Tanganyika Minerals LTD. (TGM) DUE DILIGENCE ANNUAL REPORT (YEAR 2021)

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TANGANYIKA MINERALS LTD, TIN: 4001356122,
Bujumbura, Burundi
T: +257 68 983 130 | E: office@tangaminerals.com
W: www.tangaminerals.com

This Due Diligence for Responsible Supply Chain of Minerals from Conflict-affected and High-Risk Areas report for Tanganyika Minerals Ltd (TGM) with TIN No. 22000/19 covers the reporting period from January 1st to December 31st, 2021.

1. TGM company overview

TGM is one of the largest minerals trading companies in Burundi. The company was established in 2019-09-25 and is dealing in procurement, processing and exporting Coltan (Tantalum), Cassiterite (Tin) and Wolfram (Tungsten) known as 3 T's minerals.
TGM buyer in 2021 is **MINTERRA FZE.**
Initial audit for TGM was done in 2021, December 10th by Audit company KMC Associates.

2. TGM company management

Tanganyika Minerals LTD has established an internal procedure regarding supply chain with due diligence measures.

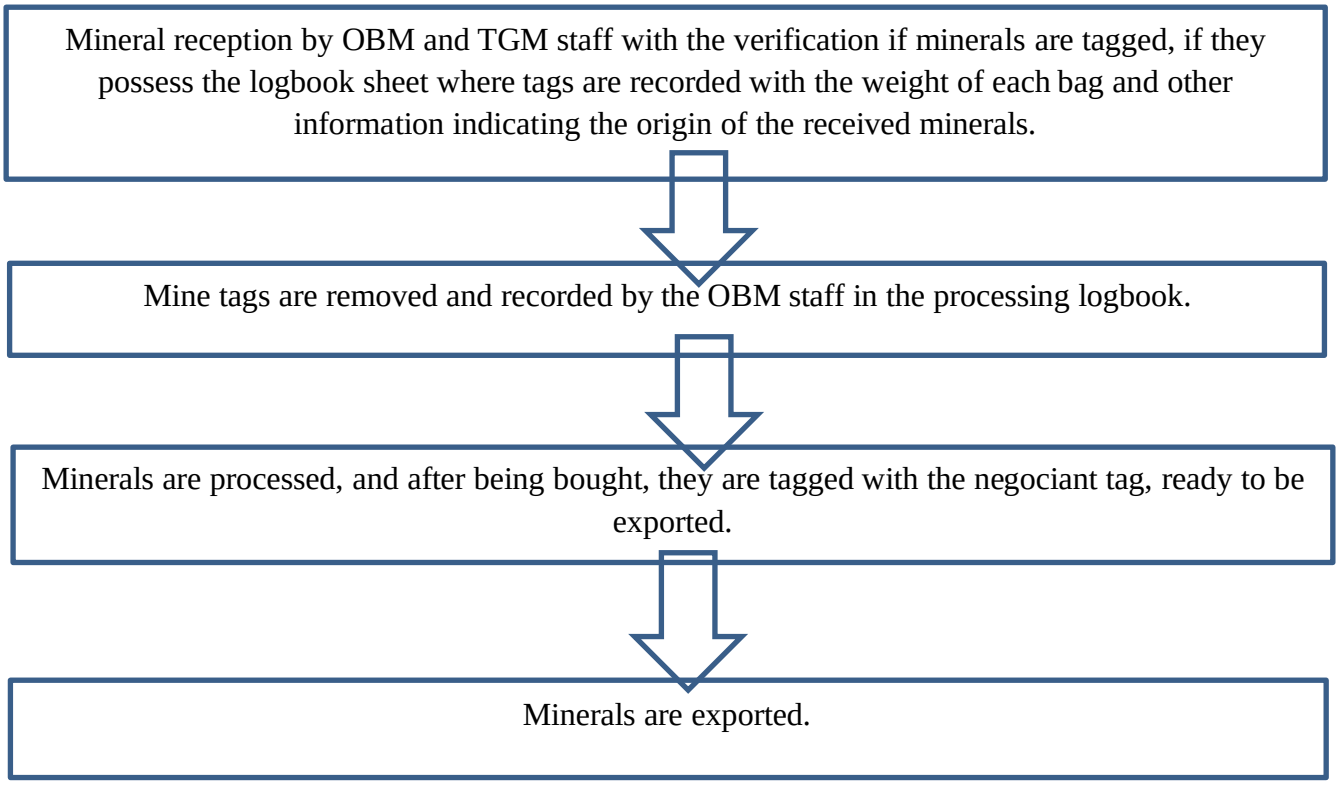
- TGM Due Diligence Team and Traceability officer are responsible to oversee the due diligence program and risk management design and implementation.
- TGM General Manager is tasked with managing the due diligence program and coordinating the related work of the relevant departments: Purchasing, Finance, Quality, Production, Warehouse Management, Laboratory and are expected to follow up on their roles and responsibilities to implement the due diligence program and report potential risks identified.
- TGM conducts training on the due diligence management system once a year for key staff from all relevant departments required in the due diligence program. If there is an update to the program, TGM conducts additional training as necessary.

