



APPRAISAL REPORT

CAO Appraisal for Investigation of IFC

Ref: C-I-R4-Y13-F192

22 August 2014

Tsodilo Resources Ltd. (IFC Project #29378)

South Africa

Case of

IFC Investment in Tsodilo Resources Ltd.

Summary

Tsodilo Resources Ltd (Tsodilo, the Company) is a junior mining company publicly listed in Canada. At the time IFC invested in the Company, the Company was exploring for diamonds, base, and precious metals in northwest Botswana. IFC has an equity stake of approximately 16.12% in the Company acquired in two tranches, a first of CAD\$5 million in June 2010, and a second of CAD\$2 million in 2012.

In February 2012, the Company submitted an application for prospecting rights in South Africa through Idada Trading 361 (Idada), a subsidiary in which the Company has a 70% shareholding. In the Company's March 2013 Annual General Meeting presentation, the Company describes the Barberton Gold Project around Barberton, South Africa as a new project for which it is processing a prospecting rights application.

In April 2013, CAO received a complaint from the Director of Cradle of Life (the Complainant), a privately owned bio-park dedicated to conservation and ecotourism near Badplaas in Mpumalanga Province, South Africa. The Complainant contends that the Barberton Gold prospecting rights application overlaps with sensitive conservation land owned by Cradle of Life as well as the nearby Nkomazi Game Reserve. The complaint further contends that mining activities and their potential environmental impact are incompatible with sustaining the biodiversity and cultural heritage in the area.

At the time of writing, a decision on the application for prospecting rights was pending before the Regional Mining Development and Environmental Committee of the Department of Mineral Resources of South Africa.

The decision about whether CAO should initiate a Compliance Investigation requires the weighing of a number of factors including the likely environmental and social (E&S) impact of a project, a preliminary review of IFC's compliance with relevant E&S policies and procedures, as well as a more general consideration of whether there is an argument for the value of a Compliance Investigation for project-related or systemic reasons.



On questions of general compliance, CAO finds no indication that IFC's pre-investment review of the Company's Botswana operations was other than commensurate to risk. CAO also notes that IFC supervised the E&S requirements of its investment including requiring the preparation of a Health, Safety, Environment and Community (HSEC) Policy which would apply to all exploration activities. Further, CAO notes that IFC has put in place requirements that require any prospect developed by the Company or its subsidiary to be pursued in accordance with IFC's Performance Standards as well as a requirement to conduct an Environmental and Social Impact Assessment (ESIA) prior to the commencement of ground based exploration activities.

This Appraisal also considers the question of whether IFC put in place measures to ensure that it be notified of any plans the Company might develop to pursue areas of new business not foreseen at the time of IFC Board approval of the Botswana investment, as required by IFC's 2012 Sustainability Policy. On this question, CAO notes that the IFC's 2012 Subscription Agreement with the Company did not provide a legal requirement for notification to enter into a new business in South Africa. As a result, IFC did not become aware of the Barberton Gold Project until more than a year after the Company had submitted its original prospecting rights application. Further, once IFC received notification of the Company's plans to pursue the Barberton Gold Project (in 2013), CAO is unclear as to whether IFC responded as required by the Sustainability Policy – namely by assessing whether the new business activity would pose E&S risks and requiring any necessary adjustments to the client's E&S systems.

On the question of adverse impact, CAO notes that while the lodging of a prospecting rights application may have adverse impacts, any potential significant E&S impacts of the Barberton Gold Project would likely be contingent on the approval of a prospecting rights application and subsequent exploration activities. In this context, CAO notes the steps taken by IFC to assure itself that the Company has in place E&S policies and procedures appropriate to identify and mitigate the impacts of mineral exploration activities.

Having considered available information on the potential E&S impact of this project in light of the issues raised by the complainant and the application of relevant IFC policies, standards and procedures, CAO concludes that further investigation in relation to this complaint is not warranted. Acknowledging the risks that attach to extractive industry projects in sensitive habitats, however, CAO reserves the right, in line with its Operational Guidelines, to consider further appraisal of this investment should the Company proceed to develop the Barberton Gold Project in a manner that raises significant concerns regarding impacts on communities or the environment.

Office of the Compliance Advisor Ombudsman (CAO)
For the
International Finance Corporation (IFC)
Multilateral Investment Guarantee Agency (MIGA)
Members of the World Bank Group



About the CAO

CAO's mission is to serve as a fair, trusted, and effective independent recourse mechanism and to improve the environmental and social accountability of IFC and MIGA.

