



SOLUTIONS FOR INTERNATIONAL STANDARDS
FOR THE SUPPLY OF COBALT



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IS COBALT
THE NEW
CONFLICT
COMMODITY?

Conflict minerals information requests from customers increasingly include cobalt.

While cobalt is not an official conflict mineral, and the basis for the recent public attention is not the funding of armed groups, it is nonetheless being included in conflict minerals Conformant Smelter & Refiners Template (CMRT) requests.

However cobalt is not a Conflict Metal and CMRT requests and audits do not include cobalt. Therefore, we have taken the conscious decision to adhere to standards from the existing conflict minerals program, nevertheless. We do this by using new data collection and verification tools, business criteria and customer reporting methodologies and outsource Audits to third parties. This conforms to the **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD DDG)**.

WHAT IS A
CONFLICT-
AFFECTED
AND HIGH-
RISK AREA?

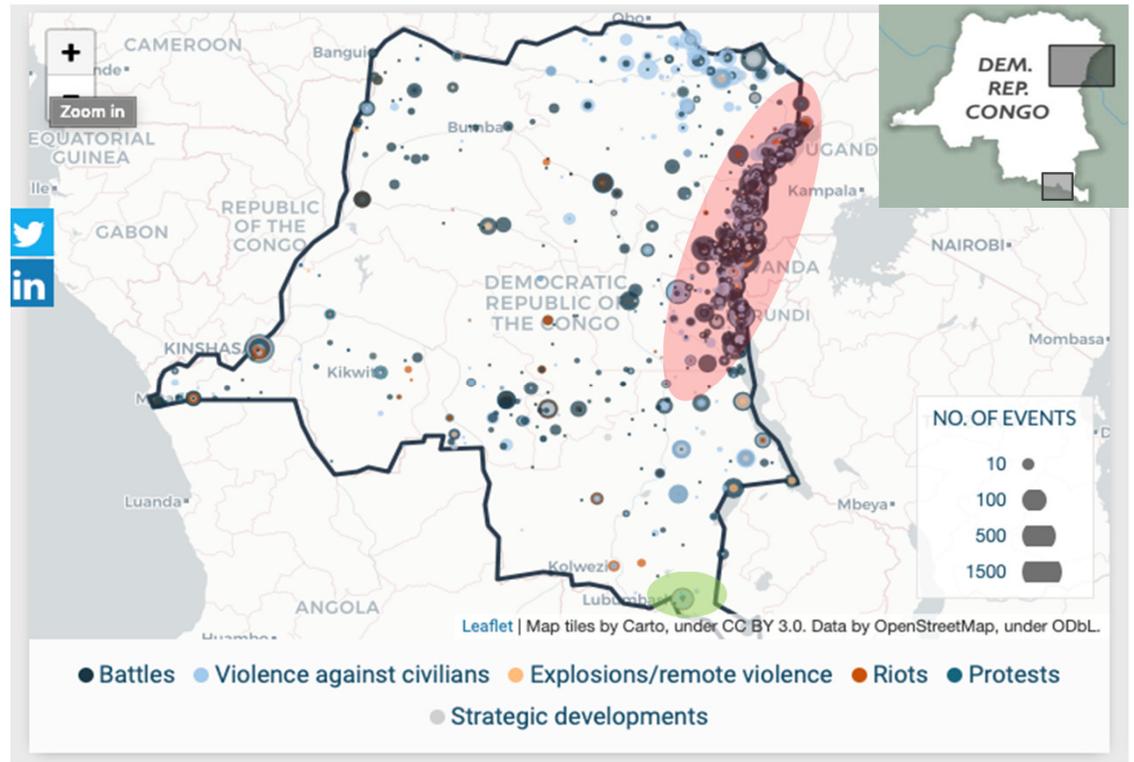
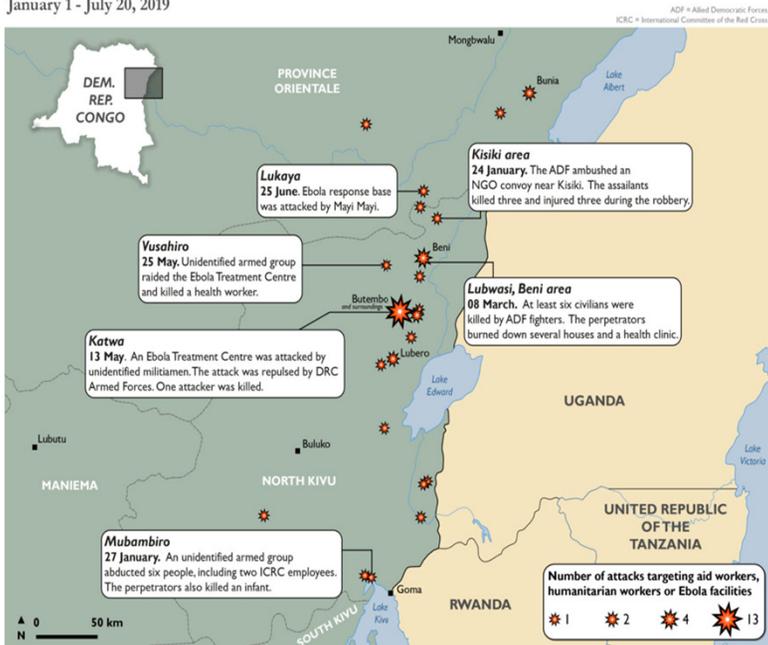
The **OECD** defines conflict-affected and high-risk areas as areas that are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterized by widespread human rights abuses and violations of national or international law.

