

News Release:
16th October 2017, Guernsey

Mako Gold Project – Environmental and Social Performance Update

Toro Gold (“Toro Gold” or the “Company”) is pleased to provide an update on the environmental and social programmes at its 90% owned Mako Gold Project in Eastern Senegal (“Mako” or the “Project”). The Project is outside but in proximity to the World Heritage listed Niokola Koba National Park (“NKNP”) and the Gambia River, both of which are sensitive environmental receptors. Project construction and operations avoids the requirement for any physical resettlement of impacted persons, with only limited requirement for livelihood restoration.

The Mako Project has been designed and will be operated to both Senegalese and internationally recognised environmental and social standards, in particular the Performance Standards of the International Finance Corporation (“IFC”). An Environmental and Social Impact Assessment (“ESIA”) utilising experienced independent consultants and incorporating comprehensive baseline studies and external expert review, was completed in December 2015 and supported a successful permitting process with the Government of Senegal.

In addition to operating in a responsible manner, Toro Gold is also seeking to realise sustainable conservation and social gains around the Project and is implementing this via partnerships with community, local and national authorities and Non-Government Organisations (“NGO”). Most notably the Company is implementing a landscape level conservation programme that aims to achieve a net gain to biodiversity, covering the southeast of the NKNP and the adjoining municipality of Tomboronkoto. [Panthera](#), an international conservation NGO, has been engaged through a tripartite agreement with the Direction of National Parks and the Company to provide technical assistance for the protection of wildlife and their habitat in the NKNP. While the programme is relatively new it has also started to attract third party independent funding and international recognition of its potential benefit to the conservation of the NKNP.

Martin Horgan, Chief Executive Officer, commented:

“At Toro Gold we have always recognised the importance of integrating environmental and social aspects of our work into the core of our business philosophy and decision making process. This philosophy requires the early and comprehensive evaluation of all our projects by our in-house Environmental and Social team supported by leading national and international specialists. At the Mako Project we have designed the project with environmental and social considerations as key

drivers of our evaluation process, resulting in what we believe will be the optimal outcome for all our stakeholders. The next challenge for the Company is to now implement these plans during construction and operations to ensure we deliver on the benefits of the project. We are particularly excited about our partnership with Panthera and the DPN and the potential for this innovative structure to provide benefit to the Niokolo-Koba National Park ”

Toro Gold Environmental and Social Commitment

Toro Gold is committed to operating its business responsibly, with careful consideration to safeguarding the health and safety of our workforce, local communities, and the risks and responsibilities associated with the environment. The Company philosophy is built on the belief that good practice in these areas is an integral part of overall good business and where there is an opportunity for environmental or social benefit the Company should seek to realise it.

To implement this commitment, the Company applies Good International Industry Practice (“GIIP”) across the full development cycle of projects from resource exploration, design, operations and closure. This approach is expressed through an Environmental and Social Performance Framework (“ESPF”) which draws upon the following relevant standards:

- The Environmental and Social Performance Standards of the International Finance Corporation (IFC).
- World Bank Sector (Mining) Environment, Health and Safety Guidelines.
- United Nations Guiding Principles on Business and Human Rights.
- International Council on Mining and Metals (ICMM) Sustainable Development Framework.
- Prospectors and Developers Association of Canada (PDAC) E3 plus framework.
- International Cyanide Management Code.
- Extractive Industries Transparency Initiative (EITI) according to the requirements of the jurisdictions within which we operate.

Implementation of the ESPF is managed by Paul Cannon and his dedicated team of specialists and external advisors, with support provided by Glen Armstrong who is a special advisor to the Board in respect of the ESPF. More information on Paul Cannon and Glen Armstrong can be found [here](#)

ESIA Process and Philosophy

After the initial exploration success in 2011 that indicated the potential for economic mineralisation at the Project, the Company initiated environmental and social baseline studies in terrestrial and aquatic ecology; archaeology and cultural heritage; air quality and noise; land use and livelihoods; hydrology, hydrogeology and water quality. These studies provided a robust, quantified, and scientifically defensible baseline well in advance of any direct or indirect project impacts.

This baseline informed successive phases of Project technical design over the period 2012-2015 including scoping, options analysis, feasibility and impact assessment studies.

Toro Gold has utilised a group of highly experienced independent consultants to work with the owners’ team to deliver the ESIA. [Earth Systems](#), an international environmental consultancy with a

strong presence and proven capabilities in Senegal, led delivery of the ESIA. The consultation and impact assessment process was supported by experts from [rePlan International](#), particularly on aspects relating to social planning and livelihood restoration, alongside national experts and researchers from [University Cheikh Anta Diop \(UCAD\)](#) and [L'Institut Fondamental d'Afrique Noire \(IFAN\)](#), and Toro Gold's Project team.

