

AMBATOVY

Staying on Course in a Difficult Environment

These are difficult times for the mining sector. Commodity prices, particularly that of nickel, have continued falling in recent years, and have now hit new lows. For nickel, its price continues to collapse to USD 10,000 per tonne, far from the USD 52,000 peak in 2007.



Nickel briquettes ready for export

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Given this situation, mining companies are obliged to reduce their operating costs through well-known strategies. So, many of them have had to slow down their activities or close down. Several nickel mines in countries around the world, like Australia and Canada, have had to cut back on jobs in order not to shut down. In order to not avoid losing money, some companies have

preferred to suspend their activities until nickel prices improve. The crisis has not left Ambatovy unscathed, and thus it has initiated a series of measures aiming at rationalizing its expenses for the last two years now in order to remain operational.

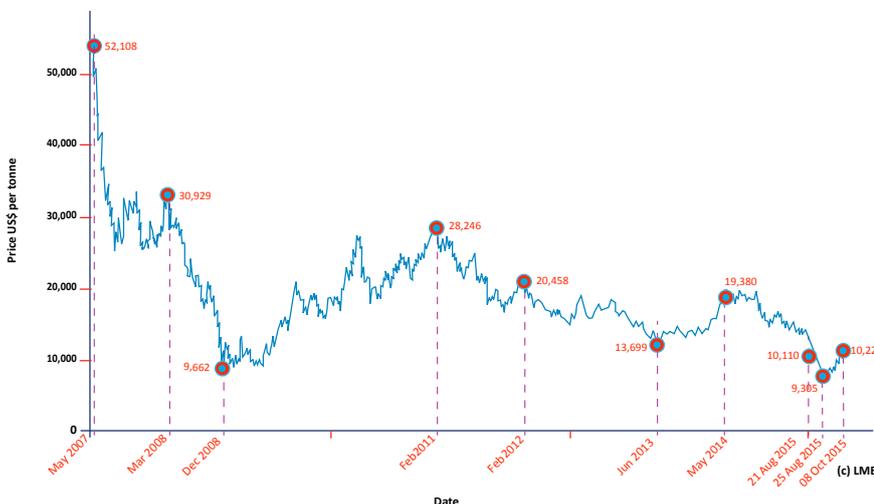
“For over two years, Ambatovy has been forced

to take drastic cost-cutting measures in order to cope with financial difficulties caused by the decline in nickel prices on the market. Recently, we had to take a difficult and painful measure and lay off part of our workforce,” said Ambatovy's President, Tim Dobson.

In such a situation, mining companies do not have any other alternative but to reduce their operating costs to the absolute minimum in order to survive. Besides, being unable to control the volatility of nickel prices on the international market, they will have to control, on their side, their expenses, even if it means making difficult and painful decisions for all. This is the price to pay to survive the current price of nickel.

BREAKING NEWS:

Starting September 29, 2015, Ambatovy has become one of the 14 nickel producers in the world benefiting from the LME stamp. This guarantees the quality of the nickel produced.



Nickel prices continue to fall on the international market

MORAMANGA

A New Standardized Market for Moramanga

After the Bazary Be of Toamasina, now it's time for the new market of Moramanga, which will be able to host over 1,350 shops, distributed in six hard-wall buildings, including two floors. This new infrastructure, the construction of which is financed by Ambatovy's Social Investment Fund (SIF), embodies security and a new organization that will benefit the vendors, the general public and the Urban Municipality of Moramanga. The work started in May 2015, to the great relief of the vendors who have had to endure insecurity and disorder for years.



The future market of Moramanga, one of the projects funded by Ambatovy's Social Investment Fund

"We are very happy because with this new market, our goods will be safe. As the buildings are hardwalled, we will be better protected from fires that can spread quickly with wooden huts, and we are even protected from thieves," stated Dolly, a local product wholesaler in Moramanga.

