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Koktaszhal Porphyritic Copper Mine Development, Kazakhstan

STAKEHOLDER ENGAGEMENT PLAN



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Abbreviations

CLO	Community Liaison Officer
EBRD	European Bank of Reconstruction and Development
EHS	Environment Health and Safety
ESAP	Environmental and Social Action Plan
PR	Performance Requirement of the EBRD Environmental and Social Policy 2008
AP	Altay Polimetally LLP
EIA	Environmental Impact Assessment

1 INTRODUCTION

This Stakeholder Engagement Plan (SEP) describes Altay Polimetally LLP (AP) approach to interacting with stakeholders, including the public, and the disclosure of relevant information with respect to the AP development of the Koktaszhal porphyritic copper mine (the Project).

Engagement with stakeholders is an ongoing process, which applies to the entire period of the project implementation and operation. The SEP includes a strategy to provide timely, understandable (in the form and language) and appropriate information to stakeholders and ensure the opportunity for these stakeholders to express their views and comments and obtain timely and satisfying response to their concerns and expectations.

2 PROJECT SUMMARY

The European Bank for Reconstruction and Development (EBRD) is considering providing up to €100 million to AP for the development of the Koktaszhal Porphyritic Copper mine in Kazakhstan. The loan will be used to refinance debts taken to develop the mine to date, which is more than 90 % completed. The project consists of the Koktaszhal open pit mine, ore processing (including crushing and an ore floatation/concentrator plant) and required infrastructure including the water supply system and associated social infrastructure.

The main site operations are divided into three distinct units; the mine, the onsite transportation and primary crushing, secondary crushing and processing (floatation). The mine operations include blasting and excavation in the open pit. The open pit will have a total depth of 300m and will have a life of approximately 20 years. An underground mine system may be developed later. It is estimated that approximately 50 m³/h of water will be pumped from the open pit. The well-known German based company Takrif is employed for the mine excavation work. A unique aspect of this project is the use of an articulated conveyor system (1.2 km in length) to transfer all excavated material, including overburden, waste rock, oxide ore, sulfide ore and intermediate ore (mineralized material but not destined for current processing). This conveyor system is equipped with primary crushers and will transfer non-ore material to the designated stockpile area and ore to the processing plant. The processing plant has been designed and constructed by a large international company METSO (<http://www.metso.com>) will include typical floatation where the ore will be mixed with water and additives where the non-mineralized waste will settle to the bottom of the cell, and the concentrated mineralized material will be removed from the top of the cell. The concentrate will be dewatered before shipping offsite and the waste rock/water mixture (tailings) will be dewatered to approximately 15-20% water by weight before discarded as a paste in the disposal area. Nelson concentrators will be used to separate the gold bearing material from the remainder of the concentrate. The gold and copper-silver concentrate will be shipped from the site by trucks along tarmac road to a railway terminal planned to be built at Taldinka (Burkity rail station) 90km from the site.

The refinery plant annual capacity is 4 million tons of oxide ore and 3 million tons of sulfide ore. Water supply for the processing is brought via a 15km underground pipeline from the nearby saline Saumalkol Lake. A backup water supply, the 0.6Mm³ capacity Karasu River dam and a pipeline to the lake, will be built. If needed, this will mitigate water extraction impacts. Extensive hydrology studies have been completed as part of defining the water supply for the site. These studies have been completed by TsentriMonitoring LLP (Kazakhstan).

As mentioned above, construction of the facilities for the mine are over 90 % completed. Plans are to begin commissioning all site operations in December 2014. Production of concentrate from the site is scheduled to start in March 2015. The railway terminal will be completed by this time.

3 STAKEHOLDER ENGAGEMENT REQUIREMENTS FOR THE PROJECT

Activities outlined in this SEP are consistent with the Legislation of the Republic of Kazakhstan (in particular the "Rules of the public hearings" the Ministry of Environmental Protection (MEP) of the Republic of Kazakhstan No. 135-p dated 07.05.2007), including the Aarhus international convention ratified by Kazakhstan, as well as with EBRD's policy requirements on information disclosure and stakeholder engagement (PR 10). Kazakhstan and EBRD's stakeholder engagement requirements are summarised in Table 1 and below.