CAO (Office of the Compliance Advisor Ombudsman) is an independent post that reports directly to the president of the World Bank Group. CAO reviews complaints from communities affected by development projects undertaken by the two private sector lending arms of the World Bank Group: the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

For more information about CAO, please visit www.cao-ombudsman.org

1. Overview of the CAO Compliance Appraisal Process

When CAO receives an eligible complaint about an IFC or MIGA project, the complaint is referred for assessment. If CAO concludes that the parties are not willing or able to reach a facilitated solution, the case is transferred to CAO compliance for Appraisal and potential compliance investigation.

A Compliance Appraisal can also be triggered by the CAO Vice President, IFC/MIGA management, or the President of the World Bank Group.

The focus of CAO compliance is on IFC and MIGA, not their client. This applies to all IFC's business activities including the real sector, financial markets, and advisory services. CAO assesses how IFC/MIGA assured itself/themselves of the performance of its/their business activity or advice, as well as whether the outcomes of the business activity or advice are consistent with the intent of the relevant policy provisions. In many cases, however, in assessing the performance of the project and IFC's/MIGA's implementation of measures to meet the relevant requirements, it will be necessary for CAO to review the actions of the client and verify outcomes in the field.

In order to decide whether a compliance investigation is warranted, CAO compliance first conducts a Compliance Appraisal. The purpose of the Compliance Appraisal process is to ensure that compliance investigations are initiated only for those projects that raise substantial concerns regarding environmental and/or social outcomes, and/or issues of systemic importance to IFC/MIGA.

In cases transferred to compliance after a CAO assessment, the scope of the appraisal is defined by issues raised in the complaint and identified during the CAO assessment phase.

To guide the Compliance Appraisal process, the CAO applies several basic criteria. These criteria test the value of undertaking a compliance investigation, as CAO seeks to determine whether:

- There is evidence of potentially significant adverse environmental and/or social outcome(s) now, or in the future.
- There are indications that a policy or other Compliance Appraisal criteria may not have been adhered to or properly applied by IFC/MIGA.
- There is evidence that indicates that IFC's/MIGA's provisions, whether or not complied with, have failed to provide an adequate level of protection.

In conducting the Compliance Appraisal, CAO will engage with the IFC/MIGA team working with the specific project and other stakeholders to understand which criteria IFC/MIGA used to assure itself/themselves of the performance of the project, how IFC/MIGA assured itself/themselves of compliance with these criteria, how IFC/MIGA assured itself/themselves that these provisions provided an adequate level of protection, and, generally, whether a compliance investigation is the appropriate response. After a Compliance Appraisal has been completed, the CAO can close the case or initiate a compliance investigation of IFC or MIGA.

Once CAO concludes a Compliance Appraisal, it will advise IFC/MIGA, the President, and the Board in writing. If a Compliance Appraisal results from a case transferred from CAO's dispute resolution role, the complainant will also be advised in writing. A summary of all Compliance Appraisal results will be made public. If CAO decides to initiate a compliance investigation as a result of the Compliance Appraisal, CAO will draw up terms of reference for the compliance investigation in accordance with CAO's Operational Guidelines.

2. Background and concerns that led to the Appraisal

Investment

In June 2010, the IFC made an equity investment in the Company, a junior mining company publicly listed in Canada. The aim of the investment was to support increased diversification of Botswana's mining sector away from its current dependence on diamond mining. IFC invested CAD\$5 million in the Company. This gave IFC a 12% equity stake in the Company. An Equity and Warrant Subscription Agreement was executed on June 24, 2010. A further Equity and Warrant Subscription Agreement was executed on August 31, 2012. Following an additional investment of CAD\$4 million, IFC held approximately 16% of the Company's common shares. The IFC Board documentation cited environmental and social (E&S) support as a key source of the additional value IFC would bring to the Company.

Since IFC's investment, the Company has become involved in the Barberton Gold Project, for which a prospecting rights application was submitted in South Africa. The Company holds a controlling (70%) share in Idada Trading (Idada), a company incorporated in South Africa which submitted the prospecting rights application. The prospecting rights application is currently being considered by the South African Regional Mining Development and Environmental Committee (REMDEC).

