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## Ambatovy moves forward!

Following the delivery of the Operating Permit by the Malagasy Government on September 11, 2012, Ambatovy has now officially started commercial production. On Friday, October 5, 2012, Ambatovy celebrated the start of its nickel and cobalt production and exports at its Plant Site in Toamasina, in the presence of a large delegation comprised of the President of the Transition, Mr. Andry Nirina Rajoelina, Ambatovy's Senior Management led by its President, Mr. Mark Plamondon, diplomatic representatives as well as other local and national guests. Now, the largest mining project in Madagascar, with a US \$5.5 billion investment, will finally take shape and begin its operations phase, namely extracting, refining and exporting nickel and cobalt extraction. Both metals are set to become the country's leading export products.

The road has been quite long. Ambatovy was one of the biggest greenfield mining projects when construction began, which was a historic event not only for Madagascar, but also for the company. Indeed, 17 years after the first exploration work was carried out by Phelps Dodge Madagascar SARL, who acquired the rights to the Ambatovy deposits in 1995, the first export shipment of refined nickel left the port of Toamasina on November 8, 2012. It has also been a long journey since the creation of the Ambatovy consortium (Sherritt International Corporation, Kores Resources Corporation, Sumitomo Corporation and SNC Lavalin) and since the receipt of the environmental permits, which were granted by the National Environment Office (ONE, in French) in 2006.

### Enormity

Construction began in earnest in 2007. Madagascar's economic climate was turned around with the installation of large industrial infrastructures, the result of intense labour: a mammoth task taken on by over 18,500 workers (peaking at 20,000 workers at certain periods of the construction phase). The enormity of the project was the trigger that brought about various forms of partnerships and substantial business opportunities. Indeed, from 2007 to 2010, more than 500 local and national businesses benefited from contracts or business transactions with Ambatovy. As of the end of 2010, the company had paid out 2,400 billion Ariary to local companies who were more or less forced to reassess their performance to be in line with standards required by Ambatovy. A good thing, in fact, for those companies whose quality has improved.



**Ambatovy's President, Mr Mark Plamondon :**  
"Prospective investors are watching Ambatovy closely, and the company's continued success also means that we are an effective Ambassador for Madagascar in front of the international investment community"

### Major developments

The construction phase was completed in 2011 and all commissioning and start-up tests have been completed. Having obtained its Operating Permit in September 2012, commercial production will now begin. Nickel will become one of Madagascar's leading export products, and attractive benefits can be expected for the country as a whole, as the added value, in economic terms, will remain in Madagascar. Indeed, refining nickel and cobalt in Madagascar will help Ambatovy generate substantial economic returns. The regional economy, which will extend to the benefit of the entire country, has experienced major developments. Madagascar is becoming a legitimate mining country thanks to the presence of Ambatovy, the largest industrial investor in Madagascar with internationally recognized standards.

REHABILITATION ALONG THE PIPELINE

# A new look for the rice fields

As some of Ambatovy's activities have impacted the rice fields along the route of the Pipeline, the company has developed measures that aim to restore these rice fields and compensate for any production losses. Whilst measures comply with national and international legislations in force in terms of restoration and compensation, they are in fact the result of positive dialogue with the farmers concerned and local authorities.

Razafindravao is happy. The next harvest is just around the corner and she is delighted to see her terraced rice fields shimmering in the sun again, having been blocked for the last four years by the earthworks that were going on in Ankohovovo, Mangarivotra, in the District of Moramanga. This temporary setback has actually



Razafindravao.

ended up being advantageous for her since the area of her rice fields has significantly increased: they now measure 0.19 ha versus the previous 0.13 ha. "I am even more pleased because the irrigation system for my rice fields has been upgraded for one that regulates the irrigation and drainage of the plots better", she said. Razafindravao is one of the 1,300 farmers from 17 municipalities in the districts of Moramanga, Brickaville and Toamasina II who are affected by both rice field restoration and the compensation of production losses caused by the silting of approximately 650 ha of cultivable land. The rehabilitation process started in August 2011 and is currently ongoing to enable the communities to regain their livelihoods and source of income.

Restoration works consist of removing sediment, creating canals and protective dykes, rehabilitating irrigation and

drainage canals, tilling, fertilizing the soil and turfing unstable areas. Ambatovy's aim is to ensure all rice fields impacted by its activities are operational again. "I am extremely satisfied with the rehabilitation work. Only two of my plots, measuring 0.30 ha, were affected by the work but all of my plots have benefitted from the renovation of the irrigation and drainage system. Now I have new canals for my rice fields, which I didn't have before. And on top of that, there is the added bonus of the extension of the plots that were rehabilitated, which will definitely



Razafiniary.

lead to a greater harvest", said David Razafiniary, a rice farmer in Ambanidia, Ambohitrakanga, Municipality of Ambohibary, Moramanga District. By focusing on a labour-intensive approach to the rice field rehabilitation, Ambatovy is contributing to the creation of thousands of temporary jobs, particularly for neighbouring villagers, who not only reap the rewards of income-generating activities, but also benefit from skill transfers in terms of restoration work, water management and sanitation.

To this end, the company guides employees in understanding all the technical aspects of the rehabilitation process and ensures

it has received the owners and operators' opinion for a more efficient operation of the rice fields. Several stakeholders, including local, national and international NGOs are actively involved in the rehabilitation process through the use of methods and techniques that are both innovative and efficient. Whilst

the community work that involves the farmers enables the latter to take ownership of the results, the participatory rehabilitation of rice fields revitalizes community outreach. Rehabilitation will positively impact the next harvest in terms of both quantity and quality, which will in turn increase food security in impacted areas.

## RICE FIELDS READY FOR NEXT SEASON

Once the soil has regained its fertility through the land reclamation, Ambatovy will provide the seeds necessary for the farmers' new start. As agreed, Ambatovy will