

Our Supply Chain Policy

Stapleford Minerals & Metals conducts its business with probity and benevolence. Who we work with as suppliers and purchasers matters to us as does the conduct of our operations. We are mindful of the risks of significant adverse impacts which may be associated with extracting, trading, handling, and exporting minerals from conflict-affected and high risk areas in particular and elsewhere in general. We seek to pay fair value for the products we source, from legitimate operations, or individuals, and comply with tax and licensing obligations in the countries we operate in either personally or through assurance from others. We recognise that industry must carry out its operations with harm to the environment minimised to negligible levels or eradicated if possible, and where our materials pose a risk in transport and handling, this is identified and dealt with appropriately. Our sources of supply are selected in light of this.

General Supply Chain Policy

Our procurement staff are responsible for determining that the minerals we purchase and supply come from sources that meet our requirements of no adverse impact, fair working conditions, and regulatory compliance, in the first instance. The final determination to proceed with a working relationship with a supplier will be made in consultation with senior management. We do believe that most good natured businesses are those that can sustain themselves over time, and generate a track record for acting fairly in all dealings with their stakeholders. Our suppliers are overwhelmingly known to us for many years and we gain significant knowledge of each other over this time. We feel this forms the basis of our approach to supply chain management; to work with suppliers that have proven themselves to be decent, and where we can prove ourselves to them similarly, and to build this type of relationship with new suppliers. To this end we rarely if at all deal in spot trades, and with entities that are transient or act more like brokers of minerals, metals and intermediate products.

We seek to have visited the operations of our suppliers – as far down as the mine site – to apprise ourselves of its nature. We want to see credible evidence of licencing to carry out mining or processing bestowed by the government of the country in question. We also want to see export documentation from the government or governmental department of the country of origin for products being considered by a supplier. We seek evidence of transportation from the site of collection of the goods to the point of export from the country of origin and beyond as standard. We will not participate in schemes designed to avoid payment of duties or taxes by altering the categorisation of goods. We will not pay monies for services above and beyond their fair value or pay money favour, and will only pay monies with the creation of receipts, invoices, and other such documentation, all of which will be made available to those with the right to ask for review. If we can be sure of all of this we will authorise a relationship with a supplier to procure goods from them.

During our working relationship with suppliers it may be necessary to suspend cooperation if news comes to light that potentially means our conditions are no longer satisfied. We will pay attention to reports of unfolding situations in our countries of operation, and take action to remedy these situations during suspension of activities, and if no remedy can be found, cooperation will be ceased with the affected suppliers; this decision will be made at senior management level. We will alert relevant central government authorities of abusive and exploitative practices occurring in the supply chain. Any concerns identified by individuals in our organisation will first be notified to the procurement staff dealing with the country in question, who will also inform senior management. Investigations of the concern will be led by the procurement staff, with regular feedback provided by management, and a decision made early on whether to suspend operations as the investigation progresses.

There exists some degree of radioactivity in the ores and concentrates we handle. We do not process with heat or chemicals, and nor do our suppliers of such ores. The stoichiometric ratios of radioactive species (measured as thorium and uranium oxides) are not altered and therefore the materials can be classified as Naturally Occurring Radioactive Materials (NORM). Transportation of NORM requires them to be labelled as Class 7 for shipment if the activity exceeds 10 Becquerel's per gram. If the activity of our shipments is measured above this threshold we will stipulate they are labelled appropriately. We do not handle goods of any sort that are demonstrably of harm to persons coming in contact with them in their packaging as a result of their radioactive content. We do not handle anything other than NORM; we do not wish to cause harm to any person and cannot guarantee this if dealing with anything other than NORM. For persons engaging with our goods removed from packaging, simple safety precautions such as working with them in a well ventilated area, upwind, using facemasks if dust is likely to be formed to minimise inhalation and wearing gloves always when handling with avoidance of touching gloved hands to anything other than the material being worked with, washing hands after removing gloves and cleaning clothes if contaminated, and limiting time handling the minerals directly are sufficient for NORM; these recommendations are communicated to all we work with and also in place in policy of logistics company's we use. The lack of exposure related harm has been proven to our satisfaction by the wearing of film badge dosimeters which revealed an exposure well below 100 mSv accumulated over five years (the recommended limit for radiation workers) for staff at a processing plant we work with closely.

