



Logu au croisement de la Nationale N°3 et de la route menant à Bisie Walikale, Nord – Kivu, NIFA0705928C République Démocratique du Congo, RCCM:14-B-0095 +243 81 000 3943

www.alphaminresources.com

30 March 2021

Alphamin Bisie Mining Annual Public Report for Calendar Year 2020 on the Implementation of the Requirements of the OECD Guidance for Due Diligence of Mineral Supply Chains without Linkage to Conflict

1. Company Information

Alphamin Bisie Mining SA (ABM) is the DRC operating company and tin concentrate producer that mines and processes tin ore from its high-grade deposit issued under DRC's Mining Code as Production Permit No. 13155, in Walikale Territory, North Kivu, Democratic Republic of Congo (DRC). ABM SA's shareholders include the holding company, Alphamin Resource Corp (AFM), which is headquartered in Mauritius and listed on the Toronto Stock Exchange (TSXV: AFM) and the Johannesburg Stock Exchange AltX (JSE AltX: APH), as well as the Industrial Development Corporation of South Africa (IDC) and the Government of the DRC.

Alphamin's Mpama North mine in the DRC came into production in the second quarter of 2019. In 2020 ABM SA exported approximately 10 000 tonnes of contained tin, amounting to ~4% of the world's mined tin supply.

Alphamin is aiming to increase annual tin output and life of mine through incremental production from Mpama North, as well as nearby orebodies on its production permit and by adding more mines in close proximity to the current production and from within the licensed footprint.

The management team has successfully developed and brought the Bisie tin mine to production and is focused on taking the business to higher output levels as they pursue their objective of realizing the full value potential of this extraordinary tin complex while supporting the on-going development of the local communities and DRC mining industry.

2. Company Management Systems

The following outlines Alphamin's due diligence management policies and procedures consistent with the OECD Due Diligence Guidance.

2.1 Adopt a Responsible Supply Chain Policy

Recognizing that risks of significant adverse impacts which may be associated with extracting, trading, handling and exporting minerals from conflict-affected and high-risk

areas, and recognizing that upstream mining companies have the responsibility to respect human rights and not contribute to conflict, ABM has adopted, made widely available and incorporated into contracts and/or agreements with suppliers' ABM's Supply Chain Due Diligence policy for responsible sourcing of minerals from conflict-affected and high-risk areas, as representing a common reference for conflict-sensitive sourcing practices and suppliers' risk awareness from the point of extraction until end user. ABM has refrained from any action which contributes to the financing of conflict and we complies with relevant United Nations sanctions resolutions or, where applicable, international and domestic laws implementing such resolutions. The policy is publicly communicated via the web site. The policy is reviewed annually and updated as necessary.

2.2 Provide Sufficient Resources to Conduct Due Diligence

The due diligence policy on upstream suppliers and downstream customers function is the responsibility of the ABM Managing Director.

2.3 System of Controls to Achieve Traceability of Material

ABM has implemented a metal accounting report to improve auditability and transparency of metal accounting from mine to product. All records will be maintained for a minimum of five years.

2.4 Process for Engaging with Suppliers

As part of ABM's supplier program, suppliers are required to complete and sign a Vendor Application, a Due Diligence Questionnaire, Certificate of Anti-corruption compliance, General Terms and Conditions of Purchase contract and the ABM Supply Chain policy. Once these documents have been completed, they are reviewed and if all is in order the supplier is approved. The company has established, where practical, long term relationships with suppliers that meet its Supply Chain transparency requirements and Responsible Supply Chain Policy.

2.5 Company Level Grievance Mechanism

Alphamin does not accept behaviour which is inconsistent with its Code of Ethics and Responsible Supply Chain Policy by any employee, contractor, supplier or Board Member. If an employee becomes aware of any such behaviour, they are required to report it to their Manager, the AFM Chief Compliance Officer, the ABM Managing Director, or the Audit Committee, using the established Grievance procedure if disclosure is chosen, or through the Company toll free number where anonymous disclosure is an option. Our Ethics Hotline Services provided by Whistle Blowers Pty Ltd plays a pivotal role in ABM's risk management and legal compliance program. All calls to these numbers are made to an independent third party with specialist knowledge and experience in dealing with calls of this nature and, all information is treated as strictly confidential. The anonymity of all callers is guaranteed.

Alphamin will not tolerate any form of retribution or victimization against those who speak out against violations of the Code of Ethics and Responsible Supply Chain Policy and all stakeholders (supplier, customer, employees, local citizens, etc.) are urged to report any instances of victimization to the Chief Compliance Officer, and the Audit Committee or on the Company toll free numbers.

Any unethical or undesirable behavior, questionable accounting or auditing practices or violations of the Code of Ethics can be reported to the AFM CFO or ABM Managing Director and the company toll free numbers.

