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TANTALUM-NIOBIUM INTERNATIONAL STUDY CENTER

PRESIDENT'S LETTER

Dear friends and members of the T.I.C.,

December has arrived and, once more, there are dark clouds over the global economy, particularly in the Euro zone countries. The gloomy scenario has been affecting the supply chain of the tantalum and niobium industry in the later part of this year and, as yet, it is not obvious when it will end. Some believe it could end shortly, others that it could remain for the whole of next year.

Although that uncertainty was looming in the air, the recent General Assembly held in Almaty, Kazakhstan, was a remarkable one, thanks to the master efforts made by our hosts, NAC Kazatomprom and Ulba Metallurgical Plant, who organized a very complete plant tour, including all steps of processing for tantalum and niobium products in their facilities, and an outstanding Gala Dinner and lunch following the plant tour. I would like to take this opportunity to thank all those who contributed to making the Almaty Assembly, the technical sessions and the plant tour such a great success, and also our Secretary General, Emma Wickens, and our Technical Promotion Officer, Ulric Schwela, who were tireless in organizing the event.

At this point, we are already starting the organization of next year's Fifty-third General Assembly which will take place in Cape Town, South Africa. We anticipate several papers showcasing the mining in African countries, which, together with many other subjects covered, will contribute to a very interesting technical programme.

This year, the Executive Committee said goodbye to Richard Burt, Lawrence Stryker and Barry Valder and thanked them for their work. Additionally, I would like to welcome to our team the new Executive Committee members, David Henderson, Ian Margerison and Hiroya Nishimoto. We are all sure they have a lot to contribute to our organisation. I would also like to thank the members of the T.I.C. for electing me to a second term as President of the association.

Equally, I take this opportunity to send, on behalf of the T.I.C. and on my personal behalf, deep thanks to Richard Burt for his rewarding service as member of the Executive Committee for five years and as President of our association for two consecutive terms. His expertise in mining will continue to serve the T.I.C. on a consultancy basis for the iTSCi project and all other Supply Chain issues.

At this point in time, no one can predict the full impact of the Euro zone crisis on the tantalum and niobium business, but the message is: support your customers and let's be creative in finding solutions together.

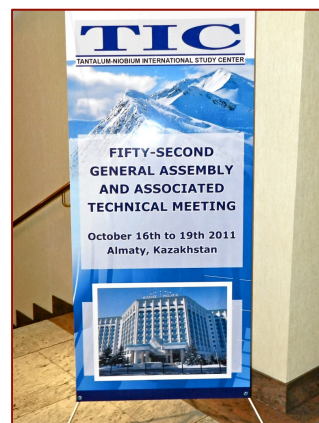
I send to you all my Season's Greetings and wish you a happy New Year.

José Isildo de Vargas
President

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FIFTY-SECOND GENERAL ASSEMBLY



Ulric Schwela

The Tantalum-Niobium International Study Center held its annual conference at the Rahat Palace Hotel in Almaty, Kazakhstan, from October 16th to 19th 2011. This was the Fifty-second General Assembly in the T.I.C.'s history.

The formal meeting of the association was held on the morning of October 17th. Four companies were elected as new members of the association, one company resigned and the membership of two companies had been terminated, bringing the current number of members to 86. Three company name changes and two transfers of membership were also enacted by the Assembly. Full details are provided in the last section of this Bulletin, under 'Member company news'.

Mr Richard Burt, Mr Lawrence Stryker and Mr Barry Valder did not stand for re-election to the Executive Committee. Despite the vacant positions, for the first time in the T.I.C.'s history there were more candidates for the Executive Committee than the twelve positions allowed for by the T.I.C.'s Charter. Of the thirteen candidates, the member delegates elected the following people to form their Executive Committee: Mr John Crawley, Mr José Isildo de Vargas, Mr Alan Ewart, Mr Alexandr Gagarin, Mr David Henderson, Mr Jiang Bin, Mr Ian Margerison, Mr William Millman, Mr Hiroya Nishimoto, Dr Daniel Persico, Dr Karlheinz Reichert and Mr Itamar Resende. Of these twelve, Mr José Isildo de Vargas was elected as President of the T.I.C. for the coming year.

On October 17th and 18th, technical presentations were given in two half-day sessions.

Delegates, guests and accompanying persons enjoyed a Welcome Reception on Sunday evening and a Gala Dinner hosted by NAC Kazatomprom and Ulba Metallurgical Plant JSC on Monday night. Entertainment followed Kazakh traditions with dancing, singing, folk music, and finally falconry where all the guests had the opportunity to pose with a live falcon or an eagle resting on their arm, and so admire these wonderful creatures.



On Wednesday, Ulba welcomed delegates to a tour of the company's facility located in Ust-Kamenogorsk, one hour's flight north of Almaty. The plant tour included the full breadth of tantalum operations from mineral dissolution and extraction to metal reduction, ingot formation, electron beam melting and metal working, as well as capacitor powder production. During their time on the site, delegates also had the opportunity to pair up to plant a tree sapling and were given a guided tour of the Ulba museum which covered the plant's history since its establishment in 1949.