3. Minerals supply chain

TGM buys minerals from different mining companies and cooperatives. The Company provides financial support and technical advice to miners in order to increase the mining production of Burundi and contribute significantly to the mining sector and the development of the country.
TGM today sources around 31 artisanal mining company/cooperatives suppliers scattered in all provinces of Burundi.

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Below is the summary of the supply chain:



4. Due diligence

TGM has appointed a Due Diligence Team that makes regular visits to suppliers' mine sites as requested by the OECD Model Supply Chain Policy and Due Diligence Guidance for OECD responsible Global Supply chains of Minerals from Conflict-Affected and High-Risk Areas.

TGM buys minerals only from mining companies and cooperatives which correspond to the conditions listed below:

- when the suppliers bring minerals to TGM, they have to submit a legal mining permit from Burundi Office of Mines and Quarries (OBM);
- suppliers must have business registration certificate from Burundi Investment Promotion Agency (API) and original certificate registration from Burundi Revenue Authority (OBR) showing the company's Tin Number;
- iTSCi Mineral's logbook sheet indicating from which mine minerals are mined, type of minerals (Coltan, Cassiterite or Wolfram), weight of tagged minerals bags;

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- all minerals sold to TGM are tagged according to iTSCi guidelines. In order to receive minerals TGM together with OBM representatives must check if the minerals received at the company site matches logbook sheet records from the mining site.

5. Risk Assessment in the Minerals supply Chain

i. ***iTSCi listed companies*** for due diligence reinforcement and incident opened by iTSCi on particular case (production reported by the company which seems to be higher than mining activities on site, misapply of tags and log books, stolen tags, selling minerals of suspicious origin related to conflict or the high-risk area).
ii. ***TGM own risk assessment***: an increase in production compared to regular monthly company's supply or TGM known company production baseline.
iii. ***Confusion CASES*** as companies which have been suspended by Burundi Office of Mines and Quarries (OBM) and which are resuming mineral supplies.

If a risk is identified in one of the above cases, the TGM shall take mitigation measures to ensure responsible supply of minerals.

Including:

- Communication with the supplier;
- Meeting with the supplier;
- A visit to the mine site;

Where TGM is not satisfied with the findings of the investigation, the company should request clarification by writing a letter to the supplier requesting additional information on the products supplied; the supplier must respond within fifteen (15) days from the date receipt of the letter. If a supplier fails to comply with those requirements or refuses to communicate, TGM will suspend cooperation with this supplier until the matter is resolved.

6. TGM Due diligence activities design

- TGM due Diligence Staff: The Company's Management has appointed a team in charge of due diligence activities on full time basis; TGM provided the team: transport, air time and accommodation for mine visits located away from Bujumbura, etc.
- Analysis of mining cooperative or mining company monthly minerals production record. On a monthly basis TGM Minerals Stock Department sends minerals supplied production from mining company to TGM Due diligence team and 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 supply; such cases are investigated during due diligence mine visit.
- Follow up of iTSCi monthly report on listed companies for due diligence reinforcement for TGM suppliers.
- Incident reports on possible anomalies in minerals traceability chain by iTSCi and other institutions, stolen tags for example.

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- Verbal communication with the supplier when a risk is identified.
- Writing to the supplier about the identified risks.
- Meeting with the supplier when a risk is identified.
- On-site visit where risk has been identified.
- Sharing the results of meetings and mine visits with, TGM other departments and TGM stakeholders: Minerals suppliers, iTSCi and OBM.

7. Summary of TGM Risk management plan to avoid minerals from conflict-affected and high-risk areas entering in the supply chain.