The **European Union** defines conflict-affected and high-risk areas as areas in a state of armed conflict, fragile post-conflict areas, as well as areas witnessing weak or non-existing governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses.

CONFLICT AFFECTED AND HIGH-RISK AREA

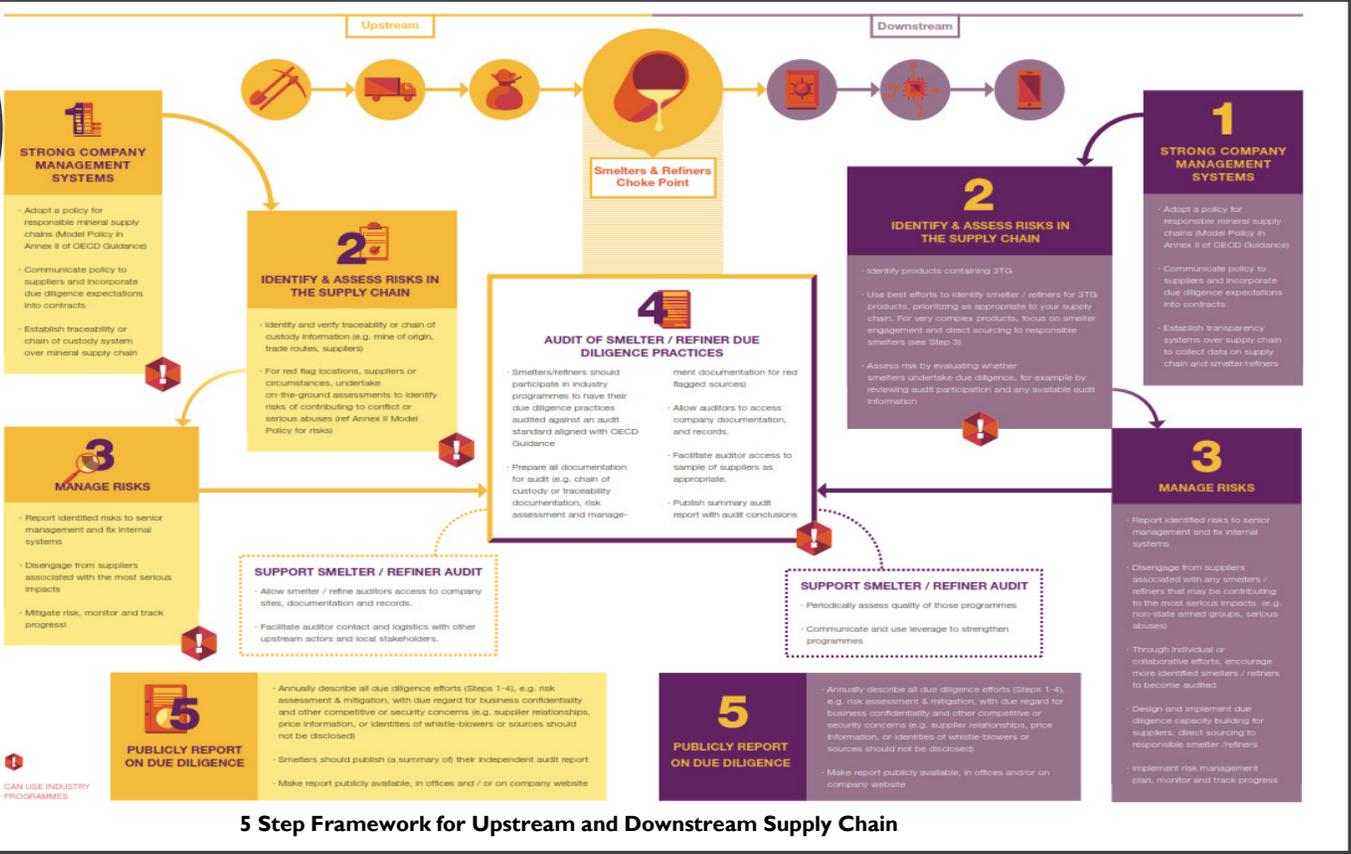
Attacks on the Ebola response in the Democratic Republic of Congo

