



East Group **MINERALS**

EAST GROUP MINERALS LTD ANNUAL DUE DILIGENCE REPORT

(JANUARY – DECEMBER, 2025)

INTRODUCTION

This report completes the supply chain due diligence cycle for the period of January to December 2025, fulfilling the five steps of the OECD Guidance framework.

At EAST GROUP MINERALS LTD (EGM), responsible mineral sourcing is a fundamental principle guiding all our operations. We fully integrate the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas into our supply chain management systems and practices. EAST GROUP MINERALS LTD (EGM) is firmly committed to complying with all applicable laws and regulations of the Republic of Rwanda, as well as relevant international humanitarian laws and globally recognized standards governing responsible mineral sourcing.

As an independent entity, EAST GROUP MINERALS LTD affirms that it maintains no direct or indirect affiliation with any government, military organization, political group, or associated individuals. We uphold strict neutrality and operate with integrity, transparency, and accountability across all aspects of our business.

FIVE STAGES OF THE EAST GROUP MINERALS LTD DUE DILIGENCE REPORT

1. ESTABLISHMENT OF STRONG COMPANY MANAGEMENT SYSTEMS

East Group Minerals now holds a new license (RMB/MT/R/05/122025/122030) as we adhere to Rwandan national law. EAST GROUP MINERALS LTD (EGM) has reinforced its traceability and due diligence capabilities through the recruitment of additional qualified personnel, with the objective of enhancing supply chain security and preventing the introduction of conflict-affected minerals into its operations.

The company systematically identifies and evaluates risks related to human rights violations, environmental harm, and the potential financing of conflict. In response, EGM has established and operationalized clear, effective measures to mitigate identified risks and prevent potential adverse impacts.



Furthermore, EAST GROUP MINERALS LTD (EGM) has reviewed, updated, and strengthened its Minerals Supply Chain Policy to ensure its continued relevance, alignment with international standards, and effectiveness in addressing evolving risks within the mineral supply chain.

EAST GROUP MINERALS LTD (EGM) has a strong and dedicated management structure, which ensures accountability and effective implementation of the compliance with all laws and international standards.

Roles and Responsibilities

➤ Managing Director

The Managing Director provides overall strategic direction for the company's due diligence framework, ensures the allocation of adequate resources for implementation, and maintains engagement with regulatory authorities to ensure full compliance and responsible mineral sourcing.

➤ Operations Manager

The Operations Manager oversees daily processing and export activities, ensuring effective physical traceability of minerals and operational alignment with established due diligence standards.

➤ Finance Director

The Finance Director is responsible for overseeing financial strategy and day-to-day financial operations, ensuring compliance with tax regulations, and maintaining accurate and transparent records of all mineral transactions.

➤ Human Resources Manager

The Human Resources Manager ensures compliance with applicable employment laws, manages workforce planning and employee relations, and promotes practices that safeguard against human rights violations within the company's operations.

➤ Mineral Traceability Team

The Mineral Traceability Team serves as the core of EGM's due diligence framework. The team supervises all mineral trading activities to ensure strict adherence to traceability and compliance requirements. It is responsible for operating and maintaining the company's mineral traceability system, ensuring that all received minerals are properly tagged and fully compliant with the ITSCI scheme from mine site to point of export. The team ensures that minerals are not sourced from unknown origins, illegal mining operations, or suppliers operating outside the ITSCI program. Additionally, it manages the ITSCI traceability database, maintains all relevant documentation, and conducts initial risk assessments for both new and existing suppliers.



➤ **Due Diligence Team**

The Due Diligence Team conducts on-site verification through regular field missions. Its responsibilities include cross-checking production data, conducting stakeholder interviews, assessing health and safety conditions, and auditing the chain of custody to ensure compliance with due diligence requirements.

In brief, the following sketch represents the roles and responsibilities in a hierarchy representation.



2. RISK ASSESSMENT IN THE MINERAL SUPPLY CHAIN

I. CAHRA and Red Flag Procedures

EAST GROUP MINERALS LTD (EGM) has established robust procedures to identify, assess, and respond to red flags in line with requirements applicable to Conflict-Affected and High-Risk Areas (CAHRAs). These procedures are fully integrated into daily operations:

- **Red Flag Identification**

Any deviation from established procedures is treated as a potential red flag. This includes, but is not limited to: untagged minerals, broken or tampered seals, inconsistencies between documentation and physical materials, offers of unusually large quantities from new or unknown sources, and requests for atypical or non-standard payment methods.

- **Verification Process**

Upon identification of a red flag, the Mineral Traceability Team immediately suspends the transaction. The Due Diligence Team is promptly notified and initiates an investigation, which may include reviewing ITSCI traceability data, engaging with the supplier for clarification, and conducting urgent field visits where necessary.

- **Escalation and Reporting**

Where a red flag cannot be satisfactorily resolved, or where it indicates a significant risk, the matter is escalated to the Operations Manager and Managing Director. All such incidents and findings are formally reported to the Rwanda Mines, Petroleum and Gas Board (RMB) and the ITSCI Secretariat. Procurement from the concerned source is suspended pending resolution and may be permanently terminated if risks are confirmed.