In addition, a Grievance Process for all internal employees and both internal and external stakeholders is available and is managed by the Community Development Department through its Community Liaison & Grievance Officer.

This is available to those who are open to disclosing their concerns independently or after using the toll-free confidential access point.

Stakeholders can also utilize the Responsible Minerals Initiative (RMI) Grievance Mechanism to raise concerns about ABM's operations since ABM is a member of RMI. The Grievance Mechanism is located on the RMI [web site](#).

Grievances, whatever their source or routing, are documented, reviewed and dealt with as needed at the level of the ABM Finance Officer (AFM CFO) and ABM Managing Director.

3. Identify and Assess Risk in the Supply Chain

ABM utilizes the following elements to identify risks in the supply chain. The specifics on how it manages the process for mine site inspection, ICGLR audit, extraction, handling and transportation of minerals is described below.

3.1 Mineral Extraction

3.1.1 Mine Site Validation

Under its Industrial Mining Permit, ABM is not required to undergo an annual mine site inspection for validation process as a site free of conflict or conflict financing. The annual validation of green, yellow or red status is applied only to artisanal sites. The conflict-free status of Bisie as an industrial mine is assured by the ongoing and permanent presence of representatives of the Government Mining Services, which includes the two services directly responsible for issuing the ICGLR Regional Certificate (Division of Mines and Centre of Expertise, Evaluation & Certification of precious and semi-precious substances, the CEEC). If the Government identifies any risks, they communicate these to ABM and ABM, along with the government, confirms if there is a risk that requires mitigation and, if so, develops and implements risk mitigations measures accordingly.

3.1.2 ICGLR Exporter Audit

ABM has requested and will support an ICGLR Third Party Audit (TPA) which is to occur once every three years after an initial audit which ABM has committed to. This audit was

formally requested by ABM. ABM will conform to the requirements of the ICGLR Regional Certification Mechanism and will immediately address any issues identified in the TPA. Given there may be capacity issues regarding the ICGLR TPA process, ABM will initiate the TPA process and assist the process where appropriate and feasible.

3.1.3 Mineral Bagging and Export Approval Process

The bagging process is carried out by Alphamin staff and is overseen by representatives of three Government Services:

- Division des Mines (DDM);
- Office Congolais de Control (OCC); and
- Centre of Expertise, Evaluation & Certification of precious and semi-precious substances (CEEC).

Immediately prior to sealing the bag, a spear sample is collected by representatives of the Government Services and delivered to CEEC in Goma. CEEC splits the sample, with one sample being analysed by CEEC and the other sample sent to OCC for analysis in their laboratory. The results of the CEEC analysis are used to generate the ICGLR certificate (of origin being conflict-free) as well as the export value for customs, royalties and other taxes. The sub-sample is kept by OCC for DRC regulatory compliance. Two other samples are archived without analysis by DDM and the export agency, DGDA.

The independent laboratory at Bisie stores (independently of the Government Services) a sub-sample of each production lot for parallel invoicing of ABM customers and, if necessary, possible umpire analysis.

After the Government Services have collected their samples, each bulk bag is sealed, and a tag attached by ABM with unique numbering reflecting the date of production, mass of concentrate, and tin content. The sealed bulk bags are arranged into productions lots of 24WMT (Lots) and loaded onto 3 rough terrain trucks. The rough terrain trucks transport the bulk bags from Bisie mine site to ABM's tin marshalling yard at Logu, a distance of 38km by its private mining road (to help mitigate risks, the road is owned, and access controlled by ABM) . At Logu the bulk bags are transferred into Shipper Owned Containers (SOC) with one lot per container, whereupon the export documentation approval process commences.

3.2 Mineral Transport Process

3.2.1 Containerised Concentrate

Once all export documents have been received (27 documents issued by 6 different GDRC services for each 24-tonne lot), the SOC is sealed by the DRC customs authority (DGDA) and ABM. Both seals are tamper proof and are uniquely numbered. The SOC is loaded onto a truck and dispatched in batches of one or more trucks per convoy.

ABM has established 6 truck stops between Logu and Kasindi (border post between DRC and Uganda, which is approximately 1,500 kms from Logu). The convoys only drive during daylight hours, parking overnight in the safety of the road camp. ABM security teams at the truck stops are required to check the condition of the seals on the SOC and report any instances of tampering. Where the convoy cannot reach the truck stop (due to breakdowns or poor road conditions), the truck/s will have to spend the night on the road and still report to the truck stop as soon as possible the next day so that the ABM security team can inspect the seals and report on their condition. From the Beni truck stop, the convoy can exit the DRC generally via the Kasindi border post.

3.2.2 Concentrate in Bags

Circumstance (transport route impairments i.e., poor road conditions, bridge failures, river crossings etc.) may require concentrate to be transported in the sealed bags from the mine and reloaded onto another vehicle at a different location (beyond the impairment) prior to being trans-loaded for export in a sealed container. In that case, CEEC agents verify the off-loading and on-loading as required with documentation integrated in with all other export documents.