We are aware of the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) legislation. We are preregistered for the intermediate products that we handle ready for full registration in 2018.

We must accept that the vast majority of business we are involved in or are considering being involved in is legitimate and not supportive of harm to individuals or groups. However, there are certain instances where our own due diligence will not be enough. For this reason we have created a separate conflict minerals policy to deal with these instances. Our general supply policy applies to goods procured from level 1 countries (to be defined later).

Specific Conflict Minerals Policy*

Currently conflict minerals are defined as those containing Tin, Tantalum, Tungsten, and Gold. We deal in all except gold, and therefore have a duty to ensure that our minerals are free from conflict in their extraction, and indeed in any point after that to consumers. The OECD defines conflict-affected and High Risk areas as being identified by the presence of armed conflict, widespread violence or other risks of harm to people including but not limited to any form of torture, or degrading treatment, forced or compulsory labour, the worst forms of child labour, gross human rights violations in general and violations of international humanitarian law in full. It is our responsibility to ensure that conflict minerals do not enter the supply chain, either through us or channels known to us. To this end we apply our own due-diligence in parallel with recommendations made by various international organisations and institutions when dealing in minerals sourced from conflict-affected and high risk areas in particular and elsewhere in general.

At present conflict affected and high risks areas are to our mind defined by the Conflict-Free Sourcing Initiative's (CFSI) Conflict-Free Smelter Programme (CFSP) as level 3 countries. These level 3 countries are also referred to as 'covered countries' in the Dodd Frank Act Section 1502¹. Level 3 countries as defined by CFSP as: Angola, Burundi, Central African Republic, Democratic Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, Zambia. In addition the CFSP defines level 2 countries as known or plausible countries for smuggling, export out of level 3 countries, or transit of materials containing tin, tungsten, or tantalum. Level 2 countries are stated as: Kenya, Mozambique, and South Africa. Level 1 countries are defined as those with known active ore production for Tin, Tantalum or Tungsten that are not identified as conflict regions or plausible countries of smuggling or export of minerals containing tin, tantalum or tungsten. There is specific documentation to establish the origin of materials and safeguard against its conflict status depending on the level of the country of origin. There is also a difference in documentation depending on whether the operation of extraction is large scale or artisanal mining. Full details of this can be found in the applicable current publication from the CFSI². Our commitment is to obtain the required burden of proof stipulated by CFSI and dependant on the type of operation, and level of country of origin, for any mineral of tin, tantalum, or tungsten (hereinafter referred to as covered minerals) that we purchase.

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¹ Dodd-Frank Wall Street Reform and Consumer Protection Act: A federal statute in the United States that was signed into law on July 21, 2010. Section 1502 added section 13(p) to the Securities Exchange Act of 1934, which requires the securities and Exchange Commission to promulgate rules requiring issuers with conflict minerals that are necessary to the functionality or production of a product manufactured by an entity under the purview of said issuer, to disclose annually whether any of those materials originated in the Democratic Republic of the Congo or any adjoining country.

² Conflict Free Smelter Program: Supply Chain transparency smelter Audit Protocol for Tin and Tantalum (current edition). As published by the Conflict-Free Sourcing Initiative, an initiative of the Electronic Industry Citizenship Coalition and the Global e-Sustainability Initiative.

It should be noted that for Level 3 countries at present the only generally accepted method of traceability is deemed to be the ITRI Tin Supply Chain Initiatives (iTSCI). This effectively precludes purchase of covered minerals from regions and countries deemed level 3 where iTSCI is not operating. We currently purchase covered minerals from level 1 countries only, and meet the proof of origin and traceability requirements stipulated by the CFSI for these countries in every dealing we have.

**Our policy is guided by Annexe II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas second edition*

Signed

Mr Jim M McCombie

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