

# EAST GROUP MINERALS ANNUAL DUE DILIGENCE REPORT

(January – December 2024)

## Company Overview and General Introduction

East Group Minerals Ltd (EGM) was established in 2019 and is based in Kigali, Rwanda. The company specializes in the purchasing, processing, and exporting of **3T minerals** (coltan, cassiterite, wolfram) and beryllium. EGM operates under **mineral trading license number 107613699/TL.02/SEPT20/25/001**.

This report outlines EGM's due diligence efforts in maintaining a **responsible mineral supply chain**, particularly for minerals sourced from **conflict-affected and high-risk areas (CAHRAs)**. Covering the period from **January 1, 2024, to December 31, 2024**, it highlights EGM's commitment to **ethical sourcing, compliance with international standards, and supply chain transparency**.

EGM recognizes the **importance of due diligence** in mitigating risks associated with mineral sourcing from CAHRAs. By implementing **robust due diligence measures**, the company aims to:

- **Ensure traceability** – Accurately track the origin and chain of custody of minerals to prevent the infiltration of conflict minerals into the supply chain.
- **Conduct risk assessments** – Identify and evaluate potential risks related to **human rights abuses, environmental damage, and conflict financing**.
- **Implement mitigation measures** – Develop and enforce effective strategies to **address identified risks and prevent negative impacts**.
- **Promote transparency and accountability** – Publicly disclose due diligence efforts, demonstrating EGM's **commitment to responsible sourcing**.

EGM adheres to internationally recognized frameworks for **responsible mineral sourcing**. By utilizing the **ITSCI system**, the company ensures **comprehensive tracking and monitoring** of minerals throughout the supply chain. EGM integrates its due diligence practices with the **OECD's five-step framework**, which includes **risk assessment, mitigation strategies, and ongoing monitoring**. Additionally, **participation in the ICGLR mechanism** further reinforces EGM's commitment to **responsible sourcing and regional cooperation in addressing conflict mineral**

# FIVE STAGES OF THE EGM DUE DILIGENCE PROCESS

## 1. Establishment of Strong Company Management Systems in the Minerals Supply Chain

East Group Minerals (EGM) is committed to **responsible sourcing and supply chain management** by adhering to internationally recognized standards, including the **ITSCI system, OECD Due Diligence Guidelines, and the ICGLR Regional Certification Mechanism**. This commitment is reflected in EGM's **comprehensive mineral supply chain policy**, which is effectively communicated and implemented at all operational levels.

### EGM Minerals Supply Chain Process:

#### a. Receiving Minerals

The process begins with a **thorough inspection** at the security checkpoint to ensure the legitimacy of the minerals and the client. Key verification steps include:

- **Mining license and documentation check** – EGM staff, along with Rwanda Mines, Petroleum and Gas Board (RMB) personnel, verify mining licenses, yellow mine sheets, and other required documentation.
- **Tagging verification** – Proper mineral tagging is confirmed against logbook entries to maintain traceability.
- **Mine tag removal and recording** – RMB staff remove mine tags and record them in the processing logbook.

#### b. Processing

After **mine tags are removed and recorded**, minerals undergo a **series of processing steps** to enhance their value and purity, including:

- **Crushing and magnetic separation** – Unwanted elements are removed.
- **Washing** – To further purify the minerals.
- **Sampling and laboratory analysis** – The **quartering method** is used to collect samples before and after processing. These samples are analyzed in a laboratory to determine mineral concentration and establish pricing.