Public participation is mandatory during the Kazakh environmental impact assessment (EIA) process. At the beginning of the public hearings, the Company has to inform the public about the Project through the media, provide access to the EIA report for review, and advertise the date of the public meeting at least 20 days in advance. Minutes are drawn following the meeting which include opinions and suggestions of stakeholders and the Company's responses. These minutes are provided to the State Ecological Expertise (competent authority for EIA approval) for consideration. Any stakeholder complaints need to be addressed to the competent authorities.

Table 1 Stakeholder consultation requirements summary EBRD and Kazakhstan

EBRD PR10 requirements	Kazakhstan requirements
<p>Stakeholder identification:</p> <p>Identify people or communities that are or could be affected by the project, as well as other interested parties.</p> <p>Ensure that such stakeholders are appropriately engaged on environmental and social issues that could potentially affect them through a process of information disclosure and meaningful consultation.</p> <p>Maintain a constructive relationship with stakeholders on an ongoing basis through meaningful engagement during project implementation.</p>	<p>Stakeholder identification is not required. Public notice publication in two local newspapers in Kazakh and Russian languages is required. Local council shall be consulted on the time and place of a public meeting and invited to it.</p>
<p>Begin consultations early in the environmental and social appraisal process.</p>	<p>Stakeholders shall be engaged four weeks before the EIA is submitted to the State Environmental Expertise for approval.</p>
<p>Throughout the life of the project provide ongoing information to identified stakeholders, commensurate to the nature of the project and its associated environmental and social impacts, and the level of public interest.</p>	<p>Free access to the EIA documents shall be provided for four weeks during public hearings. After that, stakeholders have right to access EIA documents after submitting a written request to the regional department of the MEWR.</p>
<p>Stakeholder engagement will be free of manipulation, interference, coercion, and intimidation, and conducted on the basis of understandable and accessible information, in a culturally appropriate format;</p>	<p>Not defined</p>
<p>Stakeholders should be able to provide comments and recommendations on the draft Stakeholder Engagement Plan;</p> <p>Disclose a non-technical summary in the Kazakh and Russian languages and in accessible and culturally appropriate manner,</p> <p>Tailor stakeholder engagement to the needs of any disadvantaged or vulnerable groups;</p> <p>Publish regular reports to external stakeholders on company's environmental and social performance;</p> <p>Establish a grievance mechanism, inform the affected communities and ensure that the mechanism addresses concerns promptly and transparently, in a culturally appropriate manner, and is readily accessible to all stakeholders;</p>	<p>Not required</p>

4 SUMMARY OF STAKEHOLDERS ENGAGEMENT ACTIVITIES CARRIED OUT BY THE COMPANY TO DATE

The disclosure and consultation process began on October 22, 2010 with an Industrialnaya Karaganda newspaper article about the regional councilor's visit to the mine area. The article stated that the Coordination Council for Speeding Up Industrial Innovative Development recommended to the Ministry of Industry and New Technologies to include the project in the Kazakhstan Industrialisation Roadmap.

On October 22 and 27, 2010 the regional newspaper Aviatrek and the regional council web page stated that the regional council and AP became business partners by signing a memorandum on collaboration in solving social issues in Karakalinskiy district. AP will create 300 work places, provide cheaper electricity in the area of Egindybulak and Terekty villages, maintain 32km long Terekty-Egindybulak road and construct water system for Ayyr village.

On October 01, 2014 at an event celebrated by about 90 elderly people from Terekty village, visitors had an opportunity to participate in a tour of the copper mine field. Specialists explained to them the mining process. The aim of this event was to introduce the project and its goals to local people through their elders. The local newspaper Kargaly informed the public about this event.

An article in Industrialnaya Karaganda newspaper (June 28, 2014) informed its readers about the exploration and operational details of the project and that the project has been included in the Kazakhstan Industrialisation Roadmap.

The first public hearing was held on July 20, 2013 in Terekty village at the Feasibility Study and PreEIA stage of the project. Forty one local people including four representatives of AP, the deputy of council of Karakalinskiy region, Akim of rural district, deputy of the regional parliament, Karakary newspaper editor, specialist of department of architecture and specialist of land committee of Karakalinsk District attended this event. During the hearings two questions were raised: about the project impact on the Saumalkol Lake and about the need to repair the Ayyr village water well. The impact has been explained in the NTS and will be discussed at the EIA stage public hearings. The well has been repaired and a new water pump installed.

The second hearing is planned to be held in Terekty village at the end of 2014 within the detailed design and EIA review process.