All images are courtesy of NAC Kazatomprom / Ulba Metallurgical Plant JSC, except where indicated.

A guided bus tour along the Ulba and Irtysh rivers then brought the delegates to a restaurant for a group photo followed by banquet lunch with live entertainment by a singer and folk musicians.



Accompanying persons' photos: Kuan Siew Hwa

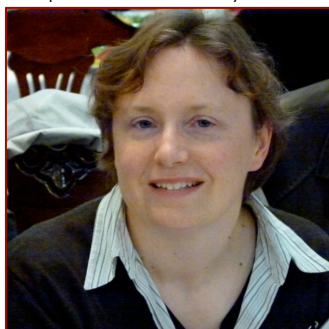
The accompanying persons enjoyed a two-day sightseeing programme. They toured the city by guided bus, including visits into the surrounding foothills with the world's highest ice-skating rink, a view over Almaty and a cable car ride down to the centre. The second day included a visit to an ostrich farm and the beautiful Issyk mountain lake.

Thank you from the T.I.C. team to all that helped make the Fifty-second General Assembly a success!



Richard Burt

José Isildo de Vargas (President)



Richard Burt

Emma Wickens (Secretary General)



Ulric Schwela (TPO)

Richard Burt (SCO)



**Fifty-third General Assembly
and
Symposium 2012 on Tantalum and Niobium**
October 7-10th 2012 - Cape Town, South Africa

CALL FOR PAPERS

The deadline for abstracts is Wednesday February 15th 2012

Scope

Papers on the following topics are sought, as well as contributions on other relevant subjects.

**Theme 1:
Raw Materials**

- Exploration
- Mining technology
- Mineral concentration
- Sources
- Strategic materials

**Theme 2:
Supply Chain: transparency and traceability**

- Dodd-Frank Act and SEC rules
- ICGLR and certification
- ITRI and iTSCi
- Public-Private Alliance for Responsible Minerals Trade
- OECD Due Diligence Guidelines

**Theme 3:
Services to the Industry**

- Analysis and assaying
- NORM transport regulations
- NORM logistics solutions

**Theme 4:
Primary Processing and Refining**

- Production of hydroxides and oxides
- Production of tantalum heptafluoride (K-salt)
- Production of ferroniobium

**Theme 5:
Secondary Processing and Metallurgy**

- Capacitor powder
- Carbides
- Chlorides and other chemicals
- Metallurgical powder
- Ingots and sputtering targets
- Sheets, tubes and wire

**Theme 6:
Capacitor Production**

- Nb capacitors
- Ta capacitors

**Theme 7:
Applications**

- Aerospace and energy
- Automotive and infrastructure
- Catalysis
- Corrosion protection
- Cutting tools
- Data storage media
- Electronics
- Jewellery and numismatics
- Medical devices and implants
- Oil and gas industry
- Optical
- Superconductivity

Talks are to be given in English and the general length of presentations is 25 minutes. A short abstract should be submitted to Emma Wickens, Secretary General, by Wednesday February 15th 2012. Authors will be notified of the selection of their paper by the end of April 2012. Full papers must be submitted by the end of August 2012 for refereeing purposes.

For those interested in submitting an abstract/paper, please download the Symposium 2012 abstract submission form here http://www.tanb.org/webfm_send/147.

There is much valuable experience from the global industry and the Executive Committee actively encourages and welcomes contributions from the international community.

For further information please refer to www.tanb.org or contact Emma Wickens, Secretary General, on info@tanb.org.

UPDATE ON CONFLICT FREE SUPPLY CHAIN MANAGEMENT ISSUES

Paper presented by Richard Burt (GraviTa Inc) and William Millman (AVX Ltd) on October 18th 2011, as part of the Fifty-second General Assembly of the T.I.C., held in Almaty, Kazakhstan.

ABSTRACT

This paper reviews the status of the various industry led initiatives including those of the T.I.C., the regulatory environment, and the involvement of Advocacy Groups, which have had an impact on the conflict free supply chain of tantalum over the previous twelve months.

INTRODUCTION

Twelve months ago the authors presented a review of the then current status of the various supply chain initiatives that were being put in place to break the link between mining and the potential funding of illegal armed groups¹.

At that time, the T.I.C. partially funded an iTSCi pilot 'bag and tag' programme that had commenced in July 2010 but had been put on hold due to the mining suspension that had been imposed mid-September by the central DRC² Government on all mining and trading in the Eastern DRC. Downstream, the EICC/GeSI Coalition had finalized its Conflict Free Smelter (CFS) protocols for tantalum and the first round of audits had commenced. Advocacy Groups, generally remaining very negative of all upstream industry efforts, applauded the suspension. The 11 members of the International Conference on the Great Lakes Region (ICGLR) were preparing regional regulations, and the OECD had essentially finalized its guidelines with the input of many stakeholder groups, including the T.I.C. And, the Dodd-Frank Act having been signed into law by President Obama, the industry's attention was beginning to focus on the resultant Securities Exchange Commission's interpretation of the act and publication of the Regulations that would determine how US companies could continue to purchase tin, tantalum, tungsten and gold (the 'conflict minerals') from Central Africa after April 1st 2011, the date by which the Regulations were supposed to be published.

