identified.
 - Sharing the results of meetings and mine visits firstly with all EGM departments; EGM stakeholders; minerals suppliers, ITSCI and RMB.
- In 2022 we also attended a three-days training on due diligence guidelines and procedures prepaid by ITSCI.

2. EGM RISK ASSESSMENT IN THE MINERAL SUPPLY CHAIN

Risk type	Measures performed
Unclear mine sheets	East Group Minerals Ltd. contacted the Supplier and ITSCI to share clear mine sheets.
Over weights	ITSCI and RMB were contacted regarding the heavier weight bags provided and the issue was resolved.
The supplier temporary suspended for unclear source of minerals.	East Group Minerals Ltd. visited the site to make due diligence. The company management was interviewed to obtain more information about the minerals. The report was shared with ITSCI and recommendations were provided. The issue has been resolved.
Some suppliers were put on due diligence list and incident opened by ITSCI on particular cases	East Group Minerals Ltd. performed field visits to make due diligence. The reports were shared with ITSCI secretariat and the suppliers were informed of the findings and recommendations were made.

Various sources are used to get information in order to assess the risk, such as the publication of ITA/ITSCI due diligence lists and quarterly reports, RMB reports /policies and regulations, our mineral suppliers and mining companies, Mining Production monthly reports, some meetings and trainings.

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3. EGM RISK ASSESSMENT, MANAGEMENT PLAN AND MITIGATION MEASURES TO AVOID MINERALS FROM CONFLICT-AFFECTED AND HIGH RISK AREAS ENTERING IN THE SUPPLY CHAIN.

Due diligence risk assessment	Due diligence measure to perform	Mitigation measures to take
Companies listed on due diligence list reinforcement and incident opened by ITSCI on particular case	EGM Due diligence team mine visit	<ul style="list-style-type: none"> ▪ Communication with the supplier. ▪ Meeting with the supplier ▪ Regular Due diligence team site visits
Untagged minerals	Not buying	-Inform RMB / ITSCI. -Not buying the minerals
Broken tags or bags	-Inform ITSCI and RMB for action before accepting the minerals	- Regular checking before receiving the minerals
Unknown origin: Tagged minerals without minerals logbook sheet showing the origin of those minerals in Rwanda	Not buying	-Not accepting the minerals and inform RMB / ITSCI.
New EGM supplier	Checking before if all required conditions are available.	-Organization of the due diligence team mine visit

Illegal mining company	Not buying	Not accepting the minerals
Confusing situation: company supplying minerals while already suspended by RMB or by ITSCI. Or confusion about the source of the minerals	Immediate EGM Due diligence team mine visit	- EGM to ask explanation on the produced minerals. -Sharing information with ITSCI and RMB for more clarifications.
Miners working conditions on the field such as child labor, PPE's, safety, insurance	-Mine site visit -Not buying the minerals until the situation is changed	-Regular recommendations and communication to the suppliers about the related policies for enhancing awareness on the workers' rights -inform RMB and ITSCI
Whistleblowing / reports from various institutions individuals on minerals traceability irregularities.	Cross checking the information through other people / reports on these allegations by: -Communicating verbally. -Field mine visit.	Reacting according to the findings of the due diligence action taken: - verbal or written explanations to the supplier. -suspension of buying minerals from the supplier in serious breaching of minerals traceability regulations.
Environment destruction while mining	-Immediate communication and visit to the mine site	-Immediate communication to RMB and iTSCI -warning to the company and rehabilitation recommended.



4. EGM AUDITS

i. ICGLR Regional Certification Mechanism Third-party audit report

East Group Minerals Ltd. company has requested the secretariat of the International Convention on Great Lake Region (ICGLR) to conduct an initial Independent Third-Party audit (TPA) to ensure that they operate in accordance with the Regional Certification Mechanism (RCM) Certification Manual. As a result, Tansheq Limited an independent audit company, was commissioned by International Conference of the Great Lakes (ICGLR) audit committee to conduct an initial Third-Party Audit (TPA) for EGM.

The audit was conducted in the period from 31st January to 20th February 2022 the report assessed EGM's compliance with the requirements of the ICGLR Regional Certification Mechanism (RCM) Certification Manual. The report was reviewed by the auditee (EGM) for confidential information and factual accuracy. However, the final report is yet to be published.

ii. In December 2022, EGM had ITSCI Audit conducted by Synergy.

The findings are not yet published, we hope with the next report we can share findings.

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5. DATA SHARING AND INFORMATION ON OUR SUPPLY CHAIN WITH OUR CUSTOMERS

East Group Minerals Ltd. reports of monthly purchased minerals volumes are sent to different EGM Departments (Due diligence, Marketing and Finance), Rwanda Mines Petroleum and Gas Board (RMB) and to ITSCI local office in Kigali. Copies of the monthly reports on the due diligence of the mine visits done by EGM Due diligence team are forwarded to ITSCI and the visited suppliers. Any other incident or suspicious case is shared with other stakeholders such as RMB, ITSCI and/or suppliers. EGM develops various development strategies to raise awareness of mineral supply chain due diligence such as Whistle-Blowing Policy, Gender Policy, Mineral Supply Chain Policy and Grievance Policy. EGM Management and Due Diligence teams hold meetings and regularly communicate with suppliers through reports, calls, banners, written recommendations.

CONCLUSION

East Group Minerals Ltd. looks forward to develop sustainable mining systems that will continue to strengthen the mineral supply chain. A new policy will be developed to maximize compliance with ITSCI system, OECD Due diligence Guidelines and ICGLR Regional Certification Mechanism. We look forward to further collaboration with all the stakeholders in mining sector.



END.