Within the EBRD environmental and social due diligence of the project the following stakeholders were interviewed in person and over the phone:

- Councilors of Terekty rural area and Egendybulak rural area;
- Focus groups in Terekty and Ayyr villages and 2 households inside the AP worker housing estate;
- Ayyr village medical nurse;

District and regional state regulating agencies: environmental protection sanitary epidemiological services and emergency response office.

5 STAKEHOLDER IDENTIFICATION AND ANALYSIS

Table 2 identifies the stakeholders currently known and indicates how information will be transmitted to them during the preparation and implementation of the Project. The languages of the disclosed documents are specified in Section 7.1.

The project stakeholders are the persons or groups who are directly and/or indirectly affected (positively or negatively) by the project and generated by its activities or have interests in the project or the developer or have the potential to influence project outcomes or the developer operations or contribute to the work due to their expert knowledge of and/or experience in the region.

To ensure continuous and systematic communication with stakeholders of the project, the Company has recently appointed a Community Liaison Officer (CLO) Mr. Kabdikarim Mukatayevich Maksutov Tel.: 8 (7212) 94-01-17, Mobile: 8 701 523 42 92; 8 705 248 73 48, E-mail:altay-pm@mail.ru. The CLO will provide information, collect feedback, answer incoming communications according to Table 2 and update this SEP regularly. Particular attention will be given to the identification of vulnerable stakeholders. AP website www.forum.altaypm.kz will summate all the engagement efforts.

Table 2 Project stakeholders and information disclosure methods

Stakeholder	What to Disclose	Where	How	When
Ministry of Environmental Protection	EIA and reports on emissions, use of resources and compliance with legislation and permits	Astana Office The regional department office	Correspondence, hand delivery of reports, replies to comments	Prior to work starts Biannual submission
Sanitary Epidemiological Service (SES)	EIA, worker housing estate design	Regional SES office	Hand delivery for approval	Before EIA State Expertise
Emergency Situation Office	EIA, Emergency Response plan	Regional department	Formal e-mails, meetings, telephone	Prior to work start, feedback after an emergency
Terekty , Egendybulak and Kargalinsk councils	EIA, EIA supplement, NTS, SEP, ESAP, vacancies, bulletins	Councils buildings	Meetings, telephone, e-mail, information board	Quarterly update
Construction contractor workers	Information on project, worker protection requirements and worker grievance mechanism	AP housing estate, canteen	Information board	Prior to work start, monthly during construction
Suppliers of goods and services	NTS, tenders documentation and results; contractors selection process, procurement requirements with EHS and workers protection requirements including grievance mechanism	Terekty Canteen, all AP offices, AP website	Information boards with post box Office visits Internet	Quarterly update
Terekty and Ayry residents	Project summary and grievance mechanism	Akimat, school foyer, library, AP canteen	Information boards with post box	Check boards boxes for grievances weekly
	Bulletins, vacancies			Quarterly update
Terekty School	EIA, EIA supplement, NTS, SEP, ESAP	Terekty library reading room	Personal visits	15.11.2014 until project ends
	Project summary, grievance mechanism. bulletins, vacancies	School foyer local library, public notes in local newspaper	Information board Information board mass media Internet	Quarterly update
Egendybulak residents	EIA, EIA supplement, NTS, SEP, ESAP	Village library	On request at reading room	For project duration
	Project summary, grievance mechanism. bulletins, vacancies	Newspapers, AP Karaganda office	mass media Internet	
Regional public	Project summary, grievance mechanism. bulletins, vacancies	Newspapers, AP Karaganda office	mass media Internet	
Regional mass media	Bulletins and detailed project information update on request	NA	Telephone, e-mails	Quarterly update
Local NGOs	Bulletins and detailed project information update on request	AP Terekty, Karaganda, Almaty offices	Telephone, newspaper, Internet	
International NGOs and all above	NTS, EIA Supplement, EIA	EBRD and AP webpages	No direct contact	60 days before EBRD Board discussion and for the loan duration

5.1 Regulatory Authorities

The CLO will liaise with the inspectors appointed to supervise the activities at the mine. They will receive the project related information in paper copy or via email as appropriate. The inspectors are expected to circulate the information internally and collect and pass the feedback to the CLO.

5.2 Companies - Suppliers of Goods and Services

The company will ensure fair selection and allow potential suppliers to have sufficient time for building qualitative and quantitative capacity for the required services.

The Company management will conduct meetings with managers of businesses that may benefit from the mine related reconstruction activities or be negatively affected by them. The management will ensure that the businesses are aware of the services (character and volume) that are planned to be procured locally and the contractor selection process.