Idada submitted the Barberton Gold Project prospecting rights application to the Department of Mineral Resources (DMR) in February 2012. The DMR acknowledged receipt of the application that same month but did not formally accept the application for review until February 2013. Following DMR's acceptance of the application, Tsodilo/Idada consulted with various affected and interested parties in the area in March and April of 2013 and submitted an Environmental Management Plan (EMP) to DMR. According to IFC staff, the Complainant was invited to the consultations but did not participate. Also, according to IFC staff, South African authorities (DMR, REMDEC) and the Endangered Wildlife Trust (EWT) visited the potentially affected area in September 2013. The next step in the process requires REMDEC to report its findings to DMR which issues a final decision on the application. At the time of writing, no decision had been taken by DMR.

Complaint

In April 2013, the owner of Cradle of Life, a privately owned bio-park and nature reserve area near Badplaas in Gert Sibande District, Mpumalanga Province, South Africa, filed a complaint with CAO on behalf of Cradle of Life, local farmers, and landowners.¹ The Complainant has operated for the past 14 years in the Badplaas area. As a non-profit organization, its main objective is to rehabilitate land and return it to its natural state, seeking to develop a range of ecotourism and preservation activities. The organization has established an eco-park, a wild cat rehabilitation center, accommodation, a visitors' center, a museum, and a restaurant.

The Complainant alleges that the prospecting and exploration activities covered in Idada's application are incompatible with the conservation status of the area and would, if approved, cause irreparable environmental, economic, and social damage to the local community. Underscoring the negative impacts that mining exploration might have on fragile conservation areas, such as the

¹ This section articulates the key concerns raised by the Complainant as articulated in the complaint and subsequent CAO Assessment Report.

Nkomazi Game Reserve, and the negative economic effects it might have on Cradle of Life and other projects, the Complainant contends that an Environmental Impact Assessment ought to have been undertaken prior to the application for prospecting rights. In particular, CAO notes the Complainant's concerns regarding the application of IFC Performance Standard (PS) 1 (Assessment and Management of Environmental and Social Risks and Impacts), PS4 (Community Health, Safety, and Security), and PS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources) in the context of the Barberton Gold Project.

In addition, the Complainant claims that the Industrial Development Corporation of South Africa Ltd. (IDC) withdrew a major agricultural project (Badplass Lemon Processing Project) from the area because of the Tsodilo/Idada application. CAO has reviewed a letter from IDC attached to the complaint (letter from Johann Marshall to "Stakeholder" dated April 15, 2013). The letter sets out a number of factors as to why the area is not a viable site, including disputes over land ownership, ongoing litigation over land rights, and applications for prospecting permits (for silver and gold) on most of the properties that would have been farmed. It does not refer to the Tsodilo/Idada Trading application specifically.

CAO's Assessment report raises the Complainant's assertion that the Company's application for prospecting rights has had a negative impact on the Complainant's application for a guarantee from the Multilateral Investment Guarantee Agency (MIGA). In this respect, CAO notes that the Complainant filed a Preliminary Application with MIGA in 2011. After he filed a complaint with CAO (in April 2013), MIGA informed the Complainant that it would consider reviewing the project after receiving a Definitive Application and outstanding issues with World Bank organizations had been settled.

The Complainant also asserts that the application for prospecting rights threatens the possibility of securing the UNESCO World Heritage designation for the area, noting that the South African government has placed the area on the UNESCO World Heritage Tentative List.²

Finally, the Complainant states that Tsodilo/Idada's system of corporate governance is inadequate, as the Company has no Code of Conduct or policy on Corporate Social Responsibility.

3. Scope of Appraisal for a Compliance Investigation of IFC

In cases transferred to CAO Compliance following a CAO Assessment, the scope of the Appraisal is defined by issues raised in the complaint and identified during the CAO Assessment phase.

In the context of this CAO Compliance Appraisal, the Complainant's concerns regarding the E&S impacts of the Barberton Gold Project raise issues as to IFC's identification and management of E&S risks as they relate to its investment. In particular, the Complaint raises questions as to measures that IFC put in place to ensure that it received notification of any plans the Company might develop to pursue areas of new business not foreseen at the time of IFC Board approval of the original investment.

² See UNESCO World Heritage Tentative List, South Africa. <http://goo.gl/YFLqSL> (accessed August 20, 2014).