### c. Tagging and Export Preparation

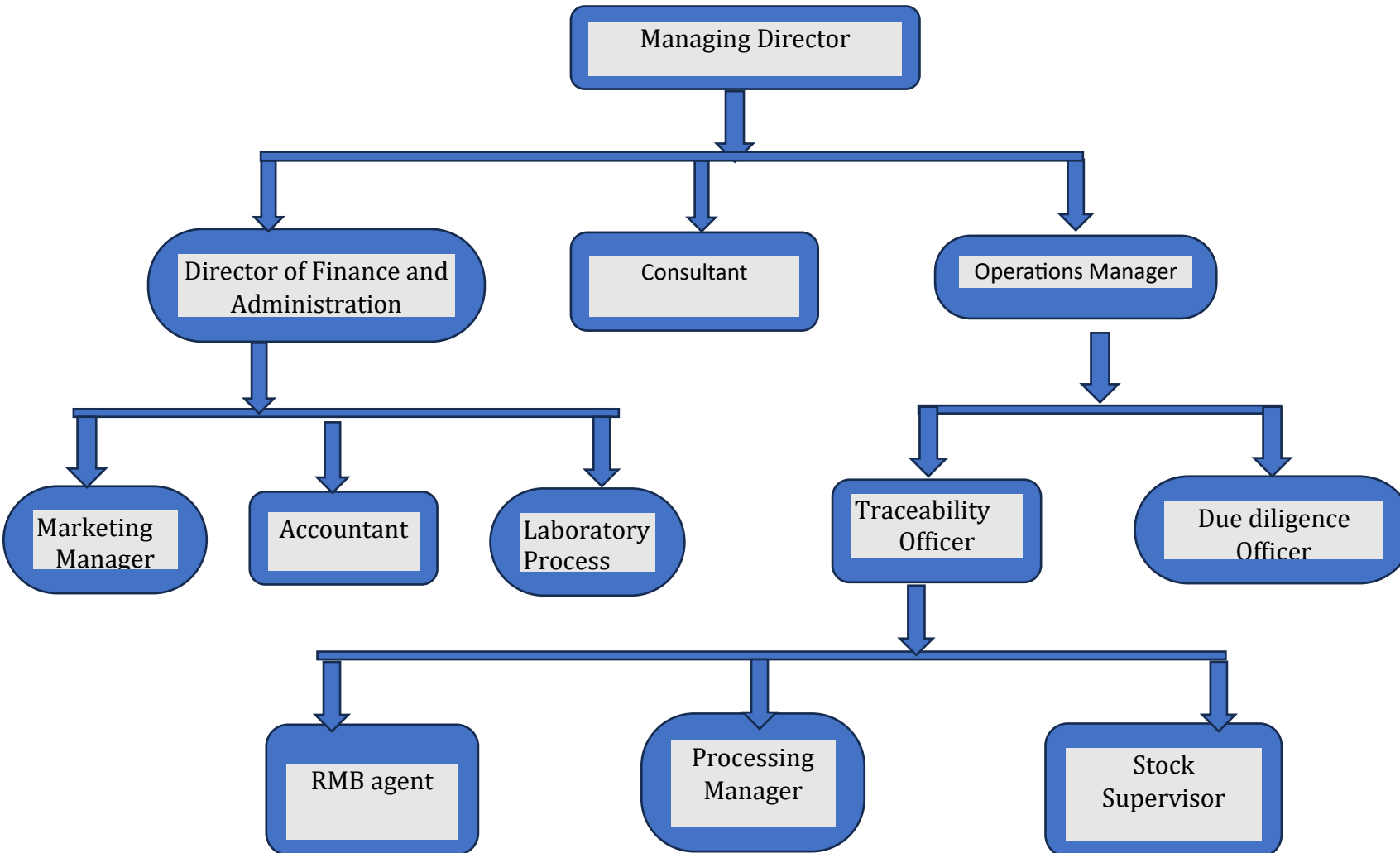
Once purchased, **processed minerals are re-tagged** under the **négociant (trader)** and prepared for export.

### d. Export Procedures and Certification

The export process includes several key steps to ensure compliance and traceability:

- **Lot Number Sorting** – Minerals are categorized into specific lot numbers for export management.
- **Third-Party Assay Certification** – Independent entities, such as **Alex Stewart International Rwanda Laboratory**, conduct assay certification, packing inspection, and container verification.
- **Regulatory Oversight** – The **Rwanda Mines, Petroleum and Gas Board (RMB)** supervises the export process.
- **Packaging and Certification** – Minerals are securely packed into metallic drums and undergo a series of certifications, including:
  - **Full Scan analysis** from Alex Stewart International Rwanda Laboratory.
  - **ICGLR Certificate** from RMB.
  - **Certificate of Origin** to confirm mineral provenance.
  - **Customs documentation** issued by the Rwanda Revenue Authority (RRA).

