

AMBATOVY

Nickel and Cobalt Production Soon

Ambatovy's construction phase is well and truly over. For the last few months, the company has been carrying out commissioning activities and working on the start-up of its facilities. Each department of the processing plant, itself composed of several facilities, is concerned by these procedures.



Nickel briquettes.

The construction of Ambatovy's huge infrastructure, that began four years ago, is now complete. For several months now the company has been engaged in key steps towards the production of nickel and cobalt: commissioning activities and the start-up of all facilities. It is important here to mention that the pressure acid leaching (PAL) facilities are operational or also currently under commissioning. This is a significant milestone towards the production of mixed sulphides, which is the next major step prior to the production of refined nickel and cobalt.

Commissioning and start-up activities not only arouse curiosity but also create concerns among the local population. Faint odours, machinery noise and the mounds of sulphur, limestone and coal also arouse anxiety. We must not forget that an industry the size of Ambatovy, with such large-scale facilities, is new to Madagascar and can legitimately raise questions.

The sulphur dioxide release incident that occurred on February 26, 2012, during start-up of the sulfuric acid plant, clearly highlights these concerns. Some people present in the area at the time reported

slight eye irritation and respiratory difficulties. This incident was successfully brought under control and did not cause any loss of life, or permanent injury to any employee or members of the community. Water sources were not affected in any way and fish and domestic animals in the area were also unharmed.

To dispel any misunderstandings, Ambatovy is increasing its communication efforts to provide adequate and timely information to the public. Ambatovy is also improving its emergency response systems and community notification procedures with the local authorities.

Commissioning and start-up activities are designed to ensure all facilities are fully functional before operations begin in earnest. Ambatovy expects the first nickel and cobalt briquettes to be rolled out in the second quarter of 2012. Once Ambatovy becomes fully operational, nickel will become one of Madagascar's largest exports. Ambatovy is working to ensure that the first exportation takes place by the end of 2012 or early 2013.

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EDITORIAL

A Highly Profitable Construction Phase

After nearly four years of hard work by more than 15,000 skilled workers – and up to as many as 18,000 at one point - Madagascar's largest processing plant is now officially up and running. The construction phase may be over but rewards, across the board, remain plentiful. Both local and national economies have been given a boost from added values injected by Ambatovy (technology and skills transfer, job creation, etc.). Suppliers and service providers have been given the opportunity to deal with a new customer who has fast become one of the largest in Madagascar. Ambatovy's 'buy locally, hire locally' policy was created to contribute to job creation through the support and development of local industry while maximizing local benefits. Nowadays, more than 5,000 rural farmers, from Project areas and from 3,000 beyond, provide bulk-purchasing centers, responsible for supplying Ambatovy's catering service, with 1,200 tonnes of fruit and vegetables per month. Over 500 local businesses, across 54 sectors have been awarded purchase orders from Ambatovy worth more than US \$1.4 billion (2010 figures) and more than 2,000 local small and medium enterprises (SME) are registered in a database to be eligible for supply contracts. As Ambatovy moves forward into the Operations phase, the rewards will not be any less substantial. In addition to considerable tax returns for the Malagasy government, the effects of the construction phase will propel Madagascar, and areas neighbouring Ambatovy project sites, into an even more dynamic process - sustainable development.

The Editorial Committee

Please send any comments or suggestions to banjina@ambatovy.mg

RESETTLED POPULATIONS

Towards progressive autonomy

“Since 2011 the relocated villagers are more autonomous and thanks to Ambatovy’s support we are moving towards greater independence from the company,” said Fety Paul, Fokontany Chief of Vohitrabato, during the award ceremony for the municipality’s most distinguished population in February 2012.

Since their creation, almost four years ago, Vohitrabato and Marovato, Ambatovy’s resettlement villages, have flourished becoming what they are today. Through its Social Development Plan, Ambatovy has provided continuous support to the populations of Vohitrabato and Marovato to help them adapt to life in their new villages.

In March 2012, 115 land titles were officially awarded to 45 beneficiaries in Marovato. Three years after their relocation, and two years after land tenure work was initiated by Ambatovy in collaboration with the NGO Ezaka ho Fampandrosoana any Ambanivohitra (EFA), the population of Marovato is now delighted to finally own the land that was allocated to them. Land rights for the 115 plots that cover an area of 70 ha, are now secure. Each household was given an area of approximately 1.3 ha including land for crops and paddy fields. The remaining parcel of land, about 10 ha, was allocated to the population for reforestation activities, which will ensure a long-term supply of firewood and timber for construction.