The ESIA was prepared in parallel with the Project Definitive Feasibility Study and validated by the Government of Senegal in December 2015. A [non-technical summary of the ESIA](#) can be viewed at the Company website.

Given the Project's proximity to the NKNP, the Gambia River and the sensitivity of the ecological environment the Company also engaged [The Biodiversity Consultancy](#) to advise on the development and implementation of a biodiversity programme to achieve a net positive conservation outcome and alignment with international good practice.

Design and implementation of the environmental and social programme has been underpinned by pro-active communication and collaboration with key stakeholders including local communities and community-based organisations, relevant government departments, local and international NGOs, and academic institutions. Toro Gold believes that the best approach to engaging stakeholders is regular transparent dialogue that builds capacity and trusting partnerships. This has been supplemented by the direct involvement of independent experts to advise on the management approach and verify our performance.

From the outset, Toro Gold has aimed to design a project that provides a real opportunity for the development of an economically successful and environmentally and socially sustainable mining operation. The outcome is a Project design that seeks to avoid and / or minimise adverse environmental and social impacts where feasible, and compensates or offsets for residual impacts. This has been done with due sensitivity to the development needs and aspirations of local communities, through a process of informed consultation and participation.

Avoidance is broadly recognised as the most effective way of reducing impacts on communities and the natural environment from the outset. By minimising the footprint of Project infrastructure and through its careful spatial placement, the Company has avoided human resettlement and minimised disturbance to land-based livelihoods. Project development will however result in the partial loss of habitat for a community of Western Chimpanzees outside the NKNP, for which no viable design alternative could be identified to avoid impacts. A Biodiversity Action Plan is being implemented that includes a suite of conservation actions that aim to achieve a net gain to chimpanzees and other priority biodiversity in the broader landscape.

Local Economic Participation

Toro Gold is committed to share the benefits of its investment activities and leave a positive legacy that will continue to be enjoyed post-closure of the mine. Through our social programme, host communities benefit from employment, training and skill development, livelihood security and

improved access to public services and infrastructure.

During the peak of construction, the Project has employed over 1,000 persons of which 90 percent are Senegalese and 35 percent originate from the local municipality of Tomboronkoto. This high level of local employment has been achieved through strict application of a policy for preferential local employment by the Company and its contractors. The Company engages the advisory services of a technical working group to strengthen local employment practices, comprising elected representatives from communities within the municipality of Tomboronkoto.

In partnership with the Technical College of Kedougou, the Company has implemented an innovative apprenticeship programme in structural, electrical and mechanical trades. To date 30 persons from the municipality of Tomboronkoto have benefitted from this 6 month programme which comprises a supervised work placement with the Project, supplemented by theoretical tuition at the College.



Representatives of the Kedougou Technical College overseeing the apprenticeship programme

The Company has worked closely with affected communities to understand the nature and extent of livelihood impacts. The commitment of the Company is that no person's livelihood will be worse off as a consequence of the Project. A Negotiation Forum comprising elected representatives from affected communities and independent observation from the NGO sector was established in late-2015 to define a process for Project land-take and accompanying measures for compensation and livelihood restoration. This culminated in a Land Acquisition and Livelihood Restoration Agreement that was signed in mid-2016.

Over the last 12 months, the Company has been implementing the Livelihood Restoration Programme against these agreed commitments. Key elements of the Programme include access to: irrigated market-gardening and fruit-tree orchards for commercial production; mechanised rain-fed agriculture; water and pasture for livestock and veterinary services. A number of these elements have been tested through previous years' pilot and demonstration projects enabling design issues to be identified before full-scale implementation, and to help impacted people make informed choices of alternative activities.



Utilisation of solar power to irrigate community market gardens

To facilitate communication with Project affected villages, the Company continues to hold routine monthly meetings with a local consultative committee ('Groupe de contact') comprising civic leaders, women and youth representatives that have been elected by their respective communities. The committee has been invaluable in understanding local concerns, optimising Project design, and aligning our mitigation and investment activities with the needs and aspirations of the community. Consultation activities have also been supplemented by routine courtesy visits to Project affected villages and local authorities.

An independent review of the Company's work conducted in March 2016 concluded: '*Social Licence to operate is excellent, with community relationships built up through a multi-layered engagement process over several years, resulting in strong perceptions of transparent, collaborative working relationships in a partnership arrangement*'.

Follow up reviews in 2017 have concluded that:

- At a local and Senegalese national level, social licence to operate continues to be robust; and,
- The Project is being constructed in a way which is consistent with the Environmental and Social Impact Assessment.

Maximizing the economic and social development outcomes for the communities around the Project does not happen by chance. It requires a well-articulated and shared vision of the future that the Company, communities and government want to achieve. Commencing in early-2017, the Company has funded a technical assistance programme to support the municipal council of Tomboronkoto articulate a vision and development goals for the municipality through elaboration of a forward-looking Land Use and Development Plan. Preparation of the Plan will require extensive consultation between the people, stakeholders and government to ensure that each is informed about the other's long-term plans and aspirations. The Plan will in turn guide the Company in

defining the role and strategic actions it takes to help the municipality achieve its development goals.

