PRECIOUS MINERAL AND SMELTING LTD.

CONFLICT-AFFECTED AND HIGH-RISK AREAS (CAHRAs)

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CAHRAs Procedure

Standard Policy & Procedure to Identify & Assess Conflict-Affected and High-Risk Areas (CAHRA)

Conflict-affected and high-risk areas (CAHRAs): Conflict-affected and high-risk areas 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.

Precious Mineral and Smelter Limited (PMASL), Implements due diligence as a continual, ongoing process. The process complies with the OECD Guidance for Identification and Assessment of Supply Chain Risk. All sources are reviewed in accordance with this policy to assure compliance. Risk assessment and mitigation is based upon the criteria listed in this policy. Standard policy and procedures will be reviewed internally once a year if necessary. In order to identify and assess mineral supply chain risks. PMSL has implemented the following process:

- Identification of Supplier and Material Source
- Identification of Conflict-Affected and High-Risk Areas
- Determination of the Scope of the Risk Assessment
- Identification of Supply-Chain Risk(s)
- Assessment of Supply Chain Risk(s)

1. Identification of supplier and material source

We ensure all suppliers and material sources are identified and sufficient documentation is obtained on the origin and chain of custody of material in accordance with the requirements of the RMI RMAP standard and its Annexes. PMSL sourcing the minerals from the Indian Government Mining Company " Chhattisgarh Mining Development Corporation ("CMDC") and are also sourced from PMASL's mines. mines located in Bade Bahçeli, Dantewada, Chhattisgarh, India. We do not purchase ore from secondary suppliers. As such it assures that the supply chain for the primary raw materials, as defined by the RMI-RMAP standard, is consistent with the definitions listed for each category of material.

1.1. Identification of Counterparty

We establish and implement the basic Know Your Counterparty (KYC) requirements to determine the identity, type of business relationship and legality of business operations for each supplier and transporter of the tin ore from its mines. The KYC process includes the verification of individuals and entities. The

KYC is performed on all suppliers before entering into a business relationship with a supplier and throughout the business relationship.

1.2. Identification of Material Category and Source

We identify the origin of materials and categorize the materials in accordance with their source of the RMI-RMAP Tin & Tantalum Standard. Full disclosure requirements on the origin and chain of custody of material will be demonstrated by the delivery orders issued for each delivery into the smelter. The documentation required is determined in accordance with the category and source of the material using Annex I for guidance on the documentation requirements.

2. Identification of Conflict-Affected and High-Risk Areas

We implemented a process to determine if there are any Conflict-Affected and High-Risk Areas (CAHRAs) as defined by the OECD Guidance in the supply chain. For origin of our material sources, we conduct a CAHRA assessment utilizing our CAHRA Assessment Form. We conduct three separate evaluations:

a. Internal Evaluation - Described in section 2.1
b. EU CAHRA List - Describe in section 2.2
c. US Dodd-Frank Country List - Described in section 2.3

2.1. The Process as follows:

- **Criteria:**
  We only accept primary raw materials mined and delivered from mines located only in Bade Bahçeli, Dantewada, Chhattisgarh, India , as such, the risk determination for the supply chain focuses on conflict, human rights and good governance.

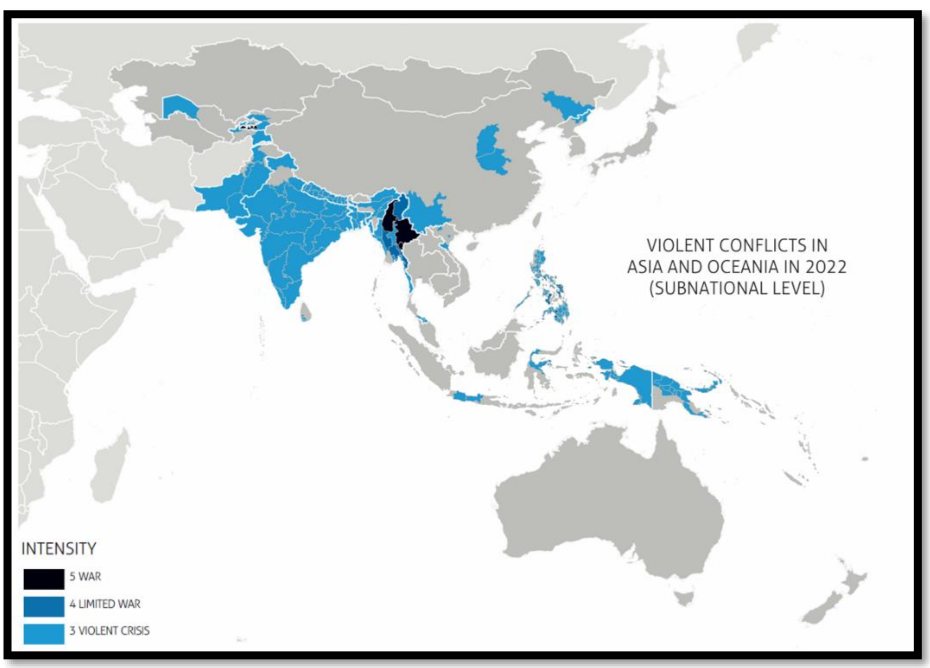
- **Resources:**
  1. The Heidelberg Conflict Barometer provides conflict maps representing an annual snapshot of the presence of armed conflict.
  2. The Fragile States Index (Political Indicator 3: Human Rights and Rule of Law) provides country-level risk profiles relating to human rights issues.
  3. Resources Governance Index provides country-level risk profiles relating to good government.