"Furthermore, this infrastructure will not only beautify the town of Moramanga, it will also have positive impacts on the population's lives of the vendors' revenues," he added, speaking of the new organization announced by the local authorities regarding the allocation of the stalls. All items of the same kind (basic necessities, textiles, utensils ...) will be grouped in one area to help customers easily find what they need. With the facilities and equipment in this new market, which comply with health and hygiene standards, customers will also be protected from bacteria and diseases that may be caused by a lack of cleanliness.

For his part, the local authorities believe that this new infrastructure, funded by Ambatovy, represents a new face of the town and a way to improve the Municipality's tax collection system. "Tax revenues will certainly increase, because recovery will be facilitated by the fact that most vendors will be subscribers and we will only distribute very few tickets. The advantage of this system is that we will have a clear idea of the tax revenues collected by the Municipality of Moramanga in a given period," one official explained.

MORAMADIO PROJECT

For Better Urban Waste Management in Moramanga

The Moramadio Project, one of the projects funded by Ambatovy's Social Investment Fund, is on the right track. This project aims to improve urban waste management in the town of Moramanga. Household waste collection within 13 fokontany of the Urban Municipality of Moramanga (CUM), edging up to 30 tonnes per day, has clearly improved after the latter received equipment, including a dump truck from Ambatovy in April 2015.



The new incinerator in the hospital of Moramanga

"This 12 m³ capacity dump truck offered by Ambatovy made the household waste collection task easier for us. In the past, we only had three trailers, which could only contain 6m³, 4m³ and 3.5m³," indicated the CUM Municipal Agent, Justin Rakotoarisoa.

In addition to that, Ambatovy also supported urban waste recovery training, provided by Madacompost, for sorting and composting agents from the Ambazango dumping site in May 2015 for better waste management that is respectful of the environment.

The Moramadio Project is not solely limited to household waste but also covers medical waste from hospitals, which present risks to

the population's health. Thus, through the Moramadio project, Ambatovy supported the implementation of a new waste incinerator at the Reference Hospital Centre of the Moramanga District. The new, high quality, more effective and easy-to-use equipment, inaugurated on July 10, 2015, replaced the ancient incinerator and will help the hospital better manage the 120 kg of waste it generates every day, and avoid any risk of infection to hospital patients and the surrounding population. Furthermore, Ambatovy also provided the hospital staff with personal protective equipment (safety shoes, masks, gloves...), bin bags and shovels to enable them to safely use the incinerator.

“GREEN STAR AWARD”

A Green Star for Ambatovy!

The Green Star Award is given as recognition of individuals, organizations and companies who demonstrate achievements in prevention, preparedness, and response to environmental emergencies and is a collaboration between the Green Cross International, the UN Office for the Coordination of Humanitarian Affairs (OCHA) and the UN Environmental Program (UNEP).



Ambatovy's Emergency Response Team was significantly involved in the Zeren Project

One more reward for Ambatovy and this time, in the field of security. The 2015 Green Star Award, in the Prevention and Preparedness category, was awarded to Ambatovy on June 1, 2015, in Oslo, Norway, for the decommissioning of the ammonia tanks owned by the former ZEREN factory, completed in October 2014.

“This recognition will provide the fuel for us to continue in the right direction and continue to expand our contributions to our home communities. Our actions are and will continue to be focused on mitigating our impacts and providing the support to our programs needed for them to continue to be viable long after our operations are completed,” said Patrick Appert, Ambatovy's Business Development and Completion Manager, upon receiving the award.

As a reminder, the ZEREN Project is one of the projects financed by Ambatovy's Social Investment Fund. It consisted of eliminating 26 tonnes of ammonia left in Toamasina by the ZEREN Company for three decades.

As part of awareness and preparedness for industrial risks, Ambatovy has played a pioneering role at the level of private companies. In addition to its institutional commitment, the company has financially and technically contributed to the APELL (Awareness and Preparedness for Emergencies at Local Level) and CAPP (Chemical Accident Prevention Program) processes in Madagascar, and initiated the development of the initial Specific Intervention Plan for dismantling ammonia, SO₂ and H₂S industrial waste with the technical support of the National Office for Risk and Disaster Management, the French Cooperation, UNEP and UNOCHA. Ambatovy also provided significant resources for strengthening industrial hazard preparedness in Toamasina through the establishment of a Civil Protection Unit and a Crisis Management Centre specialized in chemical accidents.