## EGM Organizational Structure



- **Managing Director:** Oversees all company operations and collaborates with key stakeholders, including government regulators, to ensure the implementation of laws and regulations in alignment with EGM's strategic goals. He is committed to responsible mineral sourcing by adhering to international standards, working with independent bodies, and maintaining strict documentation and traceability procedures. His efforts contribute to an ethical and conflict-free mineral trade.
- **Finance Team:** Responsible for managing cash flow, budget allocation, and payment procedures while ensuring compliance with tax obligations. They prepare financial reports and statements, analyze financial data to detect trends and discrepancies, and provide insights to support strategic decision-making.
- **Mineral Traceability Team:** Ensures accurate tracking of mineral origins and chain of custody to prevent the infiltration of conflict minerals into the supply chain. They supervise all trading activities, ensuring compliance with traceability and due diligence requirements.
- **Operations Manager and Team:** Oversee all mineral processing activities, ensuring adherence to safety regulations and maintaining quality control throughout production. They also optimize resource allocation (labor, equipment, and materials) and coordinate mineral exports to ensure efficient operations.

## Company Management System

### Due Diligence

EGM has established a dedicated Due Diligence Team responsible for conducting regular visits to our suppliers' mining sites. This team is fully equipped with the necessary resources, including transportation, airtime, accommodation, and provisions for travel to remote mining locations.

In 2024, the EGM Due Diligence Team conducted visits to 29 mining companies. The key activities undertaken during these field visits include:

- **Production Analysis:** The team reviews monthly mineral production records from each visited mining cooperative or company. This involves analyzing mineral supply reports provided by the EGM Minerals Stock Department to identify any unusual fluctuations compared to the supplier's baseline production. Significant increases or decreases in production levels are thoroughly investigated during subsequent due diligence visits.
- **ITSCI Report Monitoring:** The team closely monitors monthly ITSCI reports of listed companies to enhance due diligence efforts and ensure compliance with responsible sourcing practices.
- **Incident Response:** The team investigates reports of potential anomalies in the mineral traceability chain, as flagged by ITSCI or other relevant institutions.
- **Communication and Investigation:** Upon identifying potential risks, the team initiates communication through verbal and written channels, conducts meetings, and performs site visits for further investigation.
- **Information Sharing:** Findings from meetings and mine visits are shared with all relevant EGM departments, stakeholders, mineral suppliers, ITSCI, and the Rwanda Mines, Petroleum, and Gas Board (RMB).

By conducting these activities across 29 mining companies, the EGM Due Diligence Team has demonstrated a strong commitment to responsible sourcing, risk mitigation, and the maintenance of ethical standards within the mineral supply chain.

## 2. EGM Risk Assessment in the Mineral Supply Chain

### Understanding and Managing Risks

EGM recognizes the importance of understanding and managing risks within our mineral supply chain. We are committed to upholding the highest standards of responsible sourcing and ethical conduct. To achieve this, we have implemented a comprehensive risk assessment process:

#### On-site Due Diligence

- **Regular Supplier Visits:** EGM conducts on-site due diligence visits to all our suppliers. During these visits, our Due Diligence Team thoroughly assesses various aspects of the supplier's operations, including production processes, traceability systems, environmental practices, labor conditions, and adherence to human rights standards.
- **Detailed Reporting:** Following each visit, the team compiles detailed due diligence reports that document their findings, identify any potential risks, and recommend appropriate mitigation measures.

#### Data Review and Collaboration

- **ITSCI Monitoring:** EGM closely monitors data and information collected by the International Tin Supply Chain Initiative (ITSCI), including their due diligence reports. This allows us to stay informed about potential risks and red flags within the supply chain and take proactive measures.
- **Workshops and Training:** In 2024, the Due Diligence Team participated in a two-day training program organized by ITSCI, aimed at deepening the understanding of due diligence and mineral traceability in the mineral supply chain. This ensures we remain updated on the latest industry best practices, risk assessment methodologies, and regulatory requirements.
- **Government Collaboration:** EGM maintains open communication with government officials to discuss and address risks in the supply chain, including concerns related to fraudulent companies or potential conflict minerals.