- **Frequency:**
  The Heidelberg Conflict Barometer, the Fragile States Index (Political Indicator 3: Human Rights and Rule of Law) and the Corruption Perception Index are reviewed for any new resources on a six monthly basis and this review is documented.

- **Benchmarks:**

1. **The Heidelberg conflict barometer**
   All supplying countries based on statistical maps must be in non-conflict areas based on their intensity (Intensity level 1 & 2). In order to measure the three levels of violent conflict, five proxies are used to indicate their means and consequences. The dimension of means encompasses the use of weapons and deployment of personnel, the dimension of consequences, the number of casualties, refugees and internally displaced persons (IDPs), and the level of destruction. THE CONCEPT OF CONFLICT INTENSITY is as follows:

Intensity Level	Terminology	Level of Violence	Intensity Class
1	Dispute	Non-Violent Crisis	Low Intensity
2	Non-Violent Crisis		
3	Violent Crisis	Violent Crisis	Medium Intensity
4	Limited War		High Intensity
5	War		



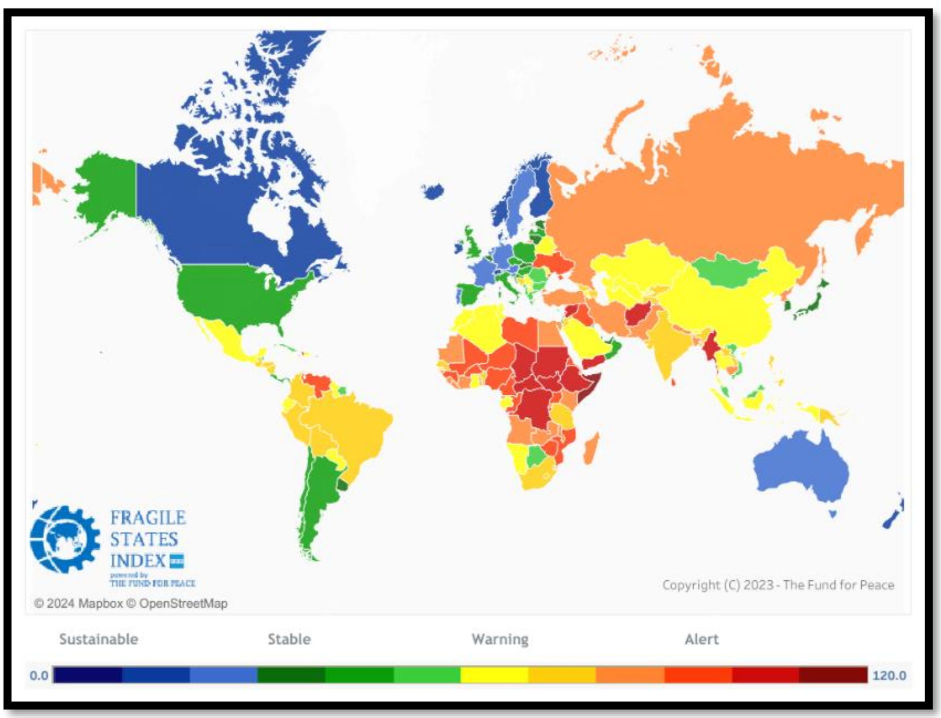
(https://hiik.de/wp-content/uploads/2022/03/CoBa 01.pdf)

PMSL stated that if a country or region has a "Level 3" to "Level 5" intensity level.

