

Initial Project Summary – PNP 1000 Project

Project Location: Brejo Seco, Capitão Gervásio Oliveira Municipality, Piauí State, Brazil

Name of Applicant: Techmet, Ltd.

Name of Project: PNP 1000 Project

Project Description: The Project involves the construction and operation of an open-pit nickel and cobalt mine entailing the mining of nickel laterite ore at a rate of 120,000 dry metric tonnes per year. The ore will be processed using a heap leaching method which involves the irrigation of the ore with a dilute acid solution to obtain the nickel and cobalt. The resulting leach solution will be purified and de-watered to produce 1,400 metric tonnes per year of nickel and 35 metric tonnes per year of cobalt, both as hydroxide products. All Project process plant residues will be filtered to a solid state so that they can be stacked in a dedicated and protected residue disposal area, obviating the need for a wet tailings dam.

The Project is a small-scale expansion of an existing Demonstration Plant located at the Project site and has been designed to further develop and optimize the technology planned for a larger-scale Project at some time in the future.

Specifically, the Project will entail:

1. Retrofitting the existing Demonstration Plant processing equipment and offices;
2. Creation of the mining area, with an open pit, overburden dump, low-grade ore stockpiles, and access road (<1km);
3. Creation of a solid residue disposal area, leach pads, and new process ponds for the leaching solution; and
4. Installing a new borehole and pipeline (~4 km) for process water to supplement the two existing boreholes that serve the Demonstration Plant.

Environmental and Social Categorization and Rationale: The Project has been reviewed against DFC's categorical prohibitions and determined to be categorically eligible. The Project is screened as Category A because it involves construction of an open pit mine. Primary environmental and social issues of concern include water quality and availability; management of hazardous materials; community nuisance impacts such as noise, dust, and traffic; occupational health and safety; and waste management.

Environmental and Social Standards. DFC's preliminary environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following of the International Finance Corporation's (IFC) 2012 Performance Standards:

- 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; and
- PS 4: Community Health, Safety, and Security.

All land and rights required for the mine were acquired on a willing seller – willing buyer basis and no physical resettlement is required to execute the Project. No habitats of significant biodiversity value or

cultural heritage are found on the site, and the Project will not adversely impact Indigenous Peoples. Therefore, PS 5, 6, 7, and 8 are not triggered by the Project 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).

Location of Local Access to Project Information: The ESIA for the large mine and the ESIA Summary document specific to the DFC-funded Project are available for review at:

Location: Endereço Alojamento Piauí Níquel Metais S/A

Address: Capitão Gervasio Oliveira-PI, Localidade: Lagoa Funda, 4001, Bairro: Rural, CEP: 64763-000