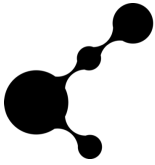


**Power Resources International Ltd**

Amelia House  
Crescent Road  
Worthing  
West Sussex  
BN11 1QR  
United Kingdom

**POWER X Ltd**

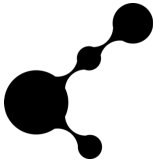
**Due Diligence and RMAP Procedure**



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**REVISION HISTORY**

Rev	Date Last Submitted	Authored / Revised By	Document Owner	Description of Changes
1	Thursday, December 15, 2022	Primož Meze	Primož Meze	Initial Document-Draft
2	Monday, January 9, 2023	Mike Loch	Primož Meze	Version 1.0
3	Thursday, January 12, 2023	Kyle Loch	Primož Meze	Version 2.0
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## **INTRODUCTION**

Power Resources International Ltd., (PRI), and its subsidiaries worldwide, (PRI or Company), has multiple company policies accepted, with the Supply Chain Policy being of great importance due to nature of the business PRI is in.

Following the Supply Chain Policy, (as well as all other policies), is mandatory for any PRI employee, from Board members, Directors, Managers to field officers and production staff, as well as Suppliers and Subcontractors.

PowerX Ltd. is a subsidiary of PRI and follows all of its policies but, additionally, has its own Due Diligence policy to ensure the sourcing of non-conflict minerals.

## **1. ESTABLISH STRONG COMPANY MANAGEMENT SYSTEMS – OECD STEP 1**

### **1.1. ADOPT A RESPONSIBLE SUPPLY CHAIN POLICY**

PowerX Ltd. as a subsidiary of PRI, is fully committed to being in compliance with the position of the Organisation for Economic Co-operation and Development (OECD) concerning responsible supply chain management, the Dodd-Frank Act, and the EU Conflict Minerals Regulation, to avoid the use of ores and metals that have OECD Annex II risks associated with them, including financing or benefiting armed groups in conflict-affected and high-risk areas. PRI commits to refraining from any act which contributes to the financing of conflict and complies with all relevant United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions.

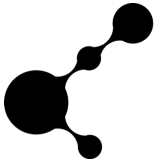
PowerX Ltd. has, for these reasons, established a system of internal control over the minerals in its possession, (chain of custody and traceability), and established an on-the-ground assessment process.

PowerX Ltd. demands that all its Suppliers are familiar with PRI's Supply Chain Policy, adhere to it, and acknowledge at the initial stage of signing any agreement between PRI and the potential Supplier.

The PRI Supply Chain Policy is published on PRI's web page and is reviewed annually and updated on an as needed basis.

### **1.2. MANAGEMENT STRUCTURE TO SUPPORT SUPPLY CHAIN DUE DILIGENCE**

PowerX Ltd. performs desktop Due Diligence on its suppliers as well as an on-the-ground assessment process, (OGAP). The execution of OGAP is carried out by trained, experienced, and competent personnel (Traceability and Digitalisation officers) who, through reporting to their Line Managers on national levels, and the Company Purchasing Manager on an international level, provide reporting into the Head of Sales and Traceability who oversees PRI's ore purchasing operations, compliance, and conformance of sourced materials on national and international levels. Meetings between teams carrying out the OGAP and their superiors are held weekly. Any actual or potential risks are reported up the chain of command within PRI to the Head of Sales and Traceability.



All existing and newly hired personnel are trained on Due Diligence procedures and all other job-role relevant Company policies with an emphasis on the implementation of Supply Chain Policy and Procedures.

### **1.3. MONITORING OF PERFORMANCE**

PowerX Ltd. reviews its Due Diligence and OGAP system at least once per year, monitoring its adequacy and effectiveness in the region and markets where PowerX Ltd. is sourcing from or selling products to. If required, proactive measures are taken within the one-year period between planned reviews. Should an unanticipated development occur a reactive measurement will follow in the shortest achievable time.

### **1.4. INTERNAL MATERIAL CONTROL**

#### **1.4.1. Material Control Systems**

PowerX Ltd. operates its own laboratory to determine the quality of materials that are offered to, or purchased by PowerX Ltd. Standard operating procedures, (SOP's), cover all aspects of the material control system, from compliance control, mass balance control, acceptance and reporting. PowerX Ltd. will also recognise laboratory measurements of its sister company, PowerM Ltd.

All assayed batches are given a unique identification number corresponding to the date, weight, grade, mine(s) of origin and values stored. All records are retained digitally for a period of 5 years. Internal material control continuously monitors inventory via receipts, physical inspection and inventory logs. Within these systems, any mass balance discrepancies are investigated.

#### **1.4.2. Mass Balance Calculation**

PowerX Ltd. has a mass balance control system. All raw materials and their usage are closely monitored to corroborate the mass balance alongside ore concentrates.

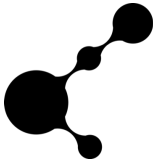
### **1.5. ENGAGEMENT WITH SUPPLIERS**

Prior to doing business with the suppliers, PowerX Ltd. requires the completion of a Know Your Counterpart, (KYC), digital form, which will ensure all relevant data is acquired on the supplier, its ownership structure and other relevant information to enable screening for sanctions, blacklists or records which denote high risk.