The one-way trip between Logu and Beni takes between 14 and 35 days. Given the fluidity of security and road conditions, actual routing may vary and over the life of mine it is expected that ultimately direct road transport from Logu to Goma via Masisi will be possible, at a considerable savings of time and cost.

To monitor security and supply chain integrity during transport, ABM Security monitors truck movements within the DRC, documenting any security or supply chain integrity issues such as roadblock payments, etc. Periodic and/or random escorts to monitor and document these issues are undertaken depending on need. Given the possibility of unforeseen security concerns, routing from mine to port, may vary or change to assure an adequate level of security. Customers will be made aware of any transportation deviations as needed and any risk mitigation measures introduced if that is necessary.

3.3 Chain of Custody Handover Process

On entering Uganda, the Ugandan Revenue Authority (URA) seals each SOC with an electronic lock and allows the convoy to travel to the freight forwarding agent's premises in Kampala. On arrival at the premises, the freight forwarder notifies the URA and a representative of the URA removes the electronic lock and witnesses the opening of the SOC.

The freight forwarder offloads the bulk bags from the SOC and reloads them into 6m Liner Owned Containers (LOC). A representative of the transporter is present during offloading of the SOC to conduct a quick analysis of the mineral content of the bulk bag using a handheld XRF analyzer. If the seals are found to be intact and the readings of the XRF analyzer match the recorded grade (plus or minus 5%Sn), the bag is handed over to the customer and risk and ownership is deemed to have passed to the offtake buyer. Damaged bags or bags where the seals appear to have been tampered with are quarantined in 20ft lockable containers placed inside the freight forwarders' premises. Independent assessors then investigate the cause of damage/tampering, and if found to

be due to normal wear and tear, the product is re-bagged and loaded into the LOC. No illegal tampering has been discovered, but in the event of tampering, the assessor will notify ABM, and the security team will quarantine the entire Lot and conduct a full investigation on the movements of the convoy from Logu to Kampala in order to determine exactly where the tampering took place.

From Kampala the sealed LOC is transported to Mombasa for shipping to the smelter.

4. Design and Implement a Strategy to Respond to Identified Risks

Alphamin is committed to ensuring that sound and effective systems of internal control and enterprise risk management are developed, embedded, implemented and consistently reviewed throughout the organization. To achieve this commitment Alphamin has implemented a Risk Management Framework with associated systems and controls. The ABM Managing Director is responsible for communicating identified risk to the senior management team.

Alphamin uses a reporting framework and template which includes the following aspects:

- 4.1 Risk category/cluster
- 4.2 Description of the risk
- 4.3 Discussion on the context of the risk
- 4.4 Discussion on the business implications of the risk
- 4.5 Review of the current controls
- 4.6 Evaluation of the efficiency of the controls
- 4.7 Evaluation of impact and likelihood
- 4.8 Overall rating
- 4.9 Risk Mitigation measures

- 4.10 Action plan and risk mitigation strategies with specific responsibility.

The following risks in 2020 were identified with the appropriate mitigation measure implemented:

- Inaccurate or false allegations of human rights abuses by certain adversarial stakeholders. Alphamin worked closely with a broader range of stakeholders including Government and local civil society actors to investigate the allegations. In all cases during 2020 the allegations were found to not be valid. Alphamin continues to work closely with a broad range of stakeholders to monitor and report on on-going activities.

- There has been severe disruption in the transport of materials due to poor infrastructure including the failure of bridges and extremely poor road conditions. Alphamin has worked with the Government and local communities to mitigate these risks and developed temporary solutions so that minerals could continue to be exported and all appropriate taxes and fees could be paid. Alphamin has funded repair of several bridges and continues to look at collaborative efforts to improve road conditions along the transport route. While the Maiko Bridge was out of commission, ABM worked closely with the government to assure on-going

chain of custody as the material was transported across the river using a helicopter and reloaded onto trucks for export. Government representatives were present during the unloading and reloading of the material and worked with ABM to assure proper chain of custody and all shipping and export documentation was in place. Alphamin also reviewed and revised their Due Diligence Procedure to reflect this identified risk.

5. Conclusion

This report summarizes the requirements of the annual reporting obligations by the Government of the DRC, ICGLR and OECD Due Diligence Guidance. As Alphamin has recently commenced mining operations (2019) and as the first industrial tin mine in the DRC, it continues to work closely with the Government of the DRC, concerned stakeholders and the local community to assure the mining operations are in conformance with international accepted standards. By doing this ABM has created a world class mining operation, demonstrating that businesses can profitably operate in the eastern-DRC, creating economic stability, supporting community growth, and contributing to peace and stability. Through this ABM has demonstrated to the world that what most thought impossible is now a reality, generating more than \$6 million in royalty revenues alone for the people of the DRC from the first year of exports.