Early Warning System

IFC-36754

Yaramoko

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Quick Facts

Countries	Burkina Faso
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	A
Voting Date	2015-08-07
Borrower	Roxgold Inc
Sectors	Mining
Potential Rights Impacts	Healthy Environment, Labor & Livelihood, Right to Water
Investment Type(s)	Equity
Investment Amount (USD)	$ 23.60 million
Project Cost (USD)	$ 130.00 million

Project Description

Yaramoko Gold Project is to be implemented in an area known as the 55Zone, which has a deposit of nearly 2.4 million tons of ore and containing about 1 million ounces of gold. The company is considering an underground mine operation to a depth of 700m, using the method of inclined selective open stopping and long-hole drilling. The amount of the ore to be mined will be around 270,000 tonnes per year for a production of approximately 100,000 ounces of gold/year. The plant will be supplied with water from a dam built in the northeast of the deposit, with a capacity of 0.2 million m3. The mine power supply will be through the use of a power plant running on fuel oil. It involves connection to the SONABEL grid from the existing Pa-wonâ line. The expected development impacts include: (i) local economic development within an IDA country through generation of direct and indirect employment opportunities; (ii) fiscal receipts in the form of taxes, royalties and dividends, and foreign exchange and diversification of the local economy; (iii) community development; and (iv) setting good benchmarks in environmental and social sustainability.

Location: The Yaramoko Gold Project is located near the town of Bagassi at approximately 200km southwest of Ouagadougou in the Balé Province of western Burkina Faso. The Yaramoko exploration permit is located in the rural commune of Bagassi in the province of Balé, in the Boucle du Mouhoun region.

Resources needed: Land acquisition – namely agricultural fields used for sorghum, corn, cotton, and peanut production with a surface area of approximately 418 hectares.

Early Warning System Project Analysis

Risk Assessment: Category A.
This is a Category A project according to IFC's environmental and social review because the project has the potential for resulting in significant adverse environmental and social impacts that will be diverse and irreversible.

APPLICABLE SOCIAL & ENVIRONMENTAL STANDARDS
PS 1 – Assessment and Management of Environmental and Social Risks and Impacts- this safeguard is triggered because "potential negative impacts include loss of wildlife habitat, poaching, disturbance of wildlife nesting regime, landscape change and loss of trees(5,582 trees have been identified on the perimeter of the mining project). Potential immigration and population growth associated with a large influx of people searching for jobs may result in negative socioeconomic and environmental impacts as it strains the existing inadequate basic infrastructure. This could increase the extent of issues related to the access to social services.

PS 2 - Labor and working conditions- this safeguard is triggered because "Roxgold employs approximately 120 direct and 230 contractor staff." Roxgold has to meet its local hiring targets of 80% from the immediate vicinity of the mine, 10% regional and 10% national and has to strive to spread the benefits of direct and indirect employment as broadly as possible in the local area.

PS 3 - Resource Efficiency and Pollution Prevention- this safeguard is triggered because "Roxgold will produce a wide range of waste from its operations including hazardous waste (used hydrocarbons, expired chemicals, cyanide boxes, paints, lead batteries), non-hazardous industrial waste (paper, packaging material, kitchen waste, building rubble, non-hydrocarbon filters), salvageable/recyclable material (scrap metal, pipes, used tires, empty drums and scrap wood) and medical waste. Primary sources of air emissions will include particulates from mining and processing (particularly crushing) and dust from vehicles movements as well as fuel combustion. Primary sources of noise at Yaramoko will include excavation, blasting, drilling, rock crushing, vehicles engine and movement and stockpiling."

PS 4 – Community Health, Safety and Security- this safeguard is triggered due to "the risk to community safety for the population close to the operations. Local communities in some areas are likely to consider dust generated from the operations as an irritant. Other health risks associated with the area like STDs and HIV/AIDS may be exacerbated by in-migration or other changes."

PS 5 – Land Acquisition and Involuntary Resettlement- this safeguard is triggered because "a total of 141 agricultural fields used for sorghum, corn, cotton, and peanut production with a surface area of approximately 418 ha will be impacted requiring compensation to the landowners and traditional land users on an annual basis and for a five year period."

People Affected By This Project

OUR RISK ASSESSMENT
Based on the World Bank's project documents, this project poses potential risks to the following human rights:

Right to a Healthy Environment:
Potential harmful impacts identified in bank documents include air pollution caused by emissions by heavy machinery and dust during excavation; production of solid and liquid hazardous including heavy metals, asbestos tar and oils; water pollution resulting from the discharge of industrial waste water and reductions in groundwater; disruption of ecological systems, particularly during excavation for steel pipelines; threats to plant and animal life posed by the production of two highly toxic, hazardous, and flammable substances (Tertiobutylmercaptin and Methylehylsulphide). An environmental and social assessment for the project notes that impacts resulting from any damage to or leaks from the pipelines may be permanent and highly severe.