Ambatovy has also been helping local collectives or associations progress towards autonomy through assistance with agricultural techniques, support for basic health services and adult and child education, the provision of capacity building initiatives, as well as activities to promote entrepreneurship.

This social assistance offers various support measures for agriculture such as the provision of seeds, young seedlings, manure, as well as technical supervision for perennial and subsistence crops. It also comprises financial training (credit and savings), simplified management of funds received from microfinance organizations, as well as guidance and technical supervision for farmers’ associations.



With these land titles, they become official proprietors.

These initiatives are complemented by additional measures to support people affected by the Project’s activities; farmers can supply fruit and vegetables to the Central Purchasing Centres (Centrales d’Achat (CA), in French), adults can attend literacy classes and receive training on community safety and security and assistance is given for land tenure and residential protection. Ambatovy has also provided training to volunteer health promoters to educate and inform villagers on basic health issues and promote healthy behaviour. Additionally, several village management committees such as a supervisory committee, an educational committee and a bushfire management committee have been established at the community level.

Ambatovy collaborates closely with the relevant authorities, such as the Regional Forestry and Environment Department, the Regional Education Department (CISCO) and the Regional Health Department, to implement these activities. Ambatovy aims to create appropriate conditions for the villagers that will allow them to increase their productive potential and leverage the collectives’ social and economic development. The overall objective is total ownership of the resettlement sites by the population and the adoption of a less dependent attitude towards Ambatovy while, at the same time, assuring the development of practical skills and expertise for a more comfortable lifestyle.

TESTIMONIALS :



Emilienne DEDESSOU, earns a living from poultry breeding and also farms six ha of land. “My life is now in Vohitrabato where I feel really settled, I like living here. Occasionally, I go to town to deliver vegetables to the CA.” Emilienne is convinced

that agricultural promotion is vital for Vohitrabato’s future where Ambatovy plays a fundamental role in supporting farmers. “We hope that Ambatovy will continue to provide the necessary support that will ensure agricultural independence for Vohitrabato.”



Odette SABOTSY, Farmer Odette poses proudly in front of the zebu she won in Ambatovy’s best farmer competition in 2011. She is one of the deserving villagers of Marovato and Vohitrabato rewarded by Ambatovy for taking part in socioeconomic development activities in the resettlement

sites. Odette farms four ha of land with her husband and has participated in more Ambatovy training courses than she remember. “My forte is being able to apply the good practices I have acquired, not only to agriculture, but to community life and financial management as well. From now on, we need to focus more on learning to become less dependent on Ambatovy.”

MINERAL WEALTH

Ambatovy does not mine gold or precious stones

Madagascar has a reputation for its immense mineral wealth. The legitimate mistrust of the population, concerned about the proper use of its resources by the mining industry, is understandable. It is therefore not surprising that gold and precious stones have become objects of suspicion for many when it comes to talking about Ambatovy, wrongly accused of illegally exploiting them. To overcome any scepticism, the Director of Ambatovy's Mine, Roger Lacerte, sheds some light on the issue.



Roger LACERTE, Director of Ambatovy's Mine.

Mr. Lacerte, what can you say about the geology of the Ambatovy deposit?

The Ambatovy deposit consists of old rocks known as migmatites. These rocks have risen to the surface after 80 million years of erosion and chemical weathering has turned them into a red soil called laterite. It is this laterite that Ambatovy now mines for nickel and cobalt.

Besides nickel and cobalt, is there any gold or precious stones in the Ambatovy deposit?

The Ambatovy deposit has no potential for gold and does not contain any precious stones. Tests performed on samples from surveys conducted at the Mine Site, as well as on rocks brought in on the trucks, have revealed that the ore does not contain gold. However, the ore does contain several other types of metal such as iron, aluminium, copper, and zinc and many minerals including calcium, magnesium, silica, etc. nevertheless, all of these exist in commercially unprofitable quantities. As for precious stones, these would be visible to the naked eye if there were any. We have geologists on site

who study the rocks and no precious stones have been identified so far.

The area around Ambatovy has always been well known for iron, is it not more profitable to mine iron over nickel and cobalt?

The economic viability of the ore can only be determined after feasibility studies have been carried out. Many parameters are involved, including operating costs and the price of metals on the international market. For Ambatovy, to be economically viable the minimum content for nickel is 0.6% per tonne of ore and 0.01% for cobalt. Although the ore has a high concentration of iron Ambatovy is not mining it; firstly, because it is not economically and financially viable for the company and secondly, because the Ambatovy processing facilities and technology are solely designed to extract nickel and cobalt.

