

9th August 2013

Myanmar Wanbao Mining Copper Ltd
70 (1) Bo Chein Street
Pyay Road, Hlang Township
YANGON, MYANMAR

Dear Mr Gengyi

RE: CESMS EXECUTIVE SUMMARY FOR LETPADAUNG COPPER MINE PROJECT

We are pleased to submit the executive summary for the Construction Environmental and Social Management System (CESMS) we have prepared for the abovementioned project.

Kindly contact us should you have any questions.

Yours sincerely,
KNIGHT PIÉSOLD PTY LTD

PP

DAVID MORGAN
Managing Director

APPENDIX A

Executive Summary

EXECUTIVE SUMMARY

Myanmar Wanbao Mining Copper Limited (MWMCL) proposes to commence construction of preliminary elements of the Letpadaung Copper Mine Project (“the Project”) prior to the completion of the Environmental and Social Impact Assessment (ESIA). The proposal was discussed and agreed in a meeting with the Government appointed Implementation Committee on 14 April in Nay Pyi Taw, together with the appointment of an Independent Monitoring Team to be led by a senior international environmental specialist.

The Letpadaung Copper Mine is located in the south of Sagaing Division, Myanmar. The project is approximately 5 km (26 km by road) from Monywa, the largest township of the division. Monywa is 110 km west of Mandalay. The Letpadaung deposit is the largest of the 4 deposits in terms of resource within the Monywa area - the others being Sabetaung, Sabetaung-South and Kyisintaung - and accounts for 75% of the resource from all 4 deposits.

This Construction Environmental and Social Management System (CESMS) has been prepared to guide the management of issues expected to arise as a result of the specific construction works proposed. It is not designed to be a substitute for the environmental management plan to be prepared in conjunction with the ESIA, or the ESIA itself. The CESMS is the start of a system which will evolve over the next three (3) years, after approval of the ESIA, to become a functional system that is certified to International Standards Organisation (ISO) standard 14001 – Environmental Management Systems.

The CESMS structure is consistent with the requirements of ISO 14001. It includes:

- A statement of policies established for the Project by MWMCL;
- A series of company objectives for environmental and social performance and targets within those objectives;
- Commitment by the company to identify general and specific training needs;
- A construction environmental risk register which describes the risks identified, their level of unmitigated risks and the risks after management strategies have been put in place;
- A description of the key impacts that may arise in this phase of construction works;
- A range of environmental and social management plans to reduce identified risks to acceptable levels; and a plan for building awareness of staff to the risks relevant to their specific areas of work.
- The document will be developed to address all proposed construction works as those works are progressed. The document is dynamic and is subject to

ongoing development and improvement consistent with the requirements of the ISO 14001 standard for environmental management systems.

The areas where works are proposed were surveyed and no items of conservation or heritage interest were identified. A report on this investigation is available.

The key environmental and social aspects relevant to the early works at the Letpadaung Project are:

- Vegetation clearing, flora and fauna management and ground disturbance;
- Management of weeds and hygiene;
- Management of contaminated soil (hydrocarbon contamination), including remediation/removal, handling, transport and disposal;
- Management of hydrocarbon and other spills and leaks;
- Waste management and disposal, including construction waste and contaminated waste such as fuel tanks and associated equipment, lead-containing products, and asbestos containing material;
- Water management, including groundwater management, drainage/stormwater runoff, water supply;
- Erosion and sediment control;
- Acid rock drainage;
- Air quality, including dust management and greenhouse gas emissions;
- Social issues, including noise and vibration, public access to work areas, close proximity to operating facilities and interaction with other personnel; and
- Management of heritage sites.

The above environmental aspects have been identified in the Construction Environmental Risk Register (CERR), which has also identified management controls, including behavioural, procedural and physical controls.

Baseline studies on the site have indicated there are no species of conservation significance located on the site. The studies highlighted the significant reduction in diversity and abundance of species since initial baseline studies were undertaken in 1996.