## Information Sources

EGM utilizes various sources to gather information and assess risks effectively:

- **ITSCI Publications:** EAST GROUP MINERALS references due diligence lists, incident reports, and quarterly reports published by ITSCI to identify potential risks associated with specific suppliers or regions.
- **RMB Laws and Regulations:** EAST GROUP MINERALS follows the rules and guidelines established by the Rwanda Mines, Petroleum, and Gas Board (RMB) to ensure compliance and responsible sourcing practices.
- **Supplier Information:** EAST GROUP MINERALS maintains open communication with our mineral suppliers and mining companies to gather information about their operations, challenges, and any potential risks.
- **Production Reports:** EGM analyzes monthly mining production reports, and samples are taken before and after processing to identify any unusual fluctuations or discrepancies that may indicate potential risks.

By employing these rigorous assessment processes, EGM continues to strengthen its mineral supply chain, ensuring sustainability, transparency, and ethical sourcing.

### 3. EAST GROUP MINERALS RISK MANAGEMENT PLAN AND MITIGATION MEASURES TO AVOID MINERALS FROM CONFLICT-AFFECTED AND HIGH-RISK AREAS ENTERING IN THE SUPPLY CHAIN.

RISK ASSESSMENT	MEASURE TO PERFORM	MITIGATION MEASURES
<b>Changes in mineral type or mineral composition.</b>	<ul style="list-style-type: none"> <li>Organize field visit to check on the variations in mineral composition. Take a fresh sample from field, analyse it from laboratory and compare results with those generated after processing.</li> </ul>	<ul style="list-style-type: none"> <li>Document any kind of variation once noticed.</li> <li>Once nothing is noticed in mineral composition, request the supplier to provide explanation and/or stop buying minerals from the supplier.</li> <li>If the changes are not justifiable, there will be an immediated suspension of contract with the supplier.</li> </ul>
<b>Unplausible production</b>	<ul style="list-style-type: none"> <li>Organize field visit to check on the activities on mine site(s).</li> </ul>	<ul style="list-style-type: none"> <li>Request the supplier to provide explanations. If the issue persists, stop buying minerals from the supplier.</li> </ul>
<b>Non-compliance with due diligence guidelines</b>	<ul style="list-style-type: none"> <li>Organize and conduct trainings or coaching sessions to the supplier.</li> </ul>	<ul style="list-style-type: none"> <li>Organize frequent checks on compliance with standards/regulations/procedures.</li> </ul>
<b>Crossborder smuggling</b>	<ul style="list-style-type: none"> <li>Reject minerals and inform both ITSCI and RMB</li> </ul>	<ul style="list-style-type: none"> <li>Regular checks and field visits on suppliers</li> </ul>
<b>Infiltration of minerals in the supply chain</b>	<ul style="list-style-type: none"> <li>Avoid any act that leads to contamination or infiltration of minerals from illegal/unkown sources in the minerals supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Once an infiltration is noticed, immediately inform both RMB and ITSCI to act. Also, do not purchase such minerals.</li> </ul>
<b>Unkown/confusion on the source of minerals</b>	<ul style="list-style-type: none"> <li>Immediate communication to RMB and ITSCI</li> </ul>	<ul style="list-style-type: none"> <li>Put more efforts in place on the systems of control over the supply chain.</li> <li>Reinforcement and strengthening the due diligence site visits.</li> </ul>

