

## **Responses to Emmanuel Freudenthal: Aureus - New Liberty Gold Project, Liberia.**

### **1. What were the specific / quantified targets of the IFC when it invested in the New Liberty gold mine?**

IFC's broad development objectives for the project are spelt out in the project's Summary of Investment Information which can be found at:

<http://ifcext.ifc.org/ifcext/spiwebsite1.nsf/DocsByUNIDForPrint/C98DD15E1E4AF23785257CDA00506B53?opendocument>

### **2. What were the specific due diligence steps undertaken by the IFC on this project prior to the investment? In particular in terms of a) the allocation of its mining permit under the regime of Charles Taylor and b) its social and environmental impacts on the resettled communities and those living near the mine.**

As is our practice, IFC's due diligence for the New Liberty Gold Mine comprised desktop reviews, several meetings with Aureus management and a site visit. This due diligence focused on assessing the project for (i) positive developmental impacts (ii) financial, environmental and social sustainability and risks and (iii) defined IFC role and value addition. During this process, the team visited the project in Liberia and had meetings with company's local management team, government representatives and community members.

The due diligence included reviewing documents to ensure that the project had valid licenses and permits to operate as well as adequate assessment processes in place to manage relevant risks. The Environmental and Social Impact Assessment (ESIA) developed for the project, including the Resettlement Action Plan was also reviewed. These documents and steps to align the project with IFC Performance Standards are documented in the ESRS and ESAP for the project, alongside additional environmental and social documentation which can be found at:

<http://aureus-mining.com/investors/technical-reports> and  
<http://ifcextapps.ifc.org/ifcext/spiwebsite1.nsf/DocsByUNIDForPrint/08ADEE4304164E2185257CDA00502F08?opendocument>

### **3. How did the IFC calculate its cost/benefit analysis in relation to the involuntary resettlement vs the positive impacts of the project?**

As part of our due diligence, the Resettlement Action Plan and community consultation process was reviewed to ensure that they meet the requirements of the IFC Performance Standards.

Please see a summary of our report at:

<http://ifcextapps.ifc.org/ifcext/spiwebsite1.nsf/DocsByUNIDForPrint/08ADEE4304164E2185257CDA00502F08?opendocument>

### **4. How does the IFC divide the role of providing replies to journalists between the client (i.e. Aureus Mining) and the IFC?**

IFC's Access to Information Policy 2012 governs IFC's approach to responding to queries from outside parties. Journalists may also direct their questions to the project company.

### **5. Has the IFC entered into a confidentiality agreement with the client for nearly all the information concerning the project? If yes, for what reasons?**

IFC actions concerning the release of sensitive financial, business proprietary and other non-public information concerning clients are guided by IFC's 2012 AIP. The policy mandates the non-disclosure of commercially sensitive and confidential client information.

**6. Is the IFC also solely relying on the reports of the client (Aureus Mining) to monitor the progress of the project?**

Since committing to the project, IFC has monitored the New Liberty gold mine through periodic site visits, direct engagement with the company, the Liberian EPA and independent consultants. IFC has made two site visits, one in 2015 and most recently in May 2016. During these visits, IFC also engaged directly with the communities in the vicinity of the project.

**7. If not, then how does the IFC monitor the progress towards reaching its own objectives in this project?**

Please see above.

**8. Is the project progressing satisfactorily according to the IFC's objectives? If not, in what way is it lacking?**

IFC's objectives for the project are articulated in our SII, which is referred to in our response to your first question. This information will be updated in the SII, as the project matures and the results become available.

**9. What is the status of implementation of the Environmental and Social Action Plan? As you know this is information that should be provided to those who ask, according to your 2012 Access to Information Policy.**

Together with Aureus, we are currently reviewing the status of the implementation of the Environmental and Social Actions Plan, and we expect it to be publicly available by the end of 2016. Environmental and Social Action Plans (ESAP) are dynamic documents that are adapted to comply with IFC's Performance Standards. As new risks are identified, the ESAP is updated to take into account changes in the project or conditions.

**10. Could you send me all the third-party monitoring reports that were required by IFC, in accordance with the Performance Standards? As you know, this is a document that should be provided according to your 2012 Access to Information Policy.**

IFC makes available third-party monitoring reports, where required by IFC, in accordance with the Performance Standards, absent a compelling reason not to disclose, including as may meet one of the exceptions in our AIP, section C (11)(a). In the case of Aureus (a publicly listed entity), we are unable to share the third-party monitoring report as it contains commercially sensitive and confidential information.