The CLO will incorporate appropriate requirements in the contracts, including health and safety and environmental requirements, reporting requirements, and provisions that reserve the right to monitor performance and regularly audit the suppliers work sites, practices and documentation in order to monitor adherence to the contractual obligations. The CLO will provide early information on changes in demand to enable timely adjustment without jeopardising the contractor business and personnel security.

5.3 Suppliers Personnel

The suppliers' personnel involved in the project will be included in the information disclosure process and grievance mechanism. The CLO will provide to the contractor's staff information related to their working conditions, results of regular compliance inspections, and workers grievance mechanism. Information will be posted at the contractor's camp or at the contractors' canteen. In all places a box/envelope for gathering comments, including anonymous complaints will be attached to the information board.

5.4 Local Population

Residents of Ayir, Terekty and Egenibulak villages located in close proximity to the mine will be informed through the village councils, with whose help, depending on the specific circumstances, CLO will perform the following functions:

- Provide detailed information on project development and the potential social and environmental impacts, and collect recommendations for the best implementation of the project;
- Explain the stakeholder grievance mechanism for collecting complaints and comments;

Information will be made available on information boards located in the councils, local libraries and schools.

To a reasonable extent information will be also provided and feedback collected directly from the residents e.g. by phone, personal meetings.

5.5 Regional Public

AP website www.forum.altaypm.kz will be the primary tool of information and engagement of the public and NGOs at the regional, national and international level. Manly the regional but in part national population will also be able to find notes on job opportunities on this site.

Detailed project information in paper format will be available for the local, regional and Almaty based national stakeholders at AP Terekty, Karaganda and Almaty offices.

The regional mass media are likely to reflect the project progress from time to time reminding to the interested the sources of the information.

5.6 Regional Media

The CLO will identify points of contact in popular regional newspapers (Karkaraly, Industrialnaya Karaganda, Vechernaya Karaganda and on Kazakhstanslaya Pravda at National level), radio and TV channels, and provides them with initial project information, as well as includes them on a mailing list about future events.

The regional media is likely to be able to raise public awareness about the project information sources.

5.7 Non-Governmental Organizations

The CLO will establish email contact with representatives of regional NGOs, provide them with initial information on the project and include them on a mailing list about future events. NGOs such as Bureau for Human Rights, Sana Sezim, Bereke will be considered. Other NGOs may apply to the CLO with the request to enter the mailing list.

5.8 International NGOs and International Community

International NGOs with an interest in the project may obtain information and exchange messages through the AP web page, which provides limited information in English. Further information in English will also be available on the EBRD's website www.EBRD.com.

6 VULNERABLE GROUPS

At the time of the plan preparation no vulnerable groups were noted. If groups particularly vulnerable to the project impact are identified by CLO, the groups livelihood will be evaluated and monitored and the most appropriate ways of engaging them in the decision making process will be developed.

Vulnerable groups includes people who, by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage or social status may be more adversely affected by the project than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related to development benefits. Vulnerable groups in the context of actual or economic displacement also include people living below the poverty line, the landless, the elderly, women- and children-headed households, ethnic minorities, natural resource dependent communities or other displaced persons who may not be protected through national land compensation or land titling legislation.

7 MECHANISM FOR INTERACTION WITH STAKEHOLDERS

7.1 Disclosure Mechanism

The mechanism described below is designed on the basis of available information. After consultation with the aforementioned stakeholders, this mechanism may need to change.

The following information will be provided in the given languages at the places specified in Table 2:

- A one page project summary and grievance mechanism sited at the information boards Russian/Kazakh

• NTS, SEP, EIA Supplement, ESAP	English/Kazakh
• EIA;	Russian
• Tenders documentation and results; contractors selection process, procurement requirements with EHS and workers protection requirements including grievance mechanism	Russian
• Vacancies;	Russian
• Answers to frequently asked questions	Russian
• A quarterly one-page bulletin with indication of reporting period, report on completed activities, current impact with results of environmental monitoring, planned in the next reporting period activities and expected impact, received questions/grievances and given answers or actions taken.	Russian/Kazakh

Information on the notice boards will be updated by the CLO as necessary (depending on the person concerned and the project progress). Contact details and the address where further information about the project can be obtained will also be sited.

Phone calls and visits will be carried out by the CLO according to Table 2.