<b>Minerals from a trader without a trading license</b>	<ul style="list-style-type: none"> <li>• Reject the minerals</li> </ul>	<ul style="list-style-type: none"> <li>• Always check all official documents before purchasing any minerals. If the documents are not available, we will immediately reject the minerals and inform both RMB and ITSCI.</li> </ul>
<b>Inadequate Chain of Custody system implementation</b>	<ul style="list-style-type: none"> <li>• If a company is not on the due diligence list, we can proceed with purchasing minerals. However, if it is on the list, we must suspend purchases until a mine site visit is conducted and a due diligence report is produced. In such cases, we recommend that the company improve its chain of custody system application. Purchases may resume once the issue is resolved.</li> </ul>	<ul style="list-style-type: none"> <li>• We can also verify the availability of all documents and the compliance with standards with the chain of custody. We will also advise the company to always comply and we will organize regular checks.</li> </ul>
<b>Inactive mine sites</b>	<ul style="list-style-type: none"> <li>• Do not buy/reject minerals from the site.</li> </ul>	<ul style="list-style-type: none"> <li>• Reject the minerals and always refer to an updated database of active sites to perform regular checks to avoid any kind of contamination</li> </ul>
<b>Presence of private security forces or their affiliates control mine site</b>	<ul style="list-style-type: none"> <li>• Do not purchase minerals and inform both RMB and ITSCI</li> </ul>	<ul style="list-style-type: none"> <li>• Do not purchase minerals and inform both RMB and ITSCI</li> </ul>
<b>Payment of unlawful tax or fees</b>	<ul style="list-style-type: none"> <li>• Encourage all our suppliers to always pay lawful taxes or fees.</li> </ul>	<ul style="list-style-type: none"> <li>• Always check whether our suppliers do comply with local laws on taxes and other legal fees.</li> </ul>
<b>Unexpected or unusual huge quantity of minerals from the supplier</b>	<ul style="list-style-type: none"> <li>• EGM Due diligence team mine visit</li> <li>• Contact with the supplier for explanation about the increase of mineral quantity</li> <li>• Communication with RMB and ITSCI for clarification</li> </ul>	<ul style="list-style-type: none"> <li>• Regular Due diligence team site visits</li> </ul>

<b>Companies listed on due diligence list reinforcement and incident opened by ITSCI on particular case</b>	<ul style="list-style-type: none"> <li>• EGM Due diligence team to visit the mine sites</li> </ul>	<ul style="list-style-type: none"> <li>• Communication with the suppliers.</li> <li>• Meeting with the suppliers.</li> <li>• Regular Due diligence team site visits.</li> <li>• Increase awareness among suppliers about measures to avoid minerals from conflict-affected and high-risk areas entering in the supply chain.</li> </ul>
<b>Untagged minerals</b>	<ul style="list-style-type: none"> <li>• Do not buy</li> </ul>	<ul style="list-style-type: none"> <li>• Inform RMB / ITSCI.</li> <li>• Not buying the minerals.</li> </ul>
<b>Broken tags or bags</b>	<ul style="list-style-type: none"> <li>• Inform ITSCI and RMB for action before accepting the minerals</li> </ul>	<ul style="list-style-type: none"> <li>• Regular checking before receiving the minerals.</li> </ul>
<b>New supplier</b>	<ul style="list-style-type: none"> <li>• Checking before if all required documents are available and valid.</li> </ul>	<ul style="list-style-type: none"> <li>• Organization of the due diligence team mine visit.</li> </ul>
<b>Informal mining company</b>	<ul style="list-style-type: none"> <li>• Not buying</li> </ul>	<ul style="list-style-type: none"> <li>• Not accepting the minerals.</li> </ul>
<b>Confusing situation: company supplying minerals while already suspended by RMB or ITSCI.</b>	<ul style="list-style-type: none"> <li>• Immediate rejection of the minerals</li> </ul>	<ul style="list-style-type: none"> <li>• EGM to request explanation on the produced minerals.</li> <li>• Sharing information with ITSCI and RMB for more clarifications.</li> </ul>
<b>Miners working conditions on the field such as child labor, PPE's, safety, insurance</b>	<ul style="list-style-type: none"> <li>• Mine site visits</li> <li>• Not buying the minerals until the situation is changed</li> </ul>	<ul style="list-style-type: none"> <li>• Regular recommendations and communication to the suppliers about the related policies for enhancing awareness on the workers' rights.</li> <li>• Inform RMB and ITSCI.</li> </ul>
<b>Whistle blowing reports from various institutions individuals on minerals traceability irregularities.</b>	<ul style="list-style-type: none"> <li>• Cross checking the information through other people reports on these allegations by: Communicating verbally.</li> <li>• Field mine visit.</li> </ul>	<p>Reacting according to the findings of the due diligence action taken.</p> <ul style="list-style-type: none"> <li>• verbal or written explanations to the supplier.</li> <li>• suspension of buying minerals from the supplier in serious breaching of minerals traceability regulations.</li> </ul>