4. Discussion

CAO considers the above issues as they relate to IFC's responsibility to assure itself that its client is assessing and managing the risks of its project in accordance with the PSs at each stage of the project cycle. Accordingly, this Appraisal will first outline relevant IFC policies and discuss the above issues in the context of the project cycle.

4.1 IFC guidelines and standards

IFC's initial investment in the Company was made in the context of its 2006 Policy on Social and Environmental Sustainability (Sustainability Policy) and PSs. The Sustainability Policy and the PSs (together called the Sustainability Framework) were updated effective January 2012. IFC is obliged to comply with the 2012 Sustainability Policy for work it does after January 2012.³

The Sustainability Framework sets out IFC's roles and responsibilities in relation to the identification and management of E&S risks. In the case of a direct investment, IFC's role is to review the client's assessment of social and environmental risks and impacts; to assist the client in developing measures to avoid, minimize, mitigate or compensate for social and environmental impacts; to categorize the project; to help identify opportunities to improve social and environmental outcomes; and to monitor the client's social and environmental performance throughout the life of IFC's investment.

The 2012 Sustainability Policy recognizes that the activities of businesses in which IFC invests may change over time, in turn affecting the risk profile of an investment. To address these situations, the Policy "...requires that clients inform IFC... when they plan to enter into a new business area that is materially different from what was represented when IFC obtained Board approval" (para. 25). Once notified, "IFC will assess whether the new business area poses environmental and/or social risks and/or impacts, and if so, IFC will require the client to adjust its Environmental and Social Management System in a manner consistent with (i) potential environmental and social risks and impacts associated with material changes of these new businesses; (ii) this policy; and (iii) applicable requirements of the Performance Standards" (*Ibid.*) This is a new requirement as compared to the 2006 Sustainability Policy.

4.2 Pre-commitment

At the pre-commitment stage, IFC reviews the E&S risks and impacts of the proposed investment and categorizes the project on this basis. The key question at this stage is whether IFC's review is "appropriate to the nature and scale of the project" and "commensurate with [its] level of social and environmental risk...." (Sustainability Policy (2006) para. 13).

IFC's initial consideration of an investment in the Company occurred in late 2009. IFC's early project appraisal documentation notes that the Company was involved in the exploration of diamond, base, and precious metals in northwestern Botswana. The purpose of IFC's investment was to support the scaling up of the Company's exploration program and progress recent base metal discoveries. The project was also envisaged as supporting the Company to set up and implement an appropriate E&S management system. IFC's investment was targeted to help the Company fund its Botswana work program up to the scoping study phase.

³ Minutes of the Meeting of the Board of Directors of IFC, May 12, 2011. Resolution No. IFC 2011-0016, IFC's Policy and Performance Standards on Environmental and Social Sustainability.

IFC publicly disclosed this project in May 2010. IFC's Environmental and Social Review Summary (ESRS) notes that two field visits to Botswana had been undertaken by IFC in the course of the appraisal of this investment. The ESRS notes that, being in the exploration phase, the expected impacts from the project were limited and as a result categorized the E&S risk of this project as Category B. However, the ESRS notes that any future IFC investment in the development of a mining operation would be reassessed as a new project. In the event of a proposed mine development, the Company would need to prepare E&S documentation required to demonstrate compliance with IFC PSs as well as Environmental, Health, and Safety (EHS) Guidelines, including baseline studies and an Environmental and Social Impact Assessment (ESIA).

In relation to PS1, the ESRS notes that the Company had not yet instituted E&S baseline studies for the Botswana prospects as they were in early stages of exploration. However, the ESRS notes that the Company had in place Environmental Guidelines and a Code of Conduct, and was committed to implementing an Environmental and Social Action Plan (ESAP) to cover all Health, Safety, Environment, and Community (HSEC) aspects relating to exploration activities, feasibility work and potential future mine development.

The ESAP, disclosed on IFC's website (and later incorporated into IFC's investment agreement), formalizes requirements that the Company develop a HSEC Policy for exploration drilling and potential mining operations including provisions on biodiversity preservation, community development and cultural heritage preservation. Relevantly, the ESAP also requires that the Company develop a comprehensive ESIA agreeable to IFC before commencing mining projects.

The proposed investment was presented to the IFC Board on June 10, 2010. The Board Paper identified the Company as a company exploring for diamonds and both base and precious metals in the northwestern part of Botswana. It stated that the Company was seeking IFC's engagement to assist with funding its ongoing exploration program, including the completion of a scoping study over the following two years, and that IFC would provide E&S technical assistance to help the project develop consistently with industry best practice. The IFC Board approved the project on June 21, 2010.

