

LYDIAN RESOURCES COMPANY LTD PUBLIC CONSULTATION AND DISCLOSURE STRATEGY

Policy Statement

Lydian Resource Company Ltd (LRC) recognises that potential social and environmental effects can be created through development of mining exploration projects. Such effects may range from bad publicity reflecting perceived problems or issues due to lack of communication and stakeholder engagement, to actual and measurable environmental and social impacts resulting from poor design, construction, operation, or closure of specific mine developments around the world. LRC endorses the concept that communication with project stakeholders is an essential component of any environmental and socio-economic assessment process and is committed to pro-active and ongoing communication with all agencies, organisations, and individuals with an interest in the development of any of the company's projects. Notwithstanding this, as an exploration company, LRC is aware that the amount of information disclosed can adversely affect any competitive advantage gained by early identification of a potential project. Therefore disclosure and consultation may be phased to meet various trigger points in the life of the project.

Trigger Points

- Granting of an exploration licence.
- Early stage reconnaissance sampling.
- Trenching, soil sampling, drilling and underground exploration.
- Pre-feasibility and advanced development.
- Application and granting of a mining licence.

As each of these trigger points are reached a wider level of Public Consultation and Disclosure will be required and the Public Consultation and Disclosure Plan will outline the measures to be taken in each case.

Implementation

Each project must have a Public Consultation and Disclosure Plan (PCDP), approved by the Board of Directors of Lydian to be implemented by Lydian's subsidiary companies. The PCDP should broadly apply these principles:

- All written and oral communications should be in local languages and readily understandable formats.
- There should be easy accessibility to both written information and to the consultation process by relevant stakeholders.

- Oral visual methods should be used to explain information to non-literate people.
- The PCDP should respect local traditions of discussion, reflection, and decision making;
- Care is to be taken in assuring that groups being consulted are representative (with adequate representation of women, vulnerable groups, and ethnic or religious minorities and separate meetings for various groups, where necessary).
- There should be clear mechanisms to respond to people's concerns, suggestions and grievances.

Guidelines for the Compilation of PCDPs

The PCDP will vary slightly in accordance with each project to take into account the operating environment and local sensibilities, etc, but generally it should consist of the following elements:

- A summary of the programme's goals.
- A brief description of the methods that will be used to communicate information to each of the stakeholder groups identified. Methods used may vary according to target audience eg: mass media, (newspapers, posters, radio, television); information centres and exhibitions, brochures, leaflets, and reports available; meetings and workshops; and posters and other visual displays, etc. interviews with key authorities, interested people and groups; surveys, polls and questionnaires; audience analyses; open meetings or hearings, open house or exhibitions; continuous participation processes involving community liaison officers, company agents or committees in the project zone; and other traditional mechanisms for local decision making.

The contents of a typical PCDP should include the following headings:

a) *Introduction:*

Briefly describe the project.

b) *Regulations and Requirements:*

Summarise the in-country, local requirements (i.e., policies, laws, regulations and review processes) for public consultation and disclosure related to local EIA legislation or other aspects of the project. Summarise the company policies on transparency and consultation. Identify any international conventions or requirements that apply to the project or that will be used as guidance.

c) Review of Any Previous Public Consultation and Disclosure:

Summarise all public consultation and information disclosure undertaken to date, including:

- the kinds of information released, the forms this took (e.g., seminars, reports, brochures, posters, radio coverage, etc.), and the means of distribution; the location and dates of meetings;
- a description of the individuals, groups and organizations consulted;
- an overview of the issues discussed; description of how the issues raised were responded to by the project sponsor, including an explanation of any issues not addressed; and description of how these responses were communicated to those consulted and the wider public

d) Stakeholders.

Provide a directory of key stakeholder groups who will be informed and consulted about the project at the various trigger points. Stakeholders are persons who are affected by or can affect the outcome of a project. These can be affected communities, local organisations, non-governmental organisations (NGOs) and government authorities. Stakeholders can also include politicians, commercial and industrial enterprises, labour unions, academics, religious groups, national social and environmental public sector agencies and the media.

e) Disclosure of Information:

Provide the draft PCDP as part of the scoping documentation so that interested parties can comment on the most effective methods of consultation and media used to circulate information prior to the EIA being undertaken. The PCDP should list the proposed documents that will be disclosed to the public.

f) Timetable:

Provide a schedule detailing when consultation and disclosure activities will take place for each stage of the process in line with the Trigger Points outlined above. This should clearly identify each stakeholder group affected. Identify how updates to the document will be undertaken and people will be informed.

g) Resources and Responsibilities:

Indicate what staff and management resources will be devoted to undertaking the public consultation and disclosure program and who within the company will be responsible for carrying out these activities. Provide contact information (e.g., telephone number, address, e-mail, hotline number). Some

projects may benefit from hiring a Community Liaison Officer(s) to organise and facilitate these activities.

h) *Grievance Mechanism:*

Describe the process by which people affected by the project can bring their comments, concerns, and grievances to the project manager, in a culturally appropriate manner, for consideration and redress.

i) *Reporting:*

Identify where and when the results of the public consultation and information disclosure will be reported. This should include:

- the draft EIA report.
- details of the results of consultation on the draft EIA and how comments have been taken into account;
- annual environmental and safety report, as agreed with LRC.

PCDP Adequacy Checklist

The following checklist should be consulted to ensure that the PCDP is fit for purpose:

- Have the local/national/international requirements been identified?
- Have all stakeholders been identified?
- Have all potentially affected parties been identified?
- Have all local and national NGOs been identified?
- Is there international interest in the project?
- Will the stakeholders be able to understand the information, or is there capacity-building needed to assist them to understand how they may be affected and solicit comments?
- Has the method of communication and distribution of information been designed in a culturally appropriate way?
- Does the timeframe permit meaningful dialogue?
- Is the level of detail adequate, so that people can comment on how they receive information, attend meetings, and comment meaningfully, or is the information vague? (i.e., is the PCDP monitorable as specific commitments?)
- Have safeguards been built in to ensure objectivity in collecting and assessing information?

- Are the resources sufficient?
- Time?
- Funding?
- Knowledgeable staff/human resources?
- Is the management team defined?
- Has the process been adequately defined?
- Does the plan cover all phases of the project?
- Project design
- Scoping
- Environmental impact assessment
- Social impact assessment
- Analysis of alternatives
- Project implementation
- Operation and maintenance
- Decommissioning and abandonment
- How is public consultation built into the project design?
- The EAP?
- How are the results of consultation communicated to the stakeholders?
- Are the results of public consultation built into the final EIA report?