**11. What does the IFC see as the potential impacts of the project being sold to another investor?**

The sale of the company to another investor and the rationale for that were made public in Aureus' press releases and statutory disclosures.

**12. How will the IFC ensure that the new investor abides by the IFC Performance Standards and meets its objectives for the project?**

IFC is working with Aureus to ensure that, as long as IFC is a shareholder, Aureus continues to work towards meeting IFC's Performance Standards.

**13. What has the IFC done to ensure that the company abides by its commitments in the Resettlement Action Plan (RAP)?**

The project is reviewed periodically by IFC and independent consultants to ensure compliance with IFC Performance Standards. Should we find shortcomings, we would work with the company to address them.

**14. Why have the resettled community not yet moved to the new houses that were planned to be finished in January 2014 according to the RAP?**

Following the Ebola outbreak, the company faced significant construction delays. As a consequence, the project experienced some significant challenges that impacted its financial/cash flow position, resulting in the recent financial restructuring. As a result, the full implementation of several aspects of the project had to be postponed, and some of the permanent houses have not yet been completed. Notwithstanding this, the company has engaged regularly with the community to inform them about the challenges and the company has committed to conclude the entire RAP by December, 2017.

**15. Why is there no clinic in the new Kinjor, which is a commitment of the RAP?**

As explained above, this is one of the commitments affected by the impact of Ebola on the country. The RAP commits for the company to construct a clinic which will be run by the Government of Liberia. The company is coordinating with the Ministry of Health to draft an MOU for its implementation. As part of an arrangement with the community, work will commence shortly, with plans for completion of clinic construction by June, 2017. A similar arrangement exists for the school, which has been functional since late 2014.

**16. What are the specific livelihoods support activities that are currently undertaken by the project?**

Livelihood support activities undertaken by the project include agricultural training, tailoring, timber supply and carpentry, construction (including brick making) and catering. The majority of these are in the form of "Community Cooperatives," where the Company supports the establishment of the cooperative to undertake a task and then purchases the cooperative's products for use within the project. This provides the community with education and training and also provides a market for enterprise.

**17. What was the compensation for the loss of livelihoods due to resettlement (mining, fishing, farming etc.)?**

Those with farms and crops were compensated according to a price list prescribed by the Ministry of Agriculture. The affected communities were not fishing communities but artisanal miners. In addition to financial compensation, these communities were taught alternative skills during the construction of the RAP village. These skills include, but are not limited to construction, wood-working, tailoring and other roles that were required by the Project.

**18. Why is there no land available for the people living in Kinjor to farm?**

There is land available. We understand the original land package was reduced as part was used to resettle secondary village inhabitants, after consultations with the primary beneficiaries. Furthermore, the agricultural and training co-operative (HOFOTO or 'Hope For Tomorrow') has about 16 hectares of cleared and prepared arable ground which is used by members of the co-operative.

**19. How many water pumps are there in Kinjor? And how many are currently functional?**

**20. How many water toilets are there in Kinjor? And how many are currently functional?**

Please contact Aureus for specific information about numbers of water pumps and toilets. Our review involved ensuring that adequate infrastructure has been put in place to support the resettled communities.

**21. How many complaints were filed with the grievance mechanism?**

Please contact Aureus for information about complaints filed with the grievance mechanism and the outcomes. Our review involved ensuring that proper mechanism exist to redress grievances to our satisfaction.

**22. What were their content and outcome?**

Please see response above.

**23. Was the IFC aware of the cyanide leak from the mine that poisoned the fish of at least one community?**

IFC was informed that cyanide in the tailing storage facility had leaked into the surrounding area in April 2016. IFC followed up with a site visit and together with the company, engaged with local communities and the government to assess the impact. Since then, IFC has worked very closely with the company to remedy the situation by:

- Requesting the company to halt all operations while the issue was investigated and any potential impact of the discharges was assessed
- Testing of water quality including where necessary, provision of an alternative source of drinking water.

IFC continues to monitor the project closely and is working with Aureus to make sure plant operations are being managed in line with the company's commitments and PS requirements.

**24. We were told that IFC has received complaints about the issues raised above (Questions 14 to 22). What actions has the IFC undertaken to resolve those?**

IFC has not received any complaints of that nature from any party.

**25. Has the IFC enhance its monitoring as a result of these complaints? How?**

Please see response above.

**26. When the project ends, how will the area be rehabilitated?**

The ESIA has provision for a mine closure plan which is also a requirement under the Mineral Development Agreement signed with the government, all of which are public. The closure plan and cost consideration will be updated as the project progresses.