Even then, there were calls from local miners and traders, as well as various more foresighted NGOs that without urgent action, April 1st 2011 would simply be the start of a de facto embargo of all Central African 'conflict minerals'.

They were right. The mining suspension dragged on, and on. It was finally lifted mid-March, far too late to have any positive impact. Today, no material is moving (legally) from the conflict regions of Eastern DRC - primarily the Kivu Provinces and Maniema. What is moving - about 1/3 of the pre-embargo volume - is moving illegally, and at half the price of 'legitimate material' from elsewhere in the region. Consequently, the 40% of the population in those provinces directly dependent on mining is in desperate straits. Industry is now concentrating on the 'non-conflict' regions of the DRC, primarily the Katanga provinces (thanks in part to the study financed by several T.I.C. members) as well as Rwanda. Advocacy Groups have changed their approach, supporting responsible reengagement by upstream companies, and admonishing downstream Industry for its - apparent - continued disengagement.

¹ Burt, R. and Millman, W. *Order out of Chaos*. T.I.C. Bulletin 144, December 2010, pages 4-8.

² DRC: Democratic Republic of the Congo.

So what is the status of the various international, and industry, initiatives?

INTERNATIONAL INITIATIVES

DODD-FRANK ACT AND THE SECURITIES EXCHANGE COMMISSION

The Dodd-Frank Act has been claimed to be the most sweeping change to financial regulation in the United States since the Great Depression³, and requires the SEC to develop and administer a myriad of new or revised financial regulations. Section 1502, while of far reaching import to the issue of Conflict Minerals⁴ is, frankly, little more than a codicil to the Act. Furthermore, it requires the SEC - a financial regulatory body - to develop regulations more akin to Social and Corporate Responsibility, something far from their normal purview.

Unsurprisingly, it has got 'lost in the mist'. Development of the Regulations has been severely delayed: while provisional rules were developed late 2010 for 'consultation', finalization is now promised in the fourth quarter of 2011. Even that may well not be practical - on October 18th, that is at the same time as the T.I.C. meeting, the SEC held a 'round table' as a further aid to regulators struggling to develop appropriate wording. At that 'round table', one of the authors of the Bill, Representative McDermott, urged the SEC to adopt a pragmatic approach, one that 'does not account for every gram'.⁵ Panellists urged adoption of the OECD guidelines as the basis for acceptable due diligence, a phased-in approach, clarification on the handling of scrap, a *de minimis* provision and an amnesty or future start date to allow for stockpiled materials to be cleared through the pipeline - all which would have the general blessing of the T.I.C. A November 1st deadline was set for submissions resulting from the 'round table'. Whatever the final regulations include, one thing is for certain: independent, third party, audits will be mandatory.

Meanwhile the US State Department is advising Industry to reengage and not wait for the regulators. However as the Act allows for jail time for CEOs mis-declaring their purchasing practices, reengagement has been 'slow'. Much of downstream Industry would far prefer to await for clarity - that is, publication of the Regulations - before considering reengagement, assuming they reengage at all.

The cost for US companies to implement the Regulations has been estimated in different studies from \$71 million to \$16000 million and will impact from 20% to 100% of companies⁶: a potentially very heavy burden indeed. Even prior to publication of that study, the US Chamber of Commerce was threatening a legal challenge, as it fears the Regulations will put US companies at a disadvantage from their overseas competition - something SEC Regulations are mandated by law not to permit.

³ 'Historic financial overhaul signed to law by Obama'. Yahoo! News, July 21st 2010.

⁴ http://news.yahoo.com/s/ap/20100721/ap_on_bi_ge/us_financial_overhaul

⁵ Defined within the Act as 'columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives'.

⁶ <http://www.sec.gov/comments/s7-40-10/s74010-326.pdf>

⁶ Bayer, C. and de Buhr, E. *A Critical Analysis of the SEC and NAM Economic Impact Models and the Proposal of a 3rd Model*. Tulane University, October 2011.

OECD GUIDELINES

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas⁷, including a supplement specifically related to the '3T' minerals (tin, tungsten and tantalum), was approved by the OECD Investment Committee and the OECD Development Assistance Committee early December 2010 and subsequently distributed to the 'working group' involved in its drafting and thereafter publically through the OECD website. The Guidance provides a five-step framework for risk-based due diligence in the mineral supply chain, including the need for regular independent, third party, audits.

A supplement for gold is expected to be published by the end of 2011, notwithstanding the obvious greater difficulties related to traceability of gold through the supply chain.

Will these become the 'standard'? It certainly looks as if this will be the case, although some harmonisation with other programmes may be needed. The OECD Guidelines were quickly endorsed by the International Conference on the Great Lakes Region (see below). The UN Panel of Experts, which developed its own recommendations, worked closely with the OECD Secretariat and the two documents are therefore generally in alignment.