2. **The Fragile States Index**

It is an annual ranking of 178 countries based on the different pressures they face that impact their levels of fragility. The Index is based on The Fund for Peace's proprietary Conflict Assessment System Tool (CAST) analytical approach. Based on comprehensive social science methodology, three primary streams of data - quantitative, qualitative, and expert validation - are triangulated and subjected to critical review to obtain final scores for the FSI. Millions of documents are analyzed every year, and by applying highly specialized search parameters, scores are apportioned for every country based on twelve key political, social and economic indicators and over 100 sub-indicators that are the result of years of expert social science research.

The Fragile States Index (Political Indicator 3: Human Rights and Rule of Law), all supplying countries based on the Political Indicator 3: Human Rights and Rule of Law the score must be below 7 on a scale of 9.9.



(https://fragilestatesindex.org/)

PMSL stated that if a country has human rights and the rule of law scores above 7 on a scale of 9.9, it will be declared as a High-risk Area.

3. **Resources Governance Index**

   The RGI measures the quality of extractive sector governance in resource-producing Countries around the world. It is a powerful and evidence-based tool that enables stakeholders such as governments, civil society actors, private companies and citizens to understand how their countries are performing in terms of resource governance. RGI assesses the policies and practices used by governments to regulate oil, gas and mining. The RGI calculates each country's assessment score using scores from the three index components as follows:

   - The first component includes governance (value realization): allocation of extraction rights, exploration, production, environmental and social impacts, collective income and state-owned enterprises.
   - The second component of revenue management includes implementation, national budgeting, revenue sharing and sub-national resource sovereignty.
   - The third component of the index assesses a country's enabling environment. It draws on data from Worldwide Governance Indicators and the Open Data Inventory to gauge the broader context of governance. Scores are on a scale of zero to 100 at each index level.

Good	≥ 75	A country has established laws and practices that are likely to result in extractive resource wealth benefiting citizens, although there may be some costs to society.
Satisfactory	60-74	A country has some strong governance procedures and practices, but some areas need improvement. It is reasonably likely that extractive resource wealth benefits citizens, but there may be costs to society.
Weak	45-59	A country has a mix of strong and problematic areas of governance. Results indicate that resource extraction can help society, but it is likely that the eventual benefits are weak.
Poor	30-44	A country has established some minimal procedures and practices to govern resources, but most elements necessary to ensure society benefits are missing.
Failing	< 30	A country has almost no governance framework to ensure resource extraction benefits society. It is highly likely that benefits flow only to some companies and elites.

(https://resourcesgovernanceindex.org/)

PMSL stated that if country has score below 30, it will be declared as High Risk Area.

2.2. EU CAHRAs list:

We do not source Intermediate raw materials mines as defined by the RMI-RMAP tin & Tantalum Standard and also from areas already on the EU CAHRAs list. (https://www.cahraslist.net/cahras)

The list of CAHRA as of 2021 are:

1. Afghanistan	11. Chad	21. Ethiopia
2. Burkina Faso	12. Colombia	22. India
3. Burundi	13. Democratic Republic Congo	23. Libya
4. Cameroon	14. Egypt	24. Mali
5. Central African Republic	15. Eritrea	25. Mexico
6. Mozambique	16. Philippines	26. Ukraine
7. Myanmar	17. Somalia	27. Venezuela
8. Niger	18. South Sudan	28. Yamen
9. Nigeria	19. Sudan	29. Zimbabwe
10. Pakistan	20. Turkey	

The European Union (EU) is committed to ensuring that its imports of minerals and metals are sourced responsibly and align with European policies on conflict prevention and development. In light of this commitment, Regulation (EU) 2017/821 ("the Regulation") requires EU importers of tin, tantalum, tungsten and gold (and the minerals containing them) to carry out supply chain due diligence based on the five-step approach established by the OECD.

PMSL stated that if a country of the mineral sourced is in above mention list, it will be declared as a High-Risk Area.

2.3. US Dodd-Frank Country List:

The RMI-RMAP guidelines are used to determine a CAHRA. Conflict regions are defined by Dodd-Frank.

Section 1502 of the U.S. Dodd-Frank Act requires U.S. listed companies to disclose whether they use "conflict minerals" (tin, tungsten, tantalum, and gold) and whether these minerals originate in the **Democratic Republic of the Congo** (DRC) **or an adjoining country**. Audit of the issuer's due diligence report on the source and chain of custody of conflict minerals originating in the DRC or an adjoining country, conducted in accordance with standards established by the Comptroller General of the United States, in accordance with rules promulgated by the Commission, in consultation with the Secretary of State.

https://www.sec.gov/Archives/edgar/data/1054374/000105437415000089/conflictmineralsreport.htm#:~:text=According%20to%20the%20Dodd%2DFrank,%2C%20Burundi%2C%20Rwanda%20and%20Uganda

PMSL stated that if raw materials are sourced from the above mentioned Dodd-Frank Act list (India is not included), it will be declared as a High-Risk Area.