7.2 Actions During Construction

The following information will be disclosed:

- Construction schedule;
- Employment opportunities, employment policy and procedures;
- Impacts of the project, mitigation measures and AP social investment plans;
- Grievance procedure.

The CLO will implement the schedule of interaction as per Table 2.

7.3 During Operation

Annual reports on the activities performed and on the Company's environmental and social performance and results of grievances processing will be made available on the AP website and the offices in Terekty, Karaganda and Almaty.

7.4 Communication in an Emergency Situation

As neither the AP nor the local authorities have mechanism to communicate emergencies to public. The Company will develop such procedures and include them in their emergency response plan. Information will be shared with relevant authorities and put on the AP website and the information boards.

8 RESOURCES AND RESPONSIBILITIES

AP has a full-time Community Liaison Officer (CLO) who reports directly to the Chairman and is responsible for this plan implementation. The CLO will perform the following functions:

- Information disclosure (e.g. publishing newsletters) and feedback collection as per Table 2;

- Giving the already approved responses, requesting the AP chairman to response to new grievances, ensuring timely approvals and dissemination of responses and satisfaction on grievances closure;
- Control over implementation of the corrective actions promised to the grieved parties;
- Regular monitoring of the effectiveness of the mechanism of interaction with stakeholders;
- Grievance mechanism administration - collection, registration in the grievance database, keeping up with given deadlines for answering, sending mail responses and posting information on information boards, managing the project forum on the AP web page;
- Participation in discussion of responses and disputes resolution;
- Assistance in the annual report preparation and the environmental and social action plan implementation.

The site director will be responsible for collection of the site specialists responses and implementation of the corrective actions promised to the grieved parties.

The Chairman will approve the new responses, allocate financial and human resources for implementation of the corrective actions and make decisions on involvement of the third parties in disputes resolution.

9 MONITORING AND REPORTING

The Company will report annually on progress in environmental and social performance and effectiveness of the grievance mechanism.

10 GRIEVANCE REDRESS MECHANISM

If someone has a complaint or grievance, this will be dealt with through a grievance mechanism that will be managed by the CLO. The objective is to resolve problems in a timely manner. The mechanism will be displayed at the locations shown in Table 2.

The stakeholders can submit their grievance in a box on the information boards, call or write a letter or an email to the CLO who will enter it in the grievance database (Depending on the grievance form, the CLO will reply accordingly, as shown in the flowchart below, ensuring that the grieved party knows their rights, the date when the reply is due and that the grievance will not be closed until the party is satisfied with the answer or choose to follow further complaint procedures given below.