<b>Environment destruction while mining</b>	<ul style="list-style-type: none"> <li>• Immediate communication and visit to the mine site</li> </ul>	<ul style="list-style-type: none"> <li>• Immediate communication to RMB and ITSCI.</li> <li>• warning to the company and rehabilitation recommended.</li> </ul>
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#### 4. Data Sharing and Information on Our Supply Chain with Customers

Each mineral shipment from EGM is accompanied by a comprehensive set of documents detailing the origin, quality, and ethical sourcing of the minerals. These include:

- **ICGLR Certificate:** Demonstrating compliance with regional standards for responsible mineral trade.
- **ITSCI Exporter Yellow Sheet:** Verifying mineral traceability through the ITSCI system.
- **Accredited Analysis Certificates:** Independent verification of mineral quality and composition from reputable firms such as Alex Stewart International.
- **Sampling, Weighing, and Packing Certificates:** Conducted by accredited firms like Alex Stewart International to ensure accuracy and reliability.
- **Radiation and Container Inspection Certificates:** Obtained through Alex Stewart International Rwanda to confirm safety and compliance.
- **Exporter Documents:** Including packing lists, negotiant and mine tag lists, and details of artisanal mining companies and cooperatives.
- **Due Diligence Reports:** Sharing due diligence assessments of mining companies supplying minerals for the shipment.

#### Regular Reporting and Communication

EGM ensures transparency through:

- **Internal Reporting:** Monthly mineral purchase volume reports shared with Due Diligence, Marketing, and Finance departments.
- **External Reporting:** Monthly reports submitted to the Rwanda Mines, Petroleum, and Gas Board (RMB) and ITSCI’s local office in Kigali.
- **Due Diligence Reports:** Copies of mine visit reports are provided to ITSCI and visited suppliers for enhanced transparency.
- **Incident Reporting:** Any suspicious activity is promptly reported to RMB, ITSCI, and suppliers for timely action and risk mitigation.

## **Policy Development and Awareness**

EGM has established key policies to promote understanding and compliance in mineral supply chain due diligence, including:

- **Whistle-Blowing Policy**
- **Gender Policy**
- **Mineral Supply Chain Policy**
- **Grievance Policy**

## **Stakeholder Engagement**

EGM fosters open communication and collaboration with suppliers and stakeholders through:

- **Regular Meetings:** The management and Due Diligence teams engage suppliers to discuss performance, concerns, and best practices.
- **Written Communication:** Reports, recommendations, and other vital information are shared with suppliers.
- **Awareness Campaigns:** Banners and other tools are used to promote responsible sourcing.
- **Annual Due Diligence Report:** Published on the [www.eastgroupminerals.com](http://www.eastgroupminerals.com) website, providing transparency into EGM's ethical sourcing practices.

Through these measures, EGM demonstrates its unwavering commitment to transparency, responsible sourcing, and ethical mineral trade.

## 5. The Use of Information from ITSCI

EAST GROUP MINERALS acknowledges the vital role of ITSCI in supporting responsible mineral sourcing and actively incorporates ITSCI information to enhance our due diligence efforts.

- **Supplier Engagement:** EGM strengthens engagement with suppliers by conducting regular visits to establish a direct understanding of their operations and ensure transparency.
- **ITSCI Reports Utilization:** We leverage ITSCI incident and monthly reports to identify hidden risks, such as traceability issues, human rights violations, environmental concerns, or child labor.
- **Risk Mitigation:** Appropriate actions, including corrective measures or, if necessary, termination of business relationships, are taken to address identified risks.
- **Enhanced Due Diligence:** Insights from ITSCI reports are integrated into our due diligence processes, adopting industry best practices for responsible sourcing.

### Conclusion

EAST GROUP MINERALS is committed to responsible mineral sourcing. We will continue contributing to a clean mineral supply chain, adhering to OECD due diligence guidelines, and strengthening traceability compliance to prevent fraud in the supply chain. Given the security situation in North and South Kivu, we will reinforce our commitment to strict traceability measures to prevent any illicit minerals from entering our supply chain.