This award was handed to Tim Dobson, Ambatovy's President, on September 4, 2015, in Toamasina.

Financial Completion Attained

On September 21, 2015, Ambatovy attained financial completion. Ten certificates were required by Ambatovy's lending banks for this step, including the Port Capacity Certificate, Pipeline Capacity Certificate, Physical Facilities Certificate, Mining Certificate, Marketing Certificate, Legal and Other Conditions Certificate, Financial Certificate, Environmental Certificate, Efficiency Certificate and the Production Certificate.

This is a very important step for Ambatovy as the project financing that was put in place to finance construction is now non-recourse to all of the partners. It also demonstrates the strength and technical capacity of the operations.



The Plant Site in Toamasina

CULTURAL AND SOCIAL CENTRE OF TOAMASINA

Woodworking, Development Actor

With a perfectly polished surface, dreamily straight lines and a simple but elegant design, it is difficult for us to imagine that this small kindergarten table-bench was, not so long ago, a coarse pile of used wood at Ambatovy's warehouse.

But the staff and students at the Cultural and Social Centre of Toamasina (CCS) knew how to make something new out of the old and make one forget that in fact, these woods are from pallets and wooden crates that were used to transport Ambatovy's goods. A talent well above the handicraft dimension, which had turned the CCS into a strategic local development actor, and with which Ambatovy signed a partnership agreement last May.

Through its ALBI (Ambatovy Local Business initiative) Program, Ambatovy donates used wood to the CCS and provides training, monitoring and mentorship as well as business advices. The woods are afterwards recycled and transformed, not only into furniture and various daily life objects, but also into fuel in the form of chip briquettes with a view to reduce the use of charcoal.

Maximize Impacts

"CCS is one of the most equipped workshops throughout Toamasina," indicated Ratovonera, its Director. "So far, we have noted that our trainees can easily find jobs once they complete their training. Moreover, our best students are regularly sought after by companies," he added. In fact, the CCS is an independent educational organization and a training centre for disadvantaged young people. Coming from the neighborhoods of Toamasina, these latter learn various specialties, enabling them to find jobs in the future or even create their own small businesses by using the knowledge gained at the centre. Three fields are instructed at the centre: carpentry – hence the opportunity offered by the free used wood supply; maintenance – particularly the sharpening of metal tools, and electricity.

The initiative of this partnership is part of Ambatovy's local development policy and maximization of return. The company has a large stock of pallets and wooden crates stored at its Plant Site; packaging materials that no longer



Samples of furniture made with used timber from Ambatovy

serve a purpose once the goods reach their destination. In order to not waste or throw away these useful resources, Ambatovy turns to local associations and businesses able to recycle and transform woods. Among them is the CCS. Therefore, Ambatovy kills two birds with one stone: whilst avoiding pollution, it also contributes to job creation and supports youth training. The latter use the wood in their practice. Over the long run, it expects a significant beneficial impact on the region's development: unemployment reduction, entrepreneurship development, and pollution reduction.

"The work of a technician requires continuous knowledge updates. The training provided by Ambatovy is ideal in order to benefit from additional practice. In any case, that is what we are hoping for: more practice," explains the CCS Coordinator and Internship Officer, Voavy Edson. A carpentry student, Nedson Jacques Razafimandimby, age 21, is grateful for the opportunity that's being offered to him: *"It is always good to specialize in something. In this way, I will easily find a job. People need high quality, solid, nice furniture."*

Apart from training, though CCS is not a

professional business but a social association and a training centre for disadvantaged youth, it also produces furniture and other services for individuals and businesses in order to ensure its own functioning (employees' salary, materials purchase, etc...). *"We are not financed by the State either,"* adds the Director. Anyway, the first pallets and crates transformed will already serve for the rehabilitation of the centre's dressing room and furniture. Ambatovy can deliver up to 200 m³ of used wood per month.



Workshop of the Cultural and social Centre of Toamasina

Banjina

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