Right to Water:
Current estimates of mine water requirements are roughly 224,256 m3 per year. Existing resources may not be sufficient to meet the needs of the mine and populations as water reservoirs are already the subject of high demand (grazing, irrigation, fishing, etc.). Water points formed during the rainy season may not sustainable. Project implementation is likely to cause changes in surface water quality, change in groundwater quality, lowering of groundwater table and change in rainwater flow system affecting water availability and quality.

Right to Culture:
The history of the project area shows that the community is strongly attached to their culture. There is a "sacred site" known as Sinle, and a graveyard of fourteen artisanal miners located within the footprint of the project area and is a home to five cultural sites all of which are likely to be affected during project implementation.

Right to Livelihood:
Project implementation is likely to lead to loss of income for it will affect 339 agricultural fields used by the communities in the project area. The occupation of farmlands by the project is likely to result in an annual theoretical loss of about 580 tons of grain. The food deficit which may result from this situation will lead to an increase in nutritional diseases, poverty and food prices. With regard to livestock production, the construction and operation activities of the underground mine may result in a reduction of grazing areas of about 760 hectares. This will affect livestock production which is the major economic activity in the dry season. Project implementation may also affect artisanal gold mining which is highly developed in the direct impact area of the project and a significant source of revenue for the people in the project area.

Labor Rights:
As noted above, the labor safeguard is triggered because "Roxgold employs approximately 120 direct and 230 contractor staff." Care must be taken in project implementation to ensure that labor rights of the direct and contractor staff are respected, including use of occupation safety measures and training in the management and disposal of hazardous wastes.

Investment Description

- International Finance Corporation (IFC)

Bank financing: International Finance Corporation
Borrower: Roxgold Inc. Roxgold is a gold exploration and development company with headquarters in Toronto, Canada.
Amount of bank loan or investment: US$23.6 million
Total project cost: US$130million.
Other sources include debt commitments of US$75 million from two European based commercial lenders, cash at hand of US$40 million and an option to have US$15 million in vendor financing.

Private Actors Description

Roxgold has a market capitalization of C$207 million (approximately US$166 million) as of June 17, 2015. Roxgold's major shareholders are Appian Capital (16.4%), 1832 Asset Management (11.9%), M&G Investment Management (8.8%) and African Lion (8.4%). Board and management hold approximately 6%.

The Project is owned by Roxgold Sanu S.A., a Burkina Faso registered company 90% owned by Roxgold. The government of Burkina Faso has a 10% carried interest in Roxgold Sanu free of all charges and cannot be diluted. Roxgold obtained a 100% interest in the Project through acquisitions and earn-in agreements with Riverstone Resources, a Canadian junior mining company.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	1832 Asset Management L.P.	Undisclosed	-
-	-	-	-	African Lion Limited	Undisclosed	-
-	-	-	-	Appian Capital Advisory LLP	Undisclosed	-
-	-	-	-	M&G Investment Management Limited	Undisclosed	-
-	-	-	-	Roxgold Inc.	Client	-

Contact Information

Roxgold Head Office, Canada: ROXGOLD INC. 360 Bay Street, Suite 500Toronto, Ontario M5H 2V6Canada Tel: +1 416-203-6401Fax: +1 416-203-0341 Email: mailto:info@roxgold.com Website: http://www.roxgold.com Roxgold Burkina Faso: ROXGOLD SANU S.A. 438, Rue Worg-Ntondo, Zone du Bois – Secteur 22 01 BP 4861 Ouagadougou Burkina Faso Tel: +226 25 36 13 57 CONSULTATIONS IFC documents state that, at the local level, a consultative and monitoring committee was established to allow quick and amicable resolution of conflicts that may arise between the mine and the project affected persons, provide a transparent and participatory management of the process of identifying affected assets and ensure that the proposed measures are actually carried out.. This Committee is composed of the Mayor (Chair of the committee), the Secretary General of the municipality, the Prefect of Bagassi, Village Chiefs and land Chiefs of the main villages concerned, Presidents of CVD (Village Development Council) of the major affected villages, two women representatives, the major landowner and three representatives of Roxgold including the Director General. The members of this Committee who represent the Project Affected Persons are responsible for disseminating the mechanism in the first instance, through the traditional channels of communication at the village level.

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Bank Documents

- ESIA YRM Roxgold_07-2014_Vol2-ANNEXES-ENG.pdf
- ESIA YRM Roxgold__07-2014_Vol1-REPORT-ENG.pdf
- RAP YRM Roxgold_07-2014-ENG.pdf