As indicated earlier, it is also hoped that the Guidelines will form the basis of acceptable due diligence in the SEC Regulations. However the Guidelines and Dodd-Frank Act differ on the definition of 'armed groups' - OECD regards these as illegal armed groups, (accepting that a Sovereign State has the absolute right to deploy its own armed forces as it sees fit), whereas the Dodd-Frank wording is more restrictive.

Development of the Guidelines was one thing, implementation is of course something else. Consequently, a one year 'trial implementation' commenced in May 2011, with a first review meeting held in Paris at the end of November. The iTSCI Programme has signed a 'Letter of Intent' with OECD, committing its members to the OECD Guidelines, and is therefore an implementing partner in this trial. Indeed iTSCI may well be the 'lead' in terms of 'on-the-ground' implementation of the OECD Guidelines.

INTERNATIONAL CONFERENCE ON THE GREAT LAKES REGION (ICGLR)

The ICGLR, with financial and technical support from the Canadian and German Governments, has been developing a set of regulations that will be mandatory for, and applied equally by, all 11 member states of the ICGLR. In December 2010, the 19 point 'Lusaka Declaration' was signed by all Heads of State⁸. The resultant regulations will be based upon six 'tools' (1) Regional Certification Mechanism; (2) Harmonization of National Legislation; (3) Regional Database on Mineral Flows; (4) Formalization of the Artisanal Mining Sector; (5) Promotion of the Extractive Industry Transparency Initiative (EITI) and (6) Whistle Blowing Mechanism.

The Declaration endorsed the OECD Guidelines, and also 'encourage[d] the various transparency and certification initiatives involved in the Great Lakes Region such as ITRI Tin Supply Chain Initiative (iTSCI)'. As such the ICGLR has signed a MoU with iTSCI, ensuring that no untagged material will be

considered 'legitimate'. Indeed several tens of tonnes of untagged material have already been confiscated by Rwandan Government Authorities, primarily being material smuggled across the border from the DRC.

As with all other Initiatives, independent, third party, audits are a key plank in the ICGLR regulations. However, not only will the ICGLR host an 'audit committee' made up of representatives of Government, Industry and Advocacy Groups, but will also have an over-riding Independent Mineral Chain Auditor (an 'ombudsman'), with an independent office and secretariat. To maintain independence the ICGLR is presuming this office will be funded 'externally'.

Presentation of the final regulations took place at a joint meeting of the ICGLR and OECD in Burundi in November 2011, when one of the topics was related to the incorporation of the OECD Due Diligence Guidance into the ICGLR Model Law and ICGLR countries' national normative frameworks: further evidence that the OECD Guidelines are rapidly becoming the 'standard'.

UNITED NATIONS

The 2010 United Nations Group of Experts report included a set of Guidelines⁹ which are very closely aligned to the OECD Guidelines. The 2011 UN Group of Experts report is expected in the near future. It is based upon 'follow-up' visits made after the end of the DRC Mining Suspension and the de facto embargo deadline of April 1st. It will, apparently, also highlight the devastating effect of the de facto embargo on the local population.

The 'Centres de Négoce' are one of the United Nations' concrete (literally) initiatives. A series of trading centres are being built close to various mining districts in the Kivu Provinces. Theoretically no trading will thereafter be permitted except through these centres, and trading routes from the centres to comptoirs will be carefully monitored and patrolled.

It is anticipated that the focus of future UN Panels will move from the DRC to offshore Processors, specifically in Asia, and Processors should expect requests for visits in the forthcoming months.

INDUSTRY INITIATIVES - 'UPSTREAM'

THE iTSCI PROGRAMME ¹⁰

The iTSCI programme established by ITRI Ltd in 2009 and embraced by the T.I.C. in 2010 was discussed in depth in the authors' previous paper¹¹ and only an update will be presented herein. However, in brief, while the iTSCI Programme may originally have been portrayed as a simple 'bag and tag' process, it has been developed into a full Due Diligence Programme, and, by fully participating in iTSCI, companies are complying with the OECD Guidelines.

Currently, iTSCI is operating throughout Rwanda and much of Katanga, roll-out into Maniema Province is anticipated in the near future, while in the Kivus lack of clarity and funding hold these 'conflict' provinces back. An appropriate MoU has been signed with Burundi allowing planning for roll-out to commence there, while the smaller production from Uganda

⁷ OECD (2011), *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, OECD Publishing.
<http://dx.doi.org/10.1787/9789264111110-en>

⁸ The Lusaka Declaration of the ICGLR Special Summit to Fight Illegal Exploitation of Natural Resources in the Great Lakes Region - December 15th 2010.

⁹ United Nations Due Diligence Guidelines for the Responsible Supply Chain of Minerals.

www.un.org/News/dh/infocus/drc/Consolidated_guidelines.pdf

¹⁰ See www.itri.co.uk for details of the iTSCI Programme.