Suppliers are paid via bank Transfer or issued cheques guaranteeing financial traceability. PowerX Ltd. does not permit the use of cash to pay for minerals.

PowerX Ltd. is actively facilitating government agencies in charge of the mining sector development in Rwanda to further engage with suppliers on mine development, environmental sustainability and other impact initiatives which contribute to transparency and relationship building in the supply chain.

Working with the Suppliers allows PowerX Ltd. to make regular mine-site visits and provide due diligence reports based on those visits. Findings from these mine site visit reports are shared with Buyers downstream, or relevant industry recognised bodies, as necessary.



Reports on work and engagement with local communities are not publicly shared for community protection reasons but are regularly shared with the Company's Independent Chairman and key company stakeholders, such as lenders or advisory personnel, as well as being made available to any mandated auditor.

## **1.6. COMPANY LEVEL GRIEVANCE MECHANISM**

PRI has developed and adopted a Grievance mechanism that allows the company employees or any 3rd party to express their thoughts and concerns, regardless of their language and digital literacy. The triggering of the grievance mechanism is explained in detail in the Grievance Mechanism procedure.

## **2. IDENTIFY AND ASSESS RISK IN THE SUPPLY CHAIN – OECD STEP 2**

### **2.1. IDENTIFY THE SCOPE OF THE RISK ASSESSMENT OF THE SUPPLY CHAIN**

#### **2.1.1. Identification Of Suppliers**

Prior to engaging into any discussion, when contacted by a potential Supplier, the latter has to provide documents that reveal who the company beneficiaries are, their mining license information and/or mineral trade licenses. All of the gathered information is checked against the EU sanctions list and the US OFAC sanctions list. Origin, routes and trader's geographical location are also verified to determine if their material is sourced from a CAHRA source and if they trigger any potential red flags, as defined by OECD Due Diligence Guidance for Responsible supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

#### **2.1.2. Identification Of Material Category And Source**

PRI currently sources primary materials only, due to the technological focus of its refining process. The primary material sourced is tantalum bearing concentrate. This primary material is sourced from Large Scale Mines (LSM) and Artisanal and Small Scale Mines (ASM).

#### **2.1.3. Identification Of Conflict Affected And High Risk Areas**

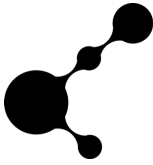
Identification of CAHRA is performed using the 'CAHRA Assessment Form' which is signed off by the Head of Sales and Traceability.

The CAHRA procedure for each country PowerX Ltd. sources from is performed at least once per year or more if political situations dictate as much.

PowerX Ltd. performs OGAP of all the sites PowerX Ltd. is sourcing from at least once a year for each Supplier, effectively carrying out Enhanced Due Diligence as per RMAP definition. In cases when on-site assessments in CAHRAs is not possible due to security concerns for periods longer than a year, despite the Company's best efforts, a visit should be made at the first possible date and a desktop assessment will be conducted and recorded.

#### **2.1.4. Determine Scope Of Risk Assessment**

##### **2.1.4.1. Review for Discrepancies**



Any discrepancies that raise suspicion, such as inconsistent quality from the same mine, or output being higher than estimated mine capacity during mine visit, are investigated by PRI's technical and compliance team.

#### **2.1.4.2. Determine Plausibility**

Key issues PowerX Ltd. considers throughout the process are: (i) Potential Supplier response rates; (ii) confidentiality requirements; (iii) missing and incorrect data; and (iv) the discovery of red flags that warrant further investigation or which may result in the termination of Due Diligence and all communications with the supplier. Refusal or inability to provide basic paperwork is an indication that the supplier and its material most likely do not exist, is illegal, or is attempting to disguise sanctioned beneficial ownership.

After the data is received, it is assessed for its accuracy, plausibility, consistency, gaps and reasonableness. The compliance team has the technical capability of PRI at its disposal, to turn to for consultancy in case of inconsistencies or unreasonable data.

PowerX Ltd. assesses supplier-provided data, defines the potential risks, and makes a decision whether communication and due diligence with a Potential Supplier should continue or whether communication should cease. In case of the latter decision, PowerX Ltd. terminates communication with the Potential Supplier who has not passed the screening for a minimum of 6 months.

#### **2.1.4.3. Assess Red Flags**

PowerX Ltd. assesses OECD defined red flag criteria. If red flags are raised, they are investigated, assessed and reported to the Head of Sales and Traceability, who then, if needed, can further escalate the report to the Company CEO for final decision making on subsequent action.

Any material coming from Countries without known mines producing 3TGs should be immediately red flagged and investigated if new, previously unknown, mines have opened in the country of claimed origin. If a mine is proven to exist, continue with Due Diligence and OGAP steps, if not, cease communication with the would-be-suppliers.

Reports on findings can be passed on to the downstream companies via the blockchain secured platform in use.