January 1 - July 20, 2019



- Conflict affected and high-risk area
- Steencore Refining Plant and Industrial Mining zones

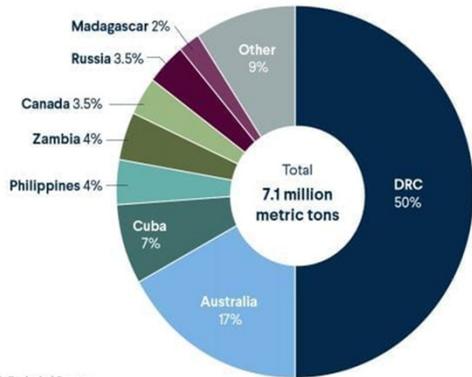
OECD DUE DILIGENCE GUIDANCE FOR MINERALS



GLOBAL PRODUCTION AND SUPPLY



Global Cobalt Reserves, 2017



Source: U.S. Geological Survey.

COUNCIL
FOREIGN
RELATIONS

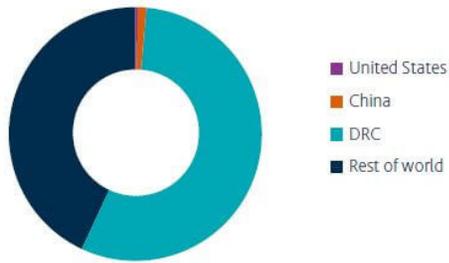
1 Export of cobalt from DRC artisanal mines to China for processing. Over half the world's cobalt comes from the DRC, 20% of which is from artisanal mines.

