

Public Information Summary

Host Country	Mozambique
Name of Borrower	Twiggs Exploration and Mining, Limitada
Project Description	Expansion of, and upgrades to, an operating mine to produce up to 350,000 tons of graphite per annum for which a substantial portion will be used in electric batteries.
Proposed DFC Loan	Total amount to be financed by DFC up to \$150.0 million
All-Source Funding Total	\$175.0 million
Policy Review	
Developmental Objectives	<p>The Project seeks to have a positive development impact in Mozambique by addressing employment and economic development challenges while supporting the global clean energy transition by increasing graphite production, a critical mineral for electric vehicle batteries. The expansion of mine capacity for natural graphite will create over 150 new full-time jobs, a significant portion of which will go to locals of the Balama area, as well as generate local income through contracts with local suppliers and tax and royalty payments. The Project will also contribute to climate change mitigation by providing sufficient graphite for several million electric vehicle batteries per year.</p>
Environment and Social Assessment	<p>SCREENING: The Project has been reviewed in light of DFC’s categorical prohibitions and was determined to be categorically eligible. The Project is screened as Category A because it involves the operation of an open pit mine and ore processing.</p> <p>The Project is subject to Climate Resiliency Screening per Executive Order 13677. The Jupiter Climate Risk Screening Tool was used to assess climate risk. The Project is at increased risk for fire, heat and precipitation. The Project site may experience 251 mm of maximum daily precipitation under a 100-year return period. This projection aligns with rainfall estimates used by the Project in infrastructure designs, dam break analysis and water balance studies.</p> <p>Based on the Project’s Q4 Sustainability Reporting the Project’s GHG emissions reached 80,000 tonnes CO₂e/year in November 2022 (all Scope 1 emissions since the Project does not purchase electricity, steam, heating or cooling).</p> <p>APPLICABLE STANDARDS: DFC’s environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following Performance Standards:</p> <ul style="list-style-type: none"> • PS 1: Assessment and Management of Environmental and Social Risks and Impacts;

- PS 2: Labor and Working Conditions;
- PS 3: Resource Efficiency and Pollution Prevention;
- PS 4: Community Health, Safety, and Security;
- PS 5: Land Acquisition and Involuntary Resettlement;
- PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and
- PS 8: Cultural Heritage

No known indigenous peoples were found in the Project area according to the Project's ESIA and validated by DFC's Independent Consultant (IC) during due diligence. Therefore, PS 7 is not applicable at this time.

In addition to the Performance Standards listed above, the following IFC Environmental, Health and Safety Guidelines are applicable to the Project:

- IFC EHS General Guidelines (April 30, 2007);
- IFC EHS Guidelines for Mining (December 10, 2007); and
- IFC/EBRD Worker Accommodation Processes and Standards guidance note (2009).

Environmental and Social Risks and Mitigation:

The key environmental and social impacts related to the development and operation of the Project will include: the potential for acid mine drainage; water ingress into open pits; labor and contractor management; influx management; ongoing economic displacement and livelihood restoration; management of security personnel; and community/occupational health and safety concerns related to future stability of the Tailings Storage Facility (TSF). Additional studies are required to confirm TSF stability prior to planned expansion.

Acid Mine Drainage

The Balama West pit contains significant amounts of Sulphur in pyritic rocks, which have significant acid generating potential. The Project will use a combination of proactive and reactive methods so that acid formation will be prevented to the extent practicable, but when it does occur leachate will be stored and treated prior to release.

Water in Open Pits

Excess water in the mine pit is considered contaminated. The pits are currently dewatered using a sump pump and water is pumped to a retention pond near the lip of the West Pit. Water in this retention pond must be treated prior to release or discharge. The Borrower believes a water treatment plant will be required prior to commencement of Stage 3 mining and has commissioned an early stage feasibility study for this plant. As part of the 2023 Acid Mine Drainage Management Plan, the Borrower plans to install separate dewatering mechanisms to separate

acidic water from non-acidic water to reduce the volume of water that may require treatment.