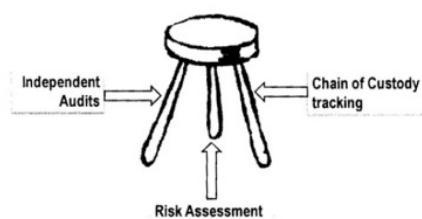
¹¹ See footnote 1.

and Tanzania will require more funding, and development of appropriate protocols.

Management of the iTSCi programme has been properly defined. While the Secretariat (day to day management) remains in the hands of ITRI Ltd, which is the legal entity owning iTSCi, the Programme is now overseen by a small Steering Committee, with each of the 3T minerals represented by a staff officer of the Industry Associations. In addition an Independent Advisory Panel is being developed that will include various stakeholders including representatives from Advocacy Groups.

In addition, *membership* within the iTSCi Programme is being formalized; a provisional set of 'rules' for Full (for upstream) and Associate (for downstream) membership has been distributed to those within the supply chain, and to date over thirty-five companies have applied for membership. All prospective members are required to pass a risk assessment protocol, which included agreement to adhere to the OECD guidelines, prior to admission into the Programme. Whilst membership is NOT a requirement to trade 3T minerals from Central Africa, membership entitles the member to receive any incident reports of risks related to any purchases made from iTSCi members; any information on iTSCi funded due diligence such as other company risk analysis, country risk reports, mitigation or third party audit reports, and information on the traceability of the tags on purchases.

iTSCi is often portrayed as simply a traceability programme. While this does form a key part, and was the first part to be 'rolled-out', it is by no means the only aspect of iTSCi. Think of it as a 'three legged stool'.



Chain of Custody Tracking: the 'bag and tag' part, described in detail elsewhere. All activities were put on hold at the time of the Mining Suspension imposed by the DRC President in September 2010, with most staff laid off by November. Various T.I.C. members financed a feasibility study for commencing tagging in Katanga late 2010. Unfortunately, with lack of funding it took a long time to implement, and iTSCi only commenced mid-2011. As of early October some 500 tpm of cassiterite and over 10 tpm of 'coltan' were being tagged.

However it was the Rwandan Government which really took the initiative and helped finance the start-up of iTSCi in Rwanda early 2011. By April over 70% of production of the '3Ts' was covered and by September this had risen to in excess of 90%. It has not been easy - the Government had no field officers to carry out the tagging, and many new hires were necessary. Likewise there has been a long learning curve, with 'misunderstandings' leading to incorrect tagging, and export of untagged material. However, with Pact's guidance, it is improving. Furthermore the Government, having committed itself to iTSCi, is confiscating any untagged material arriving at its borders.

It is anticipated that iTSCi will be rolled out in Maniema Province by the end of 2011: clarity on the old stocks left over from the mining suspension period is awaited from various stakeholders, including the DRC Government, UN and downstream buyers.

Risk Assessment and Mitigation: these two very important due diligence aspects are carried out for the iTSCi Programme by two third party contractors: Channel Research and Pact Inc.

Risk Assessment includes the assessment of prospective iTSCi members, as well as minesite pre-assessment. This latter often includes preparation of appropriate maps, which are fed into the DRC Government 'conflict' map - itself the basis of the maps required under Dodd-Frank section 1502. Harmonization of the iTSCi risk assessment process with the German funded 'Certified Trading Chains' programme is essential and under discussion.

One key function of the Programme is the development and follow-up of incident reports, which can be generated by any of the stakeholders, including independent 'whistle-blowers'. Three levels of incident have been developed, in line with the OECD guidelines, from 'minor' to 'red-flag'. Reports are being reviewed locally, and appropriate actions taken, with full consultation between all appropriate stakeholders. However, the Steering Committee does review the finalized reports and, in cases of 'red-flag' reports, decides whether to expel the perpetrators from the Programme (which in the case of a minesite, means no more tags, and consequently no legitimate mining can take place).

Independent, third party, audits: these audits are being carried out by Channel Research, and the first round, in Katanga, is taking place in November 2011. Appropriate protocols for each of the audits have been defined; the audits will be 'evidence based', with triangulation of the information source, and will be relevant to local laws, standards and guidance, such as the ICGLR regulations, OECD Guidelines, and the forthcoming SEC Regulations. Yes - another audit! Harmonization with other local audits - especially the ICGLR audits - is essential, and discussions are in progress. The protocols allow for a proper appeal process and a totally independent 'ombudsman' is being put in place for this.