2 Supply of processed cobalt to factories in Asia to make rechargeable batteries.

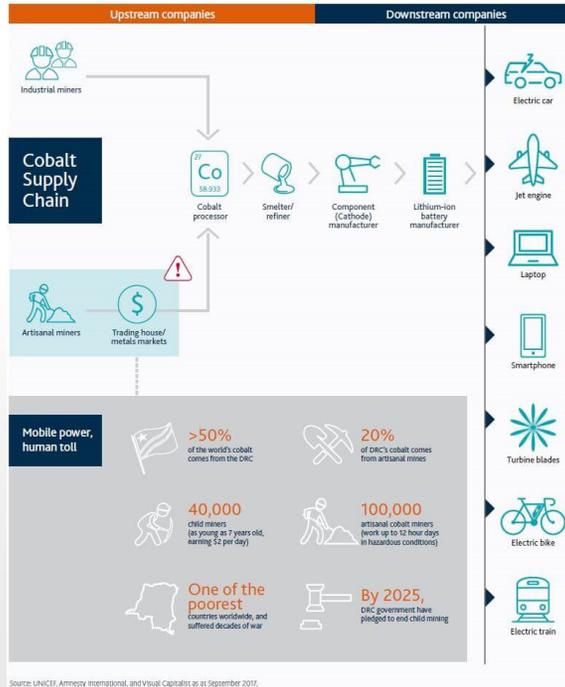
3 Supply of batteries to global technology and car companies

Amnesty International as at September 2017.

Figure 1: Estimated global production of cobalt for 2017



Source: CRU, estimated production for 2017 and Visual Capitalist as at January 2017



Global sales of electronic devices for 2016



Smartphone	1,500,000,000
Laptop	156,800,000
Electric car	2,000,000

Average amount of cobalt in electronic devices



Smartphone
7.5 grams



Laptop
1 ounce

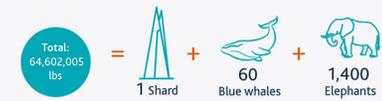


Electric car
15 pounds

Total amount of cobalt used in the three devices in 2016 was:

Smartphone	24,802,005 lbs
Laptop	9,800,000 lbs
Electric car	30,000,000 lbs

And that's the equivalent of:

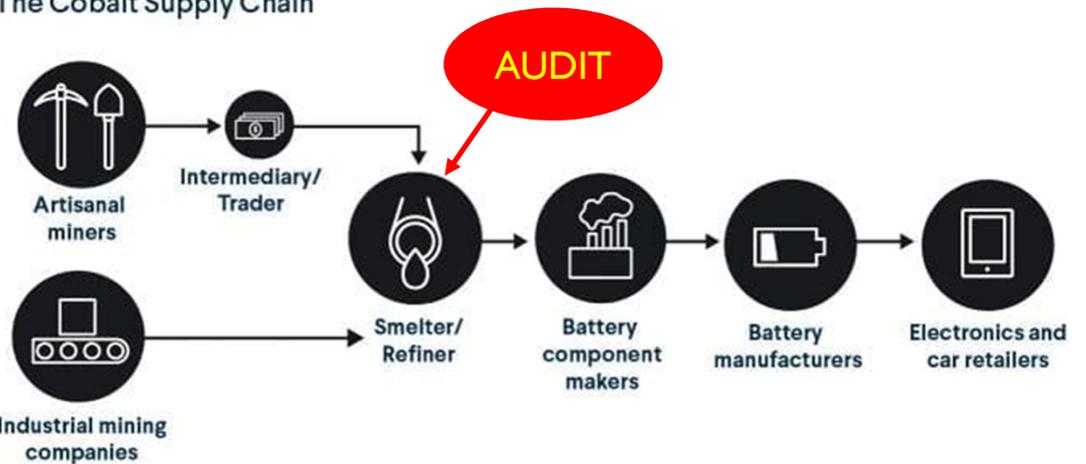


SUPPLY CHAIN MANAGEMENT

Framework application:

- Established strong company management systems;
- Ability to Identify and assess risk in the supply chain;
- Design and implement a strategy to respond to identified risks;
- Execute independent 3rd party audit of supply chain due diligence;
- Report annually on supply chain due diligence.

The Cobalt Supply Chain



Source: Amnesty International.

COMBATING CONFLICT MINERALS

In politically unstable areas, armed groups often use forced labor to mine and sell minerals to fund their activities such as the purchase of weapons.