Labor and Contractor Management

The Project utilizes a total workforce of about 500 direct workers and about 850 indirect workers. Labor management on site is governed by Syrah corporate policies and a series of project-specific human resources policies and procedures that collectively cover the PS 2 requirements. A worker grievance mechanism is available on site for direct and indirect workers. The Project has in place contractor/supplier vetting and compliance procedures that cover environmental and social topics. DFC will require the Project to consolidate its contractor compliance procedures into a comprehensive Contractor Management Plan.

The Project has recently renegotiated its collective bargaining agreement in cooperation with the union on site and local and national government authorities. The Project will be required to further reinforce its dissemination and promotion of the worker grievance mechanism for its direct and indirect employees.

Influx Management

The Project must continually monitor and address worker and project-induced influx. The Project has in place a local recruitment procedure to coordinate local hiring with contractors and to maximize local employment. For its non-local workforce, the Project houses workers in an on-site worker camp. Under its community investment program, the Project has in place a number of community health and safety and development initiatives aimed at supporting broader social development needs of the Project area. In addition, the Borrower plans to undertake a study to assess the status of encroachment within the Project's land lease). The Project will be required to provide the study to DFC and to develop an IFC-compliant Influx Management Plan to include measures to address risks associated with worker housing and broader labor and opportunistic influx, in coordination with regional development objectives.

Economic Displacement and Livelihood Restoration

The Project has not caused and the Borrower does not anticipate causing any physical displacement. A Resettlement Plan (which is required by local regulations in cases of either physical or economic displacement) was developed in the initial Project development plans associated with the 2014 ESIA. The Resettlement Plan was developed in alignment with IFC PS 5 and implementation of livelihood restoration measures are ongoing. A Socio-economic Impact Study was undertaken in 2022 to assess the impacts and efficacy of compensation and livelihood restoration measures to date and found that while the land acquisition

process was largely adequate several improvements should be implemented to achieve full compliance with livelihood restoration objectives. The Project will be required to update its livelihood restoration strategy and commit to a completion audit to confirm compliance with PS 5.

Security Management

The Project is situated in a province that has an active insurgency causing overall insecurity and a presence of public security forces in the region. For site security, the Project works with a private security contractor. The Project has in place an existing Security Management Plan, and personnel on site responsible for security oversight. The Project's security provider has in place requisite Code of Conduct, policies, and training requirements, and is a member of the International Code of Conduct Association (ICoCA), a multi-stakeholder body for responsible security management. DFC will require the Project to further formalize and strengthen its Security Management Plan.

Tailing Storage Facility (TSF) Stability

TSF Cells 1 and 2 have been constructed as adjacent, geosynthetic-lined cells using starter walls. Cell 1 will reach capacity in 2023 and Cell 2 will provide sufficient capacity until 2029, at which point the Project plans to progressively raise the height of Cells 1 and 2 using the upstream method of perimeter embankment construction to provide additional storage capacity until they reach a height of 20.5 and 31 meters above natural ground level. Three additional geosynthetic lined cells would be constructed at some time in the future. With respect to the current construction of Cells 1 and 2, DFC's Independent Engineer considers the current risk of TSF instability to be low.

Additional testing will be required to confirm that the planned expansion approach is feasible. Should the results preclude use of the upstream construction method for TSF expansion, the Project will develop alternatives to tailings disposal, including dewatering and dry stacking of the tailings. DFC is providing a stand-by credit facility to support the development and implementation of this alternative method for tailings disposal.

Community Consultations:

The Project undertook community consultation in conjunction with the development of the Project's ESIA and Resettlement Plan. Consultations were carried out in compliance with Mozambican public participation requirements.

Currently, the Project has in place a Stakeholder Engagement and External Grievance Mechanism, which is considered consistent with IFC

	<p>PS 1. The Project has a qualified Community Relations team that is based on site and in charge with day-to-day implementation of stakeholder engagement.</p> <p>Site Visit and Disclosure: An Independent Consultant was appointed by DFC to conduct environmental and social diligence on the Project. The Independent Consultant conducted a site visit in November 2021.</p> <p>The ESIA was disclosed on DFC’s website for public comment from February 2, 2023 to April 3, 2023. Comments received and DFC’s responses can be found in Annex C.</p>
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