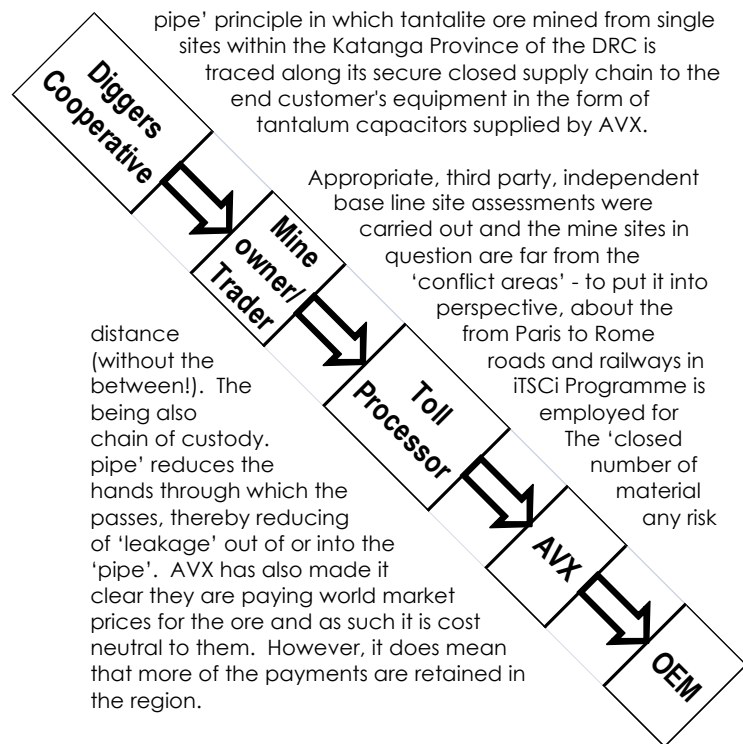
The Funding Issue. The iTSCi Programme is funded in two ways. Start-up and early operating costs, which over the whole region will be in excess of \$20 million, require external funding, both from Industry and from Government. A call for funding was made early 2011; while Industry has been slow to respond, various Governments have provided sufficient funds to at least get the Programme running in some areas. This includes a very recent multi-million dollar grant from one of the larger African countries.

However, the programme must become self sufficient, and this can only be achieved by the levy system, which for tantalum remains, at present, at \$5.50 per kilo of contained tantalum (\$2.20 per kilo by exporters and \$3.30 per kilo by Processors). Without these levies the Programme will fail, and it is a cause of grave concern that various T.I.C. members, mainly from China, are not paying in a timely fashion. While Traders have agreed to, in the future, pay the Processor levy on the Processors' behalf, payment of overdue levies is essential if members wish to remain within the programme.

"SOLUTIONS FOR HOPE"

In July, AVX Ltd, in partnership with Motorola Solutions, announced their 'Solutions for Hope' Project¹². This pilot programme has been established to demonstrate a process to deliver conflict free tantalum material from the DRC under the OECD Guidelines. The basis of the process is a 'closed

¹² <http://mediacenter.motorolasolutions.com/Press-Releases/Motorola-Solutions-Announces-Project-to-Source-Conflict-Free-Tantalum-from-Democratic-Republic-of-Congo-36a1.aspx>



There is little doubt that this model will minimize risk: it should be the model for the future. Not only that, it is a 'win-win' situation: the diggers have a more secure and higher income; by being a cooperative they have a greater voice with regard to safety and other issues; the Government receives its fair share of due taxes; the customers are assured of buying 'conflict free' minerals; and the Advocacy Groups can 'sign off' on a transparent process.

INDUSTRY INITIATIVES - 'DOWNSTREAM'

THE CONFLICT FREE SMELTER¹³ PROGRAMME (CFS)

In September 2010, GeSI and the EICC communicated April 1st 2011 as the date after which smelters seeking to be assessed 'CFS compliant' must show documentation from a credible in-region DRC (and surrounding countries) sourcing programme verifying their conflict free sources. The reasons for establishing this date were twofold. First, the date was set to enable the electronics supply chain to be conflict free by January 1st 2012, taking into account average nine month timeline from mineral extraction through final processing. Second, this date was selected in order to encourage the development of reliable and credible traceability and due diligence systems in the DRC and adjoining countries.

CFS Programme Enhancement

GeSI and the EICC are updating the CFS protocol to incorporate reference to the OECD Guidance. By doing so, GeSI and the EICC are providing a mechanism for legitimate minerals trade originating in the DRC and adjoining countries, while aiming to assure conflict free materials in the electronics supply chain. Those smelters who source from the region and have implemented due diligence (either independently or via an in-region scheme such as iTSCI), and can demonstrate conformance to the OECD Guidance, will be eligible, post April 1st 2011, to be evaluated by the CFS programme. Smelters meeting these criteria will be eligible to undergo a CFS assessment to determine their conflict free

status and, if compliant, will be included in the GeSI - EICC Conflict Free Smelter List.

To summarize: to be eligible for the CFS programme, smelters who source minerals from the DRC and adjoining countries must:

- Implement the OECD Guidance for these minerals,
- Demonstrate conformance to the OECD Guidance, including a mandatory independent third party review and verification of conformance,
- Assure that smelters and their suppliers provide 100% supporting documentation regarding the mine of origin and subsequent trading partners to the smelter through the establishment of a chain of custody and/or traceability system.