Our Biodiversity Strategy

From the outset of early exploration works, the Company has recognised the ecological sensitivity of the Project owing to its proximity to the NKNP, which hosts significant biodiversity of national and international significance, and the Gambia River.

Through implementation of its Biodiversity Strategy, the Company aims to achieve no net loss/net gain on biodiversity, using the mitigation hierarchy to avoid, minimise, restore and offset project impacts within the landscape. To do this, the Company will focus on identified priorities, which include the NKNP, the Gambia River, gallery forest and a number of species for which these habitats are globally important. Chimpanzees have been identified as a high priority species owing to their threatened status and the potential for impacts. Despite significant investment in avoidance, minimisation and restoration, there will be some residual impact on biodiversity arising from Project development. Biodiversity offsets are required to achieve the goal of no net loss/net gain. These are being planned and implemented through a participatory process, with significant stakeholder input, and will be financed into the long-term.

The Company has proactively engaged with land and resource management and advisory authorities to align Project plans with their policies on biodiversity management including the DPN, the International Union for the Conservation of Nature (IUCN), UNESCO and the Gambia River Management Authority (OMVG). The Company has also worked closely with academic institutions and researchers with specialist knowledge of threatened species and their habitat. In the case of chimpanzees, we have sought expert input from Dr Jill Pruetz of the Texas State University who is a biological anthropologist and pre-eminent primatologist. In southeast Senegal Dr Pruetz has been studying the Western chimpanzee and their adaptation to savannah habitat for over a decade.

The Company has put in place a governance structure for the implementation of the Project's biodiversity offset programme (the Petowal Biodiversity Offset Programme "PBOP"), which comprises an Advisory Panel, Secretariat and Implementation Partners.

Mobilisation of an Advisory Panel is an important and innovative development. The Advisory Panel guides the Company in the design and implementation of the PBOP through the provision of independent, strategic and expert advice. The Panel reviews technical plans and monitoring results, and provide a focus for stakeholder engagement.

The Advisory Panel comprises members of varied backgrounds, with regional experience in conservation, rural development, primatology, civil society and academia. The Advisory Panel convenes on a regular basis and has held three meetings to date: May and November 2016 and May 2017.



Project site visit by the Advisory Panel and other resource persons

We are also committed to independent auditing and reporting of our performance against our biodiversity objectives. The first audit is scheduled in early-2018.

Petowal Biodiversity Offset Program

As a component of the PBOP, Toro Gold is implementing, in conjunction with Panthera and the DPN an exciting project to enhance security, monitoring and conservation management in the southeast of the NKNP. Despite its rich wildlife and ecosystems the NKNP requires urgent, large-scale conservation measures, or it may lose the values for which it was awarded World Heritage status. In 2007 the park was added to the UNESCO List of Endangered World Heritage sites. The IUCN (World Conservation Union) rates the park as of “critical conservation outlook”.

Commencing in June 2017, the site security and wildlife protection measures being reinforced within the NKNP under the scope of the PBOP and with the technical assistance of Panthera include:

- The active protection of key wildlife species and their habitats, including law enforcement monitoring;
- Institutional strengthening and capacity building in site protection and biodiversity conservation;
- Application of new technology for communication, surveillance and monitoring i.e. SMART, PoacherCam;
- Development and maintenance of infrastructure i.e. patrol posts, command centre, Park access; and
- Scientific research.



Rangers on patrol in the NKNP

We believe that this intervention has the potential to demonstrate significant landscape-level conservation gains for chimpanzees and other threatened species, and demonstrate the potential for the NKNP to be removed from the List of Endangered World Heritage sites. The programme has already started to attract funding from other private sector and conservation organisations through external fundraising initiatives.

The PBOP is also being extended to areas outside but contiguous to the NKNP, with priority given to the protection of natural habitat and its connectivity within the municipality of Tomboronkoto. A feasibility assessment of community-based conservation actions is being undertaken by The Biodiversity Consultancy. Subject to agreement with local communities and land tenures holders, this is expected to result in the formal designation of conservation zones through land use planning instruments, establishment of local land and resource use conventions, livelihood development programmes, institutional capacity building, research, environmental education and awareness.

The Company objective is to demonstrate a forward thinking, constructive engagement model through which the private sector, communities, government agencies and conservation groups can work together to achieve a positive conservation outcome.

Cautionary Note Regarding Forward Looking Statements

This Press Release may contain statements which constitute "forward-looking", including statements regarding the plans, intentions, beliefs and current expectations of the Company, and its directors, or officers with respect to the future business activities and operating performance of the Company. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions or the negative thereof, as they relate to the Company, or its management, are intended to identify such forward-looking statements.

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