CONCLUSION:

During this reporting period, tin ore was only sourced from the PMASL mine and also sourced from the State Government Mining Company " Chhattisgarh Mining Development Corporation ("CMDC") which is identified as a CAHRA; however, no high risks (as Annex II) were identified during the risk assessment process.

PMSL stated that if even only 3 out of 5 criteria were found to be "High-Risk Area', then the area would be considered as CAHRA.

3. Determination of the Scope of the Risk Assessment:

We review the information noted in steps above on the category and source of material to identify CAHRA and will note any red flags, inconsistencies, or discrepancies related to the counterparty or material, especially with respect to primary raw material sources. The proper corrective actions will be taken in accordance with the standard and the guidelines.

- **Grievances:**
  We have an open-door policy for any in-tested party to report concerns regarding circumstances as they relate to the supply chain. The concern can be sent to the Managing Director of the Company or the concerned party can call the Plant Manager to file. The concern received will be documented and investigated and if applicable, corrective actions will be implemented in accordance with the RMI-RMAP Standard.

- **Review for Discrepancies:**
  1. Shall determine whether there are any inconsistencies or discrepancies related to the material and KYC, origin and/or transportation documentation submitted by the supplier.
  2. Shall validate links between documents.
  3. Shall inspect all material received for conformity with information available on the type of material, weight and quality of the material.
  4. Shall implement a procedure to investigate and address any discrepancies, inconsistencies or other issues identified during the review of material and documentation received.

5.

- **Determine Plausibility:**
  We assess the plausibility of material coming from the declared sources to confirm that it matches the expectations set at the time of purchase.

- **If necessary:**
  1. Efforts will be made to understand production and sources for all primary materials.
  2. Consider the type, volume, and tin content of the material received to assure compliance with the definitions of the standard.

- **Assess Red Flags:**
  Although we only source from mines owned by PMASL and our joint venture company CMDC owned by the State Government of India located in Bade Bahçeli, Dantewada, and no red flag raised since mine operation inception. we will still assess the occurrence of OECD red flags related to primary material origin, transit, and suppliers. OECD red flags are defined by the OECD Guidance Supplement on Tin as:

  1. The minerals originate from or have been transported via a CAHRA.
  2. The minerals are claimed to originate from a country that has limited known reserves, likely resources, or expected production levels of the mineral in question (i.e. the declared volumes of minerals from that country are out of keeping with its known reserves or expected production levels).
  3. The minerals are claimed to originate from a country where materials from CAHRAs areas are known to transit, legally or illegally.
  4. The company's suppliers or other known upstream companies have shareholder or other interests in companies that supply minerals from or operate in one of the above-mentioned red flag locations of mineral origin and transit.
  5. The company's suppliers and/or other upstream companies are known to have sourced minerals from a red flag location of mineral origin and transit in the last 12 months. (If using an upstream assurance mechanism, they may have this information).

We shall also take into account any other red flag(s) based on industry knowledge or external resources related to CAHRAs and any publicly available information.

- **Determine Sourcing Risk Level**
  We will determine the sourcing risk level for each transaction of primary material in accordance with Table 2 of the RMI-RMAP Protocol.

TABLE 2: PRIMARY MATERIAL RISK LEVEL

Type of Material	Sourcing Risk Level	Definition
Primary Material	Low-Risk	For low-risk supply chains, all of the following criteria apply: 1. Supply chains where tin or tantalum material is not mined or transported through a CAHRA, 2. Material originates in a country with known active ore production for tin and/or tantalum, 3. There are no red flags identified.
	High-Risk	For high-risk supply chains, all of the following criteria apply: 1. Supply chains where tin or tantalum material is mined or transported through a CAHRA; and / or material originates in a country with limited or no active ore production for tin / or tantalum; and / or there are discrepancies, inconsistencies or other issues identified during the review of material and documentation that have not been addressed, 2. There is one or more red flag identified.

4. Identification of Supply-Chain Risk(s)

Any high-risk sources as identified in table 2 of the protocol will require completion of the Audit High-Risk Sources Workbook prior to the audit program. In accordance with the RMI-RMAP Protocol. Given the supply chain.