If there is no gold at the Mine Site, how do you explain the presence of gold miners northeast of the Mine?

In the same geological area the soil composition can be very different. The proof, nickel is not found anywhere else outside the Mine's footprint.



The lateritic soil of Ambatovy, where nickel and cobalt are extracted.

TECHNICAL CLARIFICATIONS



By Rivoalison Célestin Razafimandimby, Lab Supervisor at the Processing Plant, Toamasina:

“The hydrometallurgical process that Ambatovy uses to extract nickel and cobalt does not allow for the extraction of gold. Sulfuric acid, which is used in the first stage of the process, attacks any metallic elements in the ore and turns them into soluble sulfates. Thereafter, only the soluble sulfates of the desired metals are precipitated into sulfide to be oxidized. In this way, nickel and cobalt remain in the solution as sulfates to facilitate the removal of the other metals, considered impurities, which are still in solid form. As gold is a noble metal, with a high reduction potential (+1.69), it cannot be dissolved in sulfuric acid. Therefore, any amount of gold present in the ore cannot be extracted and will remain in the acid leach residue.”

LOCAL BUSINESSES

Ambatovy Strengthens its Partnership

Ambatovy is emphasizing that suppliers and service providers are able to meet necessary requirements and standards as part of its efforts for continuous improvement. In a global economic context marked by an increased demand for quality, and for the Operations phase to result in good performance levels, Ambatovy is urging its service providers, and all local small and medium enterprises (SME) wishing to work with them, to improve their performance.

The objective behind this move is to help local SMEs develop their capacity to enable them to provide consistently reliable goods and services that conform to Ambatovy's standards and quality. This will also strengthen their competitiveness in the long run (local and International market), ensure profitability, and to a large extent, improve the Malagasy economy by maximizing economic benefits.

To have a better understanding of the companies with which it works and to strengthen these partnerships, Ambatovy, through its Supply Chain Management (SCM/ALBI) plans to carry out audits in 500 companies from January 2012 through the end of 2013. To date, 80 audits have been completed. The results of these audits enable Ambatovy to help suppliers and contractors with specific needs by offering them customized support

through training and mentorship programmes. Audits are common practice in all large companies worldwide; Ambatovy hopes that these audits will lead to closer collaboration with suppliers committed to excellence in their field and increased trust between both parties.

Information sessions for new and existing suppliers were held in August and November 2011, in Toamasina, Moramanga and Antananarivo. These sessions allowed potential suppliers to become aware of and understand the different criteria necessary to gain a foothold on the list of Ambatovy's approved suppliers. Companies already working with Ambatovy learnt more about quality requirements, which should be applied throughout all phases of the work process, up until and including product delivery.

THEY SAID



Kofimanga Moramanga.

Robson Mosesy, President of KOFIMANGA, Moramanga: "We warmly welcomed the audits as they allowed us to assess our strengths and weaknesses, and to understand any issues concerning the services we offer. For KOFIMANGA, these audits further enhanced our respect for business regulations, which is one of Ambatovy's requirements. We would like regular controls to be carried out to be sure our way of working is in line with industry norms and standards."



Transport Benja Toamasina.

Michel Laporte Ravelonarivo, Manager of Transport Benja, Toamasina: "When we first heard about the audits we were a little bit worried however, they proved to be very useful and we have learnt a lot from the process. Taking part in the audits inspired changes to the structure of the company as well as enforcing administrative compliance. It goes without saying that the audits have helped us develop our professionalism, improve our efficiency and go beyond our own expectations."



Singata Consulting Service.

Maurice Randrianjafy, President of Singata, Moramanga: "The audits helped us identify our weaknesses and find solutions to turn the situation around. It was good to have an external point of view to help identify our shortcomings that were obscured by our daily routine."

Coming soon: a new business training center

A business training center for local SMEs wishing to boost their potential will soon see the light of day under the leadership of Ambatovy's Supply Chain Department (SCM/ALBI). It will be set up with the collaboration of the International Finance Corporation (IFC), Training Management Africa (TMA) and Ambatovy's Training Department. The new center will provide basic training on Ambatovy's requirements for new businesses and a range of vocational training courses based on technical skills leading to Ambatovy certification for existing suppliers. Courses will cover various topics such as recovery plans, administration, financial management, quality control and internal auditing.

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