

Response on behalf of Seguenega Mining SA (“SMSA”) and Kalsaka Mining SA (“KMSA”)
08 March 2016

Amara Mining plc’s Bukinabe subsidiaries, SMSA and KMSA, ceased mining operations at the Kalsaka/Sega mine in Burkina Faso in August 2014. Since December 2014, SMSA has been in liquidation and KMSA has been subject to a court appointed creditor protection process, such that the operation has been under the control of a court-appointed liquidator.

During the years that Kalsaka/Sega was in production (2008-2014), KMSA and SMSA supported comprehensive corporate social responsibility initiatives for the communities living close to the mine. The advancement of women has been at the heart of Amara’s efforts in Burkina Faso, which was led by Djénéba Nana, a prominent woman in country and KMSA/SMSA’s country manager.

These initiatives were chosen by the Community Consultative Committee, which KMSA and SMSA established and is formed of community leaders, in conjunction with Djénéba, to ensure the programmes that KMSA and SMSA support provide the maximum benefit for local people.

KMSA and SMSA gave financial support to a literacy programme that taught local women to read and write in the local language, Moore, improving their potential to work and earn money for their families. The companies also funded a programme for women to be trained in farming techniques. Local women were taught how to run sheep and goat fattening businesses, which are some of the main ways local people can generate income in the region.

Other initiatives KMSA and SMSA supported included:

- Building schools and housing for teachers
- Construction of a reservoir and expanding a water dam to supply local people during the dry season
- Financial support for young people from local communities who had chosen to become cattle farmers and stop artisanal mining activities. This project has a dual impact as it prevents young people from working in dangerous conditions and provides them with seed money to create income for the local economy
- Building water pumps to give local people access to clean water and reducing the distance they have to walk to get it
- Financial support to the local police force and mayoral team
- Financial support for a medical officer for Kalsaka village
- Maize and rice donated to local villages to support food supplies during times of grain shortages
- Funding research by the University of Ouagadougou into HIV/AIDs and STDs, which was the first study funded by a mining company in Burkina Faso and symbolises Amara’s commitment to upholding the health of our employees and local people
- Sponsoring various HIV/AIDs awareness campaigns in the local area around Kalsaka/Sega
- Sponsoring of celebrations for International Women’s Day in the local area
- Establishing an agricultural project, where local people can work, to supply the Kalsaka/Sega mine with fruit and vegetables

During its years of production, the mine also provided employment for, on average, 335 local people, of which a high number were women. Wages were significantly above the average local wage and our mining contractor employed an additional 200 local people. All local people were guaranteed a generous redundancy package, which typically includes more than one year’s salary.

This employment benefitted people outside of our team as well, as there was more money in the local community to be spent on ancillary services and benefits.

Between 2008 and 2014 KMSA and SMSA paid US\$55 million in tax to the Burkina Faso government, plus indirect taxation in the form of payroll and other taxation, such as the 18% tax on fuel. The government owns 10% of the mine, as is usual in Francophone countries, and the companies paid them a further US\$3.5 million in dividends as a result of this.

Since the mine ceased production 18 months ago, KMSA and SMSA have upheld their obligations to pay compensation to local people affected by the development of the Segla deposit, such as farmers, in line with the relocation action plan.

KMSA and SMSA are focused on ensuring that the Kalsaka/Segla mine is closed in an efficient manner, with all environmental obligations fulfilled. During its years of operation, US\$3 million was set aside in a bonded bank account, in line with local legislation, to be used for rehabilitation and closure purposes. A detailed closure plan has been submitted to the relevant Burkinabe authorities together with a request for the release of these funds to commence the plan. Included in the rehabilitation plan are amounts allocated for community legacy initiatives, which also include recommendations to donate site buildings and equipment for community use. The initial request to release these funds was made over 18 months ago, but despite regular lobbying of the relevant departments the funds remain unused.

It is the policy of Amara and all of its subsidiaries to be a socially responsible business that balances economic prosperity with environmental stewardship and ethical business practice. We take our commitment to being a good corporate citizen very seriously and we are focused on ensuring that a positive and sustainable legacy is left beyond the lives of our mining operations.