Once its due diligence process is validated by an independent third party, a smelter who sources minerals from this region would be eligible for the CFS programme. GeSI and the EICC will continue to develop guidance to assist smelters in implementing their due diligence programmes that support in-region sourcing. Additionally, because of the resource and time commitment required to implement the OECD Guidance, GeSI and the EICC recommend that impacted smelters start immediately to develop their due diligence processes and procedures to speed up their eligibility for the CFS programme.

The OECD has welcomed the amendments to the CFS programme, noting that 'The required implementation of the OECD Guidance as of April 1st will enable flexibility while creating the right incentives for smelters and upstream actors on the ground to take immediate action in the DRC and its neighbouring countries to perform due diligence according to internationally recognized standards. This enhancement will guarantee market access for clean minerals from the Great Lakes Region and allow the countries in the region, with the support of the international community, to further advance on-going traceability and certification efforts'¹⁴.

GeSI and the EICC continue to collaborate with stakeholders to develop programmes that support economic stability in the DRC and adjoining countries by remaining focused on the removal of conflict minerals from the electronics supply chain. For example, the EICC and GeSI are working with many international and in-region stakeholders to develop reliable and sustainable certification systems for conflict free minerals within the challenging timeframe imposed by Dodd-Frank.

Assheton Carter, senior vice president of the international development non-governmental organization (NGO) Pact Inc, iTSCI's implementing partner, states that 'Our global mission made practical in the DRC and surrounding countries is to enable the individuals, communities and governments agencies involved in developing their mineral resources to do so in a way that unlocks the potential for the countries' economy in a peaceful and safe environment. We support all public and private organizations in the international mineral value chain, including members of the EICC and GeSI that use their influence and business relationships to these ends. Solutions to end violence in the DRC associated with mining will take the combined efforts of NGOs, companies and governments; we are happy to partner with the EICC, GeSI and others to find, create and implement these solutions.'

Equally as important, regional, national and international government support is urgently needed to facilitate the infrastructure, controls and security required for conflict free minerals trade in the Great Lakes region. Examples of this needed support have recently become more evident, such as the Rwandan Ministerial Regulation on Fighting Smuggling

¹³ The term 'smelter' is used throughout the various initiatives for simplicity, and the term is taken to include tantalum 'processors'.

¹⁴ Liberti L., OECD.

in Mineral Trading and the new DRC mining code of conduct. In December 2010, the ICGLR also called on companies sourcing from the Great Lakes region to comply with the OECD Guidance. Harmonization of these programmes, including those on the ground, is critical to providing focus on coordinated solutions. Likewise, GeSI and the EICC continue to look to the governments of the United States, the European Union, and the DRC and adjoining countries for political, economic and diplomatic leadership in resolving this critical situation.

This industry (EICC/GeSI) led initiative developed in cooperation with the supply chain stakeholders and civil society has become the de facto standard for smelter validation in the absence of the SEC regulations.

DUE DILIGENCE REPORTING TEMPLATE

Within the electronics industry there are several score of OEMs that utilize one or more of the '3T' minerals. Each of these will have several 'first tier suppliers' who themselves will have several suppliers, who may buy their 'raw materials' from more than one Processor. Added together, this results in many thousands of actors within the supply chain from Processor to OEM. Exacerbating this, there are certainly suppliers who sell to more than one customer.

Theoretically, for OEMs to ensure they only have 'conflict free' material, each would therefore have to carry out exhaustive audits on maybe hundreds of suppliers and sub-suppliers, throughout the supply chain. To simplify this process, and to reduce audit fatigue, the EICC/GeSI partnership has developed a 'Due Diligence Reporting Template'. This template, compatible with multiple databases used across the industry, will provide customers with supply chain players and allow suppliers to consolidate their reports - both upstream and downstream, easing the probable requirements of Dodd-Frank reporting.

THE PUBLIC-PRIVATE ALLIANCE - 'PPA'

During the various stakeholder discussions leading up to the development of the OECD Guidelines as well as the ICGLR Regulations, there was much concern both from African delegations and Advocacy Groups that the US, having effectively created a de facto embargo on minerals trade from Central Africa, did not appear to be making any proactive move to actually solve the crisis so created. USAid's representative in Kinshasa, Richard Robinson, recognized the problem. As a result, the US State Department, in collaboration with other stakeholders - primarily the EICC/GeSI coalition, and Pact Inc (iTSCi's enabling partner), developed the Public-Private Alliance for Responsible Minerals Trade (PPA)¹⁵, which was formally announced in Kinshasa, DRC on October 6th. An inauguration announcement and the first quarterly meeting of the PPA took place in Washington mid-November.

The US Government will be providing \$3.2 million and is hoping for \$2 million from Industry. This funding will not create yet another initiative, but rather

'The PPA will help **coalesce and strengthen existing sourcing mechanisms** rather than create new initiatives, marshalling technical and financial resources to support systems showing early progress (OECD and UN Group of Experts due diligence guidance and implementation, ICGLR certification system, ITRI Supply Chain Initiative, BGR Certified Trading Chains).'

The T.I.C. and its partner in the iTSCi Programme, ITRI Ltd, have confirmed their moral support for the PPA, but will not be providing any direct financial support, as it is perceived that iTSCi - or more likely Pact - is a potential recipient of PPA funding.