- I. **ITSCI Teams:** EGM relies on the presence and reporting of ITSCI field teams as a primary source of independent and verifiable information. ITSCI incident reports and quarterly assessments form a critical component of the company's ongoing risk monitoring and decision-making processes.
- II. **Company due Diligence Visits:** In 2025, as part of its proactive risk management approach, EGM conducted regular due diligence field visits to supplier sites. In 2025, the Due Diligence Team completed 30 on-site visits to mining and processing locations within its supply chain.
- III. EGM applies a multi-layered approach to supply chain risk assessment. This includes the systematic use of ITSCI reports, continuous engagement with the Rwanda Mines, Petroleum and Gas Board (RMB) for regulatory updates, and the collection and verification of supplier documentation. In addition, the company actively monitors production volumes in real time. Any significant discrepancies between reported and observed production levels trigger immediate investigation, including on-site verification, to mitigate potential risks and ensure the integrity of the supply chain.



3. IDENTIFYING RISKS, DRIVING MITIGATION, AND ENGAGING SUPPLIERS

Risk identification

EAST GROUP MINERALS LTD (EGM) recognizes and proactively manages a range of risks associated with mineral sourcing from Conflict-Affected and High-Risk Areas (CAHRAs). The company has established the following risk identification and mitigation measures:

- **Fraud and Corruption (Smuggling):** The primary risk remains the potential infiltration of untagged or smuggled minerals, particularly from neighboring countries, in the context of regional instability in eastern DRC. EGM mitigates this risk by rigorously cross-referencing all incoming minerals against ITSCI tags and supplier declarations, and by closely monitoring reported and received tonnages for inconsistencies.
- **Insecurity:** Regional instability presents risks of supply chain disruption and potential links to armed groups. EGM mitigates these risks by sourcing exclusively from validated, ITSCI-compliant sites within Rwanda and by strictly adhering to government directives and ITSCI guidance related to high-risk areas.
- **Due Diligence on High-Risk Mines (ITSCI-Listed):** Where a supplier or mine site is identified by ITSCI as higher risk particularly due to uncertainties in production volumes, the EGM Due Diligence Team conducts immediate on-site verification. This includes direct engagement with supplier management to assess the situation. Procurement is only resumed once satisfactory explanations are provided and corrective measures are implemented to ensure accurate and reliable reporting.
- **Non-ITSCI Minerals:** EGM maintains a strict policy of sourcing only minerals that are covered under the ITSCI system. This ensures that all materials are subject to OECD-aligned due diligence mechanisms, including independent third-party verification.
- **The sampling:** Sampling is conducted regularly both before and after processing to verify mineral grades and ensure consistency with ITSCI procedures. This strengthens internal controls and enhances transparency in mineral valuation and reporting.

EGM establishes a framework of mutual responsibility with its suppliers, grounded in transparency, compliance, and continuous improvement. Prior to engagement, all suppliers undergo verification of licenses and ITSCI compliance status. Contractual agreements explicitly require adherence to the EGM Minerals Supply Chain Policy and alignment with the OECD Due Diligence Guidance. The company maintains ongoing engagement with suppliers through regular meetings, performance reviews, and due diligence feedback sessions. Awareness initiatives, including on-site communication materials, reinforce expectations related to child labor prevention, occupational health and safety, and responsible sourcing practices.

To ensure transparency, accountability, and auditability, EGM maintains comprehensive and well-organized records of all supply chain activities. This includes documentation related to mineral purchases, processing records, due diligence field visits, incident investigations, and export transactions.



All records are securely kept within an organized system and are readily accessible to authorized stakeholders, including customers and independent auditors, in line with applicable regulatory and compliance requirements.

4. PARTICIPATION IN INDEPENDENT AUDITS

EAST GROUP MINERALS LTD (EGM) actively participates in all required independent assessments conducted by ITSCI and its customers. The company fully cooperates with auditors, providing access to relevant records, documentation, and site facilities to ensure transparency and compliance. EGM also engages in ongoing capacity-building initiatives. The company participates in workshops, training sessions, and site visits organized by key stakeholders, including the Rwanda Mines, Petroleum and Gas Board (RMB), Rwanda Mining Association (RMA), Rwanda Revenue Authority (RRA), and ITSCI. These activities are designed to enhance knowledge, strengthen due diligence practices, and reinforce compliance across the mineral supply chain.

5. REPORTING PROGRESS AND DRIVING CONTINUOUS IMPROVEMENT

EAST GROUP MINERALS LTD (EGM) is committed to full transparency in its responsible sourcing practices. The company prepares, shares, and publishes an **annual due diligence report**, which is also made publicly available on the EGM website.

The report highlights the actions taken, progress made, and measures implemented to identify, manage, and mitigate risks within the supply chain. By providing this information, EGM demonstrates its commitment to responsible sourcing and strengthens confidence in the integrity of minerals sourced from Conflict-Affected and High-Risk Areas (CAHRAs).

CONCLUSION

EAST GROUP MINERALS LTD (EGM) remains steadfast in its commitment to responsible mineral sourcing. Throughout 2025, the company has continued to strengthen its due diligence practices in full alignment with the OECD Due Diligence Guidance.

Despite ongoing regional security challenges, EGM has reinforced its traceability systems, enhanced supplier engagement, and ensured that its supply chain remains transparent, conflict-free, and fully compliant with international standards.

Looking ahead, EGM will continue to implement rigorous risk mitigation measures, collaborate closely with stakeholders including ITSCI and the Rwanda Mines, Petroleum and Gas Board (RMB), and adapt its strategies to uphold the highest ethical and operational standards in responsible mineral sourcing.