5. Assessment of Supply Chain Risk (s)

We will assess the presence and severity of risks in the supply chain by comparing the factual Circumstances against the risks included in the OECD Guidance's Annex II Model Supply Chain Policy.

- **Supplier Engagement:**
  We require its primary material counterparties to engage in the basic KYC screening process. PMASL promotes the basis KYC with all its counterparties.

PMASL Commitments in Accordance to Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

1. **INTRODUCTION:**
   - Although we only source from mines owned by PMASL and our joint venture company (CMDC) owned by the State Government of India located in Bade Bahçeli, Dantewada, no red flag raised since PMASL's inception of operation.

   - Recognizing the risks of significant adverse impacts that may be associated with extracting, trading, handling, and exporting tin and other minerals from conflict-affected and high-risk areas, and recognizing that the Company has the responsibility to respect human rights and not contribute to conflict, the Company commits to adopt, widely disseminate and incorporate in contracts and/or agreements with mineral suppliers the following Policy as representing a common reference for conflict-sensitive sourcing practices of tin and other minerals and suppliers' risk awareness from the point of extraction until end user.

   - Each member of the Company commits to refraining from any action which contributes to the financing of conflict and each member of the Company commits to comply with relevant national and internal laws, where applicable.
2. **SERIOUS ABUSES ASSOCIATED WITH THE EXTRACTION, TRANSPORT OR TRADE OF MINERALS**

   While sourcing from, or operating in, conflict-affected and high-risk areas, each member of the Company will neither tolerate nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of:
   - Any forms of torture, cruel, inhuman and degrading treatment;
   - Any forms of forced or compulsory labour, which means work or service which is exacted from any person under the menace of penalty and for which said person has not offered himself voluntarily;
   - Any form of child labour;
   - Other gross human rights violations and abuses such as widespread sexual violence;
   - war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide, (together, Serious Abuses).
3. **RISK MANAGEMENT OF SERIOUS ABUSES**
   - PMASL will immediately suspend or discontinue engagement with suppliers.
   - PMASL will identify a reasonable risk that they are sourcing from, or linked

to, any party committing Serious Abuses.

4. **DIRECT OR INDIRECT SUPPORT TO NON-STATE ARMED COMPANIES.**
The Company will not tolerate any direct or indirect support to non-state armed groups, or their affiliates through the extraction, transport, trade, handling, or export of minerals.
5. **RISK MANAGEMENT OF DIRECT OR INDIRECT SUPPORT TO NON-STATE ARMED GROUPS:** Each member of the Company will immediately suspend or discontinue engagement with suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to Non-State Armed Groups or their affiliates.
6. **PUBLIC OR PRIVATE SECURITY FORCES**
The Company agrees to eliminate direct or indirect support to public or private security forces who illegally control mine sites, transportation routes, and upstream actors in the supply chain; illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort intermediaries, export companies or international traders.
7. **RISK MANAGEMENT OF PUBLIC OR PRIVATE SECURITY FORCES**
In accordance with the specific position of a member of the Company in the supply chain, the Company will immediately devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to public or private security forces, as identified above, where we identify that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan.
8. **BRIBERY AND FRAUDULENT MISREPRESENTATION OF THE ORIGIN OF MINERALS**
No member of the Company will offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.
9. **MONEY LAUNDERING**
The Company will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money laundering resulting from, or connected to, the extraction, trade, handling, transport or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes or at points where minerals are traded by upstream suppliers.
10. **PAYMENT OF TAXES, FEES AND ROYALTIES DUE TO GOVERNMENTS**
The Company will ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, in accordance with the Company member's position in the supply chain, we commit to disclose such payments in accordance with the

stipulated rules and regulations.

11. **RISK MANAGEMENT OF BRIBERY AND FRAUDULENT MISREPRESENTATION OF THE ORIGIN OF MINERALS, MONEY LAUNDERING AND PAYMENT OF TAXES, FEES AND ROYALTIES TO GOVERNMENTS**
    In accordance with the specific position of the company in the supply chain, we commit to engaging with suppliers, central or local governmental authorities, international organizations, civil society, and affected parties, as appropriate, with a view to preventing or mitigating risks of adverse impacts through measurable steps taken in reasonable time scales. We will suspend or discontinue engagement with suppliers after failed attempts at mitigation.

APPROVAL BY SENIOR MANAGEMENT

This report has been reviewed and approved by Shree Chand Lunia (Whole Time Director) on May 12th, 2024

Signed By: ____________________