



## ICGLR THIRD PARTY AUDIT AT NBMC

### EXECUTIVE SUMMARY

(Published on 27 July 2016)

#### **1. Introduction**

##### **a. Audit objective**

As part of the Regional Initiative Against the Illegal Exploitation of Natural Resources (RINR) the International Conference on the Great Lakes Region (ICGLR) has implemented the Regional Certification Mechanism (RCM).

The RCM aims is to provide assurance that the tin, tantalum, tungsten and gold extracted in ICGLR Member States (MS) mined, transported and exported by the auditee is in conformance with the requirements of The Mineral Certification Scheme of the International Conference on the Great Lakes Region (ICGLR) – Version Final November 2011 and its appendices.

In order to provide such assurance, the RCM requires an independent third party audit of the mining, transportation and export operations where applicable. Thus the third party audit process is required to verify the systems, processes and practices of the mining, transportation and export.

The ICGLR Audit Committee (AC), a tripartite forum representing government, industry and civil society, manages the audit process. The Committee accredits auditors and sets the standards and terms of reference for the audits. Accordingly the ICGLR Certification Manual (Version November 2011), provides for the AC to be responsible for the review of the audit reports submitted by the accredited auditors. The specific objective of this audit is to verify the level of conformance of auditees systems, processes and practices, up to and including mineral supply chains and mine sites of origin with the audit criteria with a view to obtain certification of the auditee under the ICGLR RCM.

## **b. Auditee**

New Bugarama Mining Company Ltd (NBM)

2. NBM is a Limited company registered in Rwanda. It has a single mining operation based in Burera near the Ugandan border in the north of the country extracting Wolframite only. The concession has been producing minerals since 1953. The auditor visited the mine site on 3 and 4 February 2016. According to the Rwanda Government Mine Inspector's report of July 2015:
  - . Total surface area of the concession is currently 915 hectares in total, with approximately 120 hectares currently engaged in mining operations
  - . The site is a formal mining concession. However, the majority of the mining operations are considered by the auditor to be artisanal in nature. Under Rwandan Law the artisanal miners are considered sub contractors to the concession holder.

## **Auditor**

Audit company - Estelle Levin Ltd (ELL)

Lead Auditor - Simon Gilbert

## **3. Scope of audit**

The size of operations and time constraints precluded a comprehensive audit of all export packages. Taking this into consideration the auditor was restricted fully reviewing four export files from the 2015 export list.

The following geographical locations were visited.

- . Head office of NBM
- . Mine sites owned by NBM
- . Mine sites and offices from which NBM purchases minerals
- . Offices of companies providing transportation facilities to NBM
- . Offices of companies providing export facilities to NBM
- . Security companies supplying services to NBM
- . Government of Rwanda Natural Resources Authority (RNRA), Geology and Mines Department (GMD)

## **Methodology**

Semi-structured interviews took place with the following personnel with many being

interviewed on multiple occasions as well as numerous informal conversations with a wide variety of local businessmen and expatriate individuals in various locations.

- . NBM Director of Mining Operations
- . NBM Director of Finance (Consultant)
- . NBM Compliance Officer
- . NBM Technical Consultant
- . Specialty Metal Resources (NBM majority shareholder representative)
- . Charge de l'Etat Civil et requêtes dans le secteur Kagogo, Burera District
- . N.A.D. Ltd - Laboratory
- . Director of CNG Mining Ltd - NBM sub contractor
- . Director of RWB Mining Ltd – NBM sub contractor
- . Transport/Export Manager at Bollore Ltd, Kigali – transports and export logistics and documentation
- . Laboratory Manager at Alex Stewart Ltd, Kigali
- . Michael Loch – Observer ICGLR audit committee
- . Eugenia Niwenkunda - Observer ICGLR audit committee
- . RNRA & GMD personnel re databases and Mine Inspection Reports
- . GMD iTSCi tagging personnel at the NBM mine site

A comprehensive review of requested documentation took place during the audit including the following,

- . Registration of business, shareholding and ownership documents
- . License document
- . Company conflict minerals due diligence risk assessment
- . Management Organogram of the company