TA	Due diligence risk assessment	Due diligence measure to perform	Mitigation measures to take
1	Untagged minerals	Do not buy	None, abandon minerals and inform OBM / iTSCi.
2	Unknown origin: tagged minerals without minerals logbook sheet showing the origin of those minerals in Burundi	Do not buy	None, abandon minerals and inform OBM / iTSCi
3	Illegal company: no issued OBM mining permit, no company registration certificate issued by Burundi Investment Promotion Agency (API), no registration certificate at Burundi Revenue Authority (OBR) showing company TIN number	Do not buy	None, abandon minerals

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4	Suspended company by OBM for any reason	Do not buy		None, abandon minerals
5	Company listed by iTSCi for due diligence reinforcement in his monthly report, after mine visit	TGM Due diligence team mine visit	Recorded production not matching with facts on ground (low number of employees, low mining activity compared to production, etc.)	Writing an explanation letter to company management with a deadline of fifteen (15) days to respond.
			Closed mining site	Stop buying from the company until the site opens.
6	New supplier to the TGM	TGM Due diligence team visit to the mine-site	Recorded production not matching with fact on ground (low number of employees, low mining activity compared to production, etc.)	Writing an explanation letter to company management with a deadline of fifteen (15) days to respond.
			Closed mining site.	Stop buying

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7	TGM own risk assessment: Surge in monthly production compare to previous supply or TGM known company month production baseline	TGM Due diligence team mine visit	Recorded production not matching with realities on ground (small number of workers, low mining activities compared to production, etc.)	Writing an explanation letter to company management with a deadline of fifteen (15) days to respond.
			Closed mining site	Stop buying from the company until the site is reopened and gets minerals tags.
8	Confusing situation: company supplying minerals when already suspended by OBM or when iTSCi has reduced the number of tags after mine visit.	TGM team mine visit		-Writing a letter to company management asking for an explanation on the high supplied volume of production. -Sharing information with iTSCi and OBM for more clarifications.
9	Whistle blowing / 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

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			breaching of minerals traceability regulations.
10	Miners working conditions	Child labor (mine worker under 18 years old)	Temporarily suspend the purchase of minerals until the issue is resolved.
		Personnel Protection Equipment: overalls, rain boots, helmets, etc.)	Asking the company to provide personnel protection equipment to all mine workers.
		Working in high-risk mine safety conditions: unstable high walls, unsupported tunnels and mine shafts, hanging unstable rocks.	Verbal warning to the company and asking to make the mine safer.
		Mine workers not affiliated to insurance company	Telling the company on the issue and asking to insure workers as soon as possible.
11	Environment	Destroying environment while mining	Verbal warning to the company and environment restoration recommended.

Table nr 1. Risk management plan.

8. Monitoring TGM suppliers

TGM Due diligence team performs field mine visits on a regular basis and produces mine visits reports shared with TGM stakeholders (iTSCi, OBM, Suppliers, etc.).
TGM Management and TGM Due Diligence team hold meetings and communicate regularly with suppliers by phone calls and written communications.
Sharing data and information on supply chain with TGM customers and protection of TGM supplier's business information.
Reports of monthly mineral purchases are sent to the various TGM Departments (Due diligence, Marketing and Finance), Burundi Office of Mines and Quarries (OBM) and to local iTSCi office in Bujumbura.

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Copies of the monthly reports of due diligence mine visits done by TGM Due diligence team are sent to iTSCi local Office in Bujumbura for mining companies listed by iTSCi for further discussions.
The Deputy CEO holds every month a Due diligence meeting with the TGM Due diligence team, Marketing Department and Administration Department; the conclusions of the meeting are communicated to other TGM Departments.
Any other incident or suspicious case is reported with other stakeholders (stolen tags, confusing cases, etc.)

9. Analysis of 2021 due diligence actions and mitigation measures taken.

All suppliers which supply TGM tagged minerals from mining companies/cooperatives are registered at Burundi Investment Promotion Agency (API) and have mining licenses issued by Burundi Office of Mines and Quarries (OBM) all suppliers operate in Burundi territory.
The due diligence team regularly visits the mines according to a planned schedule based on first priority to iTSCi listed companies to reinforce due diligence, TGM owns risk assessment related to irregularities in supply like surge in production or confusing situations.
Communication and information sharing with the concerned stakeholders on any issues or unclear cases for better risk management.

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