CAO notes that IFC's investment as approved by the Board commits IFC to ensuring that the Company establish an internal E&S management system capable of addressing E&S issues at levels required by its exploration activities and by any future development of any mining operation. The ESAP reflected these commitments and was the basis for IFC's E&S Department's (CES) monitoring during supervision.

The Equity and Warrant Subscription Agreement between IFC and the Company (First Subscription Agreement) was executed on June 24, 2010. Through the First Subscription Agreement, the Company, and its subsidiaries committed to operating any future project in accordance with the ESAP, IFC's PSs, and national law. Further, any future projects would have to be assessed by the Company and its subsidiaries in a manner consistent with good international industry practice in order to determine compliance with the PSs. The legal agreement did not include a requirement that the Company notify IFC if the Company planned to enter into a business area materially different from what was presented to the Board. The only specific requirement to



notify IFC of new projects contained in the First Subscription Agreement related to Category A projects.⁴

CAO has not found indications that IFC's pre-investment review of the Company's Botswana operations and plans was other than commensurate to risk.

4.3 Supervision

In Supervision, IFC is required to review a project's E&S performance on the basis of client commitments and as reported in the client's Annual Monitoring Reports (AMRs).⁵ IFC's supervision documentation in relation to the Company indicates that the Company has implemented the ESAP as required in the investment agreement. Following review of the Company's AMRs, IFC has consistently judged the client's E&S performance to be satisfactory as it was considered in material compliance with IFC's E&S requirements.

The Company's HSEC Policy

During project implementation, IFC assisted the Company in preparing an HSEC Policy. This was finalized in December 2010 and made public on the Company's website.⁶ Relevantly, the Company commits in its HSEC to undertake ESIA's in compliance with IFC PSs prior to ground based exploration; to formulate Management Plans or Action Plans, in consultation with stakeholders, to address impacts identified in ESIA's; and to not "conduct or be associated with any on-ground exploration or operations in gazetted National Parks unless such activity is approved by the requisite government authority."

Annual Monitoring Reports

CAO has reviewed the Company's AMRs for 2010, 2011, and 2012, and associated IFC AMR reviews. In addition, CAO has reviewed an October 2011 site supervision report prepared by IFC E&S staff. After each review, IFC rated the Company's E&S performance as satisfactory. Further, following IFC's site supervision visit, IFC noted that the Company had implemented all ESAP items agreed at appraisal.

Additional Equity Investment

In August 2012, IFC and the Company executed a second Equity and Warrant Subscription Agreement (Second Subscription Agreement). The purpose of the additional equity was to "fund ongoing exploration of its projects in Botswana." The covenants, including the E&S requirements contained in the Second Subscription Agreement, were essentially the same as those included in the First Subscription Agreement. CAO notes that the Second Subscription Agreement references the 2006 Performance Standards rather than the updated 2012 Performance Standards. Relevantly, it does not contain a requirement for the Company to notify IFC when it plans to enter into a new business area that is materially different from the original project as approved by the IFC Board.

4.4 Supervision in Relation to the Barberton (SA) Gold Project

⁴ Category A projects as defined by IFC are those with potential significant adverse social or environmental impacts that are diverse, irreversible, or unprecedented.

⁵ Sustainability Policy (2006), para. 26. Sustainability Policy (2012), para. 45.

⁶ For further details, see <http://goo.gl/7kQO2B> (accessed February 27, 2014).

For the purpose of this Appraisal, a key issue is whether IFC put in place measures to ensure that it would receive notification of any plans the Company might develop to pursue areas of new business not foreseen at the time of IFC Board approval, as required by the Sustainability Policy (2012) para. 25 (see section 4.1 above).

The Company's application for prospecting rights, through Idada, could be considered as a plan to enter into a new business area for the purposes of para. 25 of the Sustainability Policy (2012).

On the basis of available information, it appears to CAO that the first time IFC received information about the Barberton Gold Project was at the Company's AGM on March 22, 2013 (more than a year after Idada first submitted an application for prospecting rights to DMR). Although the AGM presentation slides describing the Barberton Gold Project were appended to the Company's 2012 AMR when it was submitted to IFC in April 2013, no discussion of the new project appears in the body of the AMR.