THE CHALLENGES AHEAD

There is no doubt that the international community has come a long way, and that many, useful, initiatives are now - or will be soon - in place. Some, such as the SEC and ICGLR, are regulatory, others, such as the OECD, have developed 'guidelines', while two industry initiatives, the iTSCi Programme and the EICC/GeSI CFS Programme, are the 'implementing' initiatives, one aimed at the 'upstream' end and the other at the 'downstream' end. Both of these initiatives are in their early stages, and will doubtless be refined as early lessons are learned - the challenge will be to ensure that refinements streamline the process while maintaining the basic aim of 'breaking the link between mining and rebel funding' and not succumbing to 'mission creep'.

However, perhaps the greatest challenge ahead for the various initiatives is to ensure harmonization, especially of the audits. Multiple auditing, apart from being a sign of a global failure to cooperate, is a waste of time and money. And let us not forget: it will be the miners and diggers, the very people whom we are supposed to be helping, who will foot THAT bill.

Each party which has developed its own initiative must accept that the goal is not to ensure the 'supremacy' of its own initiative over all others, but that it is to ensure the most efficient, cost-effective process that allows full access to markets of legitimate 'conflict free' minerals, both for the benefit of the millions of people in central Africa whose very lives are dependent upon this, but also for the benefit of all our downstream customers. Indeed, until our end-users - who were the ones who really brought this issue to the forefront of our minds - have moved from 'Why are you buying DRC material?' to 'Why are you NOT buying DRC 'conflict free' material?' the job remains undone.

MEMBER COMPANY NEWS

We would like to inform you that articles concerning T.I.C. members or the industry in general are posted regularly on the T.I.C. website in the section entitled 'News'.

NEW MEMBERS

Four companies were elected to membership by the Fifty-second General Assembly.

African Mining Metallurgical Group (AMMG)

Address: 1 Rohero Ave, B.P. 3377, Bujumbura, Burundi
Nominated delegate: Mr Yevgeniy Ustimenko
Tel.: +257 7111 3822, Fax: +257 7760 7777
e-mail: ammg.info@gmail.com

Morimura Bros., Inc

Address: Morimura Bldg., 3-1 Toranomon 1-chome, Minato-ku, Tokyo 105-8451, Japan
Nominated delegate: Mr Tomonori Watanabe
Tel.: +81 3 3502 2410, Fax: +81 3 3501 0030
e-mail: twatanabe@morimura.co.jp
Web site: www.morimura.co.jp

¹⁵ For further details see <http://www.resolve.org/site-ppa/>

Sovereign International Metals & Alloys, Inc

Address: 2550 Middle Rd., Suite 503, Bettendorf, Iowa 52722, U.S.A.

Nominated delegate: Mr Anthony C. Gunst, III

Tel.: +1 563 355 2722, Fax: +1 563 359 7984

e-mail: alloys@simametals.net

Web site: www.simametals.net

Yichun Jin Yang Rare Metals Co., Ltd

Address: Qingshuiqiao Lianggang Industrial Park, Yifeng Town, Yichun City, Jiangxi Province, China 336300

Nominated delegate: Mr Gui Xianyou

Tel.: +86 795 2990070, Fax: +86 795 2990079

e-mail: ycjinyang@hotmail.com

Web site: www.ycjinyang.com

RESIGNATION AND TERMINATIONS

The company GraviTa Inc resigned at the recent General Assembly in Almaty. The memberships of Hi & M and Rosredmet have been terminated by decision of the Executive Committee following non-payment of dues.

CHANGES IN COMPANY NAME

The following changes were announced at the General Assembly:

- Gui-Family Tantalum-Niobium Ltd has changed name to King-Tan Tantalum Industry Ltd
- Mac Corporation has become New Material Corporation
- W.C. Heraeus GmbH has split into two separate business groups. The part which will continue the membership of the T.I.C. is called Heraeus Material Technology GmbH & Co KG.

TRANSFERS OF MEMBERSHIP

The Fifty-second General Assembly approved the transfer of membership from Anglo American to Mineração Catalão de Goiás Ltda. The delegate to the T.I.C. is Mr Sergio Castanho (sergio.castanho@angloamerican.com.br).

The Assembly also voted favourably on the transfer of membership from Abinger Trading Ltd to Tinco Investments Ltd. The delegate to the T.I.C. is Mr Brian Menell (brian@tincogroup.com).

CHANGES IN MEMBER CONTACT DETAILS

Malaysia Smelting Corporation

Mr Krishnan Raveentiran is the new delegate to the T.I.C. for Malaysia Smelting Corporation, replacing Mr Lai Fook Hoy. His e-mail address is raveentiran@msmelt.com.

Tantalite Resources (Pty) Ltd

Tantalite Resources has nominated a new delegate to the T.I.C.: Mr Grant Hudson replaces Mr Russell Heins. His e-mail address is: ulster1@gmail.com.

www.tanb.org
e-mail to
info@tanb.org