- . Rwanda Government chain of custody system – policy, process, procedure and flowchart.
- . Business procedural flow charts demonstrating mine to refinery/export processes and procedures for delivery of minerals, for processing of minerals, for export of minerals.
- . Copies of all documentation that constitute the company’s conflict minerals due diligence management system.
- . Internal audit reports on ICGLR system implementation and operationalization including any non-conformities and corrective action taken. e.g. Minutes of the Monthly Due diligence meeting with Due Diligence Team, Marketing Department and Administration Department.
- . Financial auditing reports, bank account statements, tax returns – national, provincial and local government taxes and royalties.
- . Stock records for 2015
- . Production and processing records for 2015
- . Reports of physical verification of stock for 2015

NBM mine site at Burera, was visited over a two-day period. Access was arranged to interview any employee, Sub Contractors and Security guards and government employees. All iTSCi tagging materials and record books were freely available and reviewed. All mining, recovery and stock handling, process and procedures were observed in line with the government Mine Inspection Manual. The 2015 production records of NBM were reviewed at the mine site and the 4 sets of export documents for NBM were reviewed at the Head Office in Kigali.

#### **4. Findings (flag status)**

##### **Mine sites and trade routes**

- . The auditor visited the single mine site of NBM and traveled the same route as the production material to Kigali to NAD the exporting agent. No issues were reported by any interlocutors approached, this included members of the local business community, District government authorities and the NBM staff. The auditor observed Rwanda Armed Forces and Police patrolling this route at regular intervals.
- . NBM mined material is further transported from Kigali to Dar es Salaam by a

Rwandan transport company Bollore Ltd. Export documents including the 'Bill of Laden' indicates that ownership of the material is transferred from NBM to Specialty Mineral Resources upon completion of the loading of the material and receipt of the 'Bill of Laden' in Kigali.

**Mine Site Status Criteria** - There are no major or minor non-conformances. All of the following Mine site status criteria meet the requirements and standards of the RCM and therefore meet the **green flag status**

Conflict- There are no armed conflicts taking place in Rwanda. There are strong and proactive institutional structures within the country pertaining to the extractive industries.

Working Conditions - Working conditions were observed at the mine site. These were judged to be in conformance with both national legislation and with the ICGLR RCM

Environment -The company has an active environmental plan and an appropriately qualified consultant geologist who plans all mining activities.

Formality and Transparency - The Company has written documentation clearly setting out its stance on anti-corruption. The company is a member of and uses the ITSCi tracking system effectively.

Community Development -The company has a good programme of community engagement which was endorsed by local government officials.

**Mine Site Progress Criteria** - There are no major or minor non-conformances. All of the following Mine site progress criteria meet the requirements and standards of the RCM and therefore meet the **green flag status**

Working Conditions -conditions are considered good with all sub-contracting covered by written contracts and with all groups of workers organized into formal companies of Limited status.

Environment - The company has an active environmental plan and an appropriately qualified consultant geologist who plans all mining activities.

Formality and Transparency -All workers are contracted with rates for payment clearly set out. All documentation was freely available to the auditor.

Community Development- There is a strong sense of community at the NBMC site, which being essentially rural in nature is part of a very close knit community structure.

*Summary Table of conformance to RCM status criteria*

<b>CONFLICT</b>	<b>WORKING CONDITIONS</b>	<b>ENVIRONMENT</b>	<b>FORMALITY/ TRANSPARENCY</b>	<b>COMMUNITY DEVELOPMENT</b>

*Summary Table of conformance to RCM progress criteria*

<b>CONFLICT</b>	<b>WORKING CONDITIONS</b>	<b>ENVIRONMENT</b>	<b>FORMALITY/ TRANSPARENCY</b>	<b>COMMUNITY DEVELOPMENT</b>

**Exporter Requirements**

<b>RECORDS</b>	<b>TAXES</b>	<b>CASH PURCHASES</b>	<b>BRIBES</b>	<b>HUMAN RIGHTS</b>	<b>CONFLICT</b>	<b>PUBLIC or PRIVATE SECURITY</b>	<b>CHAIN of CUSTODY</b>	<b>DATA</b>	<b>OWNERSHIP</b>

**5. Conclusion**

Based on the scope, objectives, criteria and findings of the audit, the locations visited, the individuals interviewed and the processes reviewed, the auditee has demonstrated a level of conformance with the Audit Criteria that is consistent with The Mineral Certification Scheme of the International Conference on the Great Lakes Region (ICGLR) – Version Final November 2011 and its appendices.