CAO received the Cradle of Life complaint on April 22, 2013, a week before IFC received the Company's 2012 AMR for review (April 29, 2013). IFC mentions the complaint in its 2012 AMR review (dated July 22, 2013). However, discussion of the complaint is limited. IFC's assessment of the client's E&S risk rating remains satisfactory.

IFC staff stated that they would not expect the Company to notify IFC until an application for the exploration license was approved. IFC staff also explained that they would expect that South African requirements as well as the IFC Performance Standards would be met in the development of the Barberton Gold Project and that these issues would be reviewed when and if a license was granted. In this context, CAO notes that it is industry practice to engage some level of E&S analysis and review during application for an exploration license and that IFC has advised that the Company had engaged in a level of review to support its application to DMR. IFC also reported that Tsodilo/Idada prepared an Environmental Management Plan (EMP) and met with potentially affected stakeholders as part of the application process. IFC staff advised CAO that they had not reviewed the application materials and would not expect to do so at this early stage (before a prospecting right license is granted). CAO notes that IFC does not have access to the client's E&S documents on the Barberton Gold Project.

In relation to project supervision, CAO notes that IFC monitored the E&S requirements of its investment including requiring the preparation of an HSEC Policy which would apply to all exploration activities. However, CAO has questions as to whether IFC's 2012 Subscription Agreement included sufficient measures to ensure that IFC would receive notification of any plans the Company might develop to pursue areas of new business not foreseen at the time of IFC Board approval, as required by the Sustainability Policy (2012) para. 25. Once IFC received notification of the Company's plans to pursue the Barberton Gold Project (in 2013), CAO is unclear as to whether IFC responded as required by the Sustainability Policy – namely by assessing whether the new business activity would pose E&S risks and requiring any necessary adjustments to the client's E&S systems.

5. Decision

The decision about whether CAO should initiate a Compliance Investigation requires the weighing of a number of factors including the likely environmental and social impact of a project, a



preliminary review of IFC's compliance with relevant E&S policies and procedures, as well as a more general consideration of whether there is an argument for the value of a Compliance Investigation for project-related or systemic reasons.

On questions of general compliance, CAO finds no indication that IFC's pre-investment review of the Company's Botswana operations was other than commensurate to risk. CAO also notes that IFC supervised the E&S requirements of its investment including requiring the preparation of an HSEC Policy which would apply to all exploration activities. Further, CAO notes that IFC has put in place requirements that require any prospect developed by the Company or its subsidiary to be pursued in accordance with IFC's Performance Standards as well as a requirement to conduct an ESIA prior to the commencement of ground based exploration activities.

This Appraisal also considers the question of whether IFC put in place measures to ensure that it would be notified of any plans the Company might develop to pursue areas of new business not foreseen at the time of IFC Board approval, as required by IFC's 2012 Sustainability Policy. On this question, CAO notes that IFC's 2012 Subscription Agreement with the Company did not provide for a legal requirement for notification to enter into a new business area in South Africa. Exploration in an area outside of Botswana would qualify as a new business area that is materially different from that represented and approved by the Board. As a result, IFC did not become aware of the Barberton Gold Project until more than a year after the Company had submitted its prospecting rights application. Further, once IFC received notification of the Company's plans to pursue the Barberton Gold Project (in 2013), CAO is unclear as to whether IFC responded as required by the Sustainability Policy – namely by assessing whether the new business activity would pose E&S risks and requiring any necessary adjustments to the client's E&S systems.

On the question of adverse impact, CAO notes that while the lodging of a prospecting rights application may have adverse impacts, any potential significant E&S impacts of the Barberton Gold Project would likely be contingent on the approval of a prospecting rights application and subsequent exploration activities. In this context, CAO notes steps taken by IFC to assure itself that the Company has in place E&S policies and procedures appropriate to identify and mitigate the impacts of mineral exploration activities.

Having considered available information on the potential E&S impact of this project in light of the issues raised by the complainant and the application of relevant IFC policies, standards, and procedures, CAO concludes that further investigation in relation to this complaint is not warranted. Acknowledging the risks that attach to extractive industries projects in sensitive habitats, however, CAO reserves the right, in line with its Operational Guidelines, to consider further appraisal of this investment should the Company proceed to develop the Barberton Gold Project in a manner that raises significant concerns regarding impacts on communities or the environment.