#### **2.1.4.4. Determine Sourcing Risk Level**

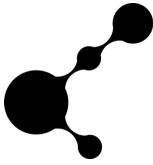
To determine source risk level, PRI is using the CAHRA assessment form. This form leads an evaluator to the internal company portal with data relevant for determining CAHRA status.

### **2.1.5. Map The Factual Circumstances Of The Supply Chain**

#### **2.1.5.1. Chain of Custody**

PowerX Ltd. is using its own, proprietary Due Diligence and CoC system but may draw information from third party systems as it deems suitable to improve the reliability of data for cross-referencing purposes.

#### **2.1.5.2. Conducting On-the-Ground Assessments**



PowerX Ltd. performs the OGAP. These processes are performed by teams consisting of experienced and competent personnel.

## **2.1.6. Assess Risks In The Supply Chain**

### **2.1.6.1. Mine Site Inspection**

Using the OGAP, PowerX Ltd.'s policy is to send a Traceability Officer to each mine site PowerX Ltd. is doing business with at least once a year, usually within a 3 month period after a delivery takes place if the supplier is part of any RMI recognised upstream assurance mechanism. If not, then the OGAP mine visit will take place prior to the first delivery. Observations and acquired data are recorded to a mine site due diligence reporting system using a cloud based service which operates both offline and online. PowerX Ltd. accepts Mine Site Due Diligence visits performed by its sister company PowerM Ltd. as its own reports.

## **3. RISK MITIGATION – OECD STEP 3**

### **3.1. REPORT FINDINGS TO SENIOR MANAGEMENT**

A Traceability Officer at national level carries out mine site visits a minimum of once per year for each mine. After the mine visit is complete, a report is produced. The report is verified and approved by the Purchasing Manager and signed by Head of Sales and Traceability. The Mine visit Report is logged and saved for a minimum of 5 years.

In case of any discrepancies or any violations of PowerX Ltd., or PRI's policies are detected, PowerX Ltd. Senior management shall be immediately informed and all activity with the entity in question is suspended.

### **3.2. ADOPT A RISK MANAGEMENT PLAN**

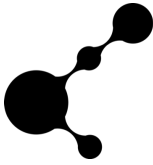
All PowerX Ltd. employees whose roles include trade, processing or shipments of concentrates or refining processes of conflict minerals are acquainted with company's Supply Chain and Risk Management policies and their fundamental principle that it will only source minerals from conflict free certified mines with full traceability.

### **3.3. IMPLEMENT RISK MANAGEMENT**

PowerX Ltd. carries out its own due diligence process in the Logistic supply chain which may include relevant industry recognised bodies. Furthermore, PowerX Ltd. will publicly report on its supply chain Due Diligence policies and practices and will expand the scope of sustainability, corporate social responsibility or annual reports to cover additional information in the mineral supply chain due diligence.

In instances of discrepancies or violations of any of PowerX Ltd.'s policies, and after examining all the facts, PowerX Ltd. will consult with suppliers and affected stakeholders, including local and central governmental authorities, international or civil society organisations and affected third parties, where appropriate, and agree on the strategy for measurable risk mitigation in the risk mitigation plan.

### **3.4. UNDERTAKE ADDITIONAL FACT AND RISK ASSESSMENTS**



PowerX Ltd. has developed its own Due Diligence and OGAP program with local authorities within the country where most of the mineral concentrates for PowerX Ltd.'s refinery come from. The program is a combination of desktop Due Diligence, mandatory mine site visits supported by a Blockchain platform.

#### **4. CARRY OUT INDEPENDENT THIRD-PARTY AUDIT – RMAP AUDIT – OECD STEP 4**

As PowerX Ltd. is operating in US defined CAHRA region, RMI performs annual 3rd party audits on PowerX Ltd.'s sourcing and smelting of conflict minerals.

#### **5. REPORT ANNUALLY ON SUPPLY CHAIN DUE DILIGENCE – OECD STEP 5**

PowerX Ltd. will prepare an Annual Report and publish the report on their company web page. The report will contain the information identified below:

1. Company Management Systems: Set out the company's supply chain due diligence policy; explain the management structure responsible for the company's due diligence and who in the company is directly responsible; describe the control systems over the mineral supply chain put in place by the company, explaining how this operates and what data it has yielded that has strengthened the company's due diligence efforts in the reporting period covered; describe the company's database and record-keeping system and explain the methods for disclosing all suppliers, assuring certainty of origin to PRI's refinery, to downstream actors; disclose information on payments made to governments in line with EITI criteria and principles.

2. Company risk assessment in the supply chain: Publish the risk assessment with due regard taken of business confidentiality and other competitive concerns. Outline the methodology, practices and information yielded by any on-the-ground assessments; explain the methodology of company supply chain risk assessments.

3. Risk management: Describe the steps taken to manage risks, including a summary report on the strategy for risk mitigation in the risk management plan, and capability-training, if any, and the involvement of affected stakeholders. Disclose the efforts made by the company to monitor and track performance.

2023-01-13

Ray Power,  
CEO