These so-called 'conflict minerals', such as tin, tantalum, tungsten and gold, can find their way into our mobile phones, cars and jewelry.

A new EU law to stem the trade in conflict minerals

The EU passed a new regulation in May 2017 to stop:

- conflict minerals and metals from being exported to the EU
- global and EU smelters and refiners from using conflict minerals
- mine workers from being abused

The law also supports the development of local communities.

It requires EU companies to ensure they import these minerals and metals from responsible sources only.

The law will be in effect as of January 1, 2021



RISK AND COMPLIANCE

Responsible and sustainable production practices is on top of the agenda for many mining companies and responsible mining programs have been developed collectively to help improve public awareness, address concern for occupational health & safety, the environment and introduce the broader concept of sustainability.

Steencore supports greater alignment in approaches to risk identification, assessment and mitigation across the mining industry. We do this by incorporating leading international standards on responsible mineral supply chains including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD DDG) regarding the risk category of Human Rights into our business.

This Framework is designed to be applied at a global level as per the OECD DDG and its Annex II Risks. It provides a management framework for identifying risk to sourcing from high-risk countries.



SOLUTIONS
FOR
TRANSPARENCY

On January 1st, 2021, a new law will come into force across the EU – the Conflict Minerals Regulation.

It aims to help stem the trade in four minerals – tin, tantalum, tungsten and gold - which sometimes finance armed conflict or are mined using forced labor.

The regulation will mean changes for you and your business, whether you:

1. **import** minerals or metals;
2. **smelt** or **refine** them; or
3. **own a due diligence** scheme.

Steencore shall conduct due diligence on supply chain based on OECD rules.

OECD Due Diligence Guidance

- The Organization for Economic Co-operation and Development (OECD) has created guidelines called 'Due Diligence Guidance', which are the basis for the EU's Conflict Minerals Regulation.

The guidance:

1. is designed for any company potentially sourcing minerals or metals from conflict-affected or high-risk areas.
2. gives detailed recommendations to help companies respect human rights and avoid contributing to conflict when sourcing minerals or metals

OFF-TAKE OFFER

- General Term:
 - Customer shall enter into an Off-take Agreement with Financial Bank Guarantees in placed prior to any purchase order for the production and delivery of Cobalt.
 - Incoterms (2018) CFR / CIF Durban, South Africa or Rotterdam, the Netherlands bonded warehouse;
 - Quantity: 100 Mt per month of Cobalt Metal purity of 99.96-99.99%;
 - Settlement at warehouse, subject to Inspector's certificate for quality and quantity and any other necessary documents

Production Chemical Specifications:

ELEMENTS	VALUE	ELEMENTS	VALUE
COBALT (Min %)	99.96 – 99.99%	SELENIUM (SE / ppm)	0.10
IRON (Fe / ppm)	0.10	ANTIMONY (SB / ppm)	0.10
SULPHUR (S / ppm)	0.01	SILICA (SI / ppm)	0.10
OXYGEN (O2 / ppm)	0.20	ZINC (ZN / ppm)	0.10
ARGENT (AG / ppm)	0.01	ARSENIC (AS / ppm)	0.50
LEAD (PB / ppm)	0.20	BISMUT (BI / ppm)	0.10
NICKEL (NI / ppm)	0.20	MANGANESE (MN / ppm)	0.10
TELURIUM (TE / ppm)	0.05	ALUMINIUM (AL / ppm)	0.05
MAGNESIUM (MG / ppm)	0.05		

STEENCORE

MINING & ENERGY

Steencore is a global natural resources company founded in 2011. Its portfolio includes the supply of non-ferrous metals such as copper products, concentrates and cobalt products. Our international network and partners gives its access to local knowledge and expertise unlocking value and providing clients with secure access to prime commodities.

Steencore's core belief and philosophy is to capture the opportunity that the cyclical nature of commodities offers and to capture the growth in demand and pricing. Based on these insights Steencore makes its strategic investments at the optimal development point to optimize risk-adjusted returns.



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