Management plans to address environmental and social issues included the following topics of discussion in each plan:

- Standards.
- Plan Objectives.
- Targets.

- Roles and responsibilities (with RACI chart).
- Management actions.
- Control procedures.
- Monitoring and reporting.
- Training.
- Performance indicators.
- Auditing and reporting.

Each management plan was developed with the following objectives in mind:

- Define standards, objective and targets.
- Establish control procedures for construction activities to guide the Project Management Team and other contractors.
- Define roles and responsibilities.
- Define monitoring and reporting procedures.

Additional controls are provided with the requirement for each contractor to provide management plans specific to their scope of work. These management plans will provide task specific plans which must link into the requirements of the CESMS and use the standards and measures described as a minimum standard for compliance within their own works. The contractors' management plans will need to include a training needs analysis for each task and describe how general awareness and training will be provided.

- The environmental management plans prepared include:
- Induction, training, and policies.
- Incident reporting.
- Clearing and ground disturbance.
- Weed and hygiene.
- Heritage.
- Dust.
- Hydrocarbons.
- Non-hazardous waste.
- Hazardous waste.
- Waste Rock.
- Soil.
- Borrow pits, tracks, and roads.
- Erosion and sediment control.

- Surface water, water storage, and groundwater.
- Wastewater.
- Fire.
- Noise and vibration.
- GHG emissions.
- Concrete batch plant.
- Demobilisation and rehabilitation.

Given the significance of dust as a single issue, this subject has been treated separately to air quality. It is important to recognise that issues arising from ground disturbance (dust, clearing of vegetation, weeds and hygiene, erosion and sediment control, surface water management and land rehabilitation) are most likely to create the most noticeable environmental impact during this initial construction period. Future stages will see the more visual impacts (waste rock dumps, plant infrastructure, accommodation areas and borrow pits) become the more prominent features.

- Social management plans were prepared to address the following issues:
- Cultural Heritage.
- Stakeholder Engagement – by MWMCL.
- HR, Training & Employment.
- Community Assistance – by MWMCL.
- Land Use.
- Community Health, Safety & Security.
- In-migration.
- Accommodation.
- Transport.

Existing air quality in the project area has a background about 3 times the World Health Organisation (WHO) standards for air quality in relation to particulate matter levels in the air. Control of dust during the proposed works will be a significant management requirement and will increase above the background levels, which are no higher than values quoted in the WHO standard (that is, background plus WHO standard) at the project boundary.

Where there are no standards that can be applied to a specific management requirement, the management plans propose specific procedures for the management of the risks involved. As a result, some management plans include permits, as standardised forms, which will record the processes undertaken, sign off by senior managers and monitoring of the risks generated.

Such forms are also used for recording non-conformance with management plans and the corrective actions taken to reduce the potential for the recurrence of the non-conformance.

Monitoring is carried out by MWMCL project staff assigned to project and construction management. The roles and responsibilities of each level of manager are described in the lead-in sections of the document with specific RACI (responsible, advice, consulted or informed) responsibilities matrix being identified in each management plan. This responsibility matrix system identifies those areas where communication is one-way or two-way and where the responsible manager is required to consult or seek advice from a third party before informing other areas of project management.

All non-conformances or areas in excess of standards are recorded as environmental incidents and are subject to investigation with specified times. Corrective actions are recorded and reported monthly, together with the corrective actions completed. The system is audited internally and by an independent monitoring team on a quarterly basis. During the construction of early works, it is proposed that an Independent Monitoring Team (IMT) will be present on site to provide monitoring of activities and reporting relating to those activities. The IMT will report directly to the Implementation Committee through its lead consultants, Knight Piésold, on a monthly basis unless some significant adverse outcomes arise, where it will report immediately. The IMT reports will be available to the community and stakeholder groups. The IMT will report on the implementation and observance of MWMCL with the contents and intent of the CESMS.