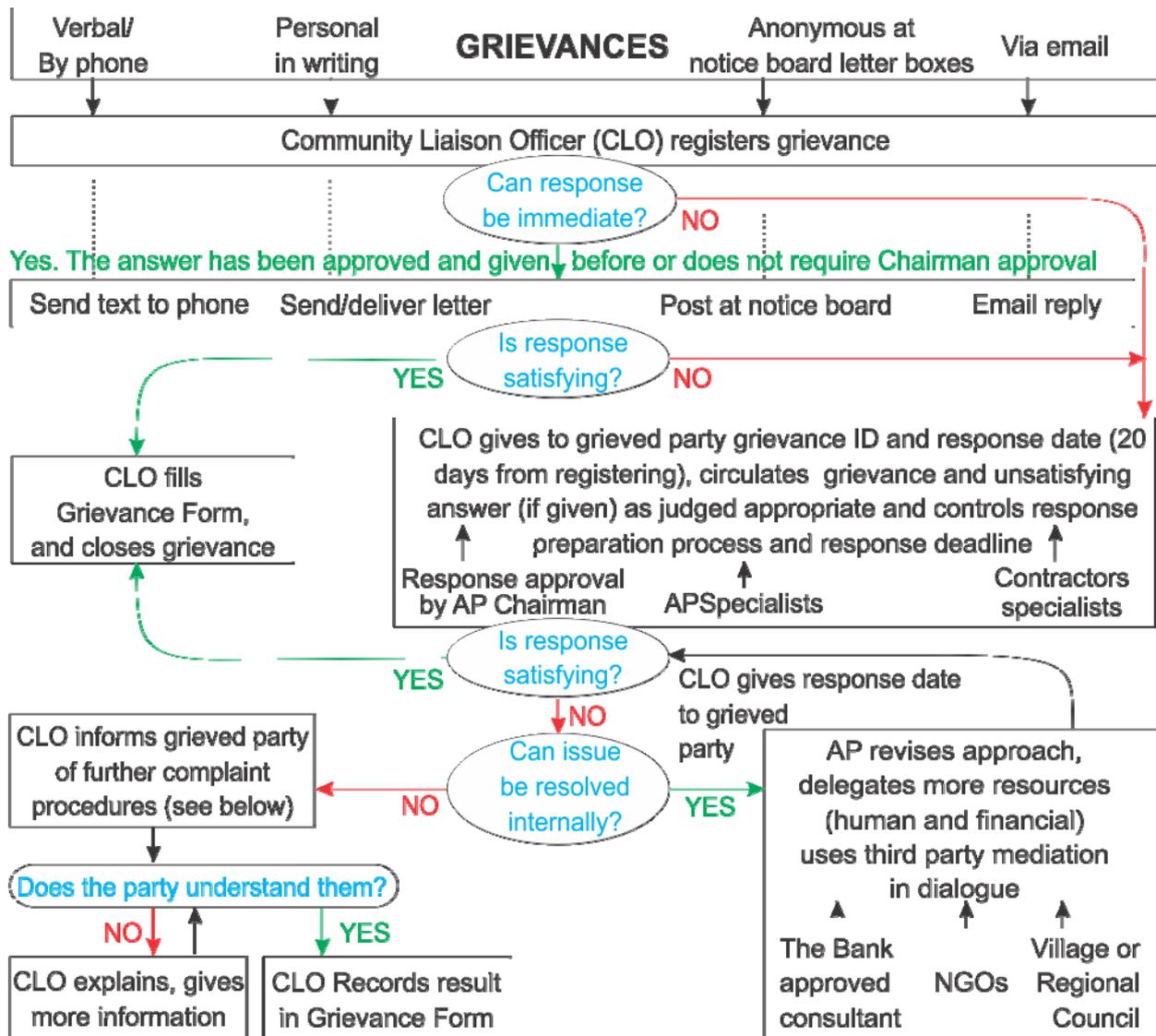
Table 3). The database is for controlling the grievance handling process. This mechanism does not limit the public's rights to use the conventional routes to place grievances and the available legal system.

Depending on the grievance form, the CLO will reply accordingly, as shown in the flowchart below, ensuring that the grieved party knows their rights, the date when the reply is due and that the grievance will not be closed until the party is satisfied with the answer or choose to follow further complaint procedures given below.

Table 3 Grievance database fields

Grievance ID	Name / address	Question /Grievance	Answer method	Answer	Status	Is response satisfying
2014.10.15.01 (stand for third question on October 15 th)			Text to mobile		reply date, closed etc.	yes, no

Figure 1 Grievance redress mechanism



Further complaint procedures:

1. Write a formal complaint to the Village Council request the reply date
2. Write a formal complaint to the Regional Prosecution Office at Karaganda city. Address: 28a Stroiteley Street, Karaganda; 8 (7212) 35-36-41 and 8 775 010 5517.
3. Appeal to the Aarhus Convention Implementation Committee by calling to 8 (7172) 79 83 38 or sending message on their page http://aarhus.kz/index.php?option=com_contact&Itemid=3

GRIEVANCE FORM	
Reference No:	
Full Name Note: <i>you can remain anonymous if you prefer or request not to disclose your identity to the third parties without your consent</i>	My first name _____ My last name _____ <input type="checkbox"/> I wish to raise my grievance anonymously <input type="checkbox"/> I request not to disclose my identity without my consent
Contact Information Please mark how you wish to be contacted (mail, telephone, e-mail).	<input type="checkbox"/> By Post: Please provide mailing address: _____ _____ <input type="checkbox"/> By Telephone: _____ <input type="checkbox"/> By E-mail _____
Preferred Language for communication	<input type="checkbox"/> Russian <input type="checkbox"/> Kazakh
Description of Incident or Grievance:	
	What happened? Where did it happen? Who did it happen to? What is the result of the problem?
Date of Incident/Grievance	
	<input type="checkbox"/> One time incident/grievance (date _____) <input type="checkbox"/> Happened more than once (how many times? _____) <input type="checkbox"/> On-going (currently experiencing problem)
What would you like to see happen to resolve the problem?	

Signature:

Date:

Please return this form to the Community Liaison Officer Maksutov Kabdikarim Mukatayevich, Tel. 8(7212) 94-01-17; Mobile: 8 701-523-42-92; 8 705-248-73-48, E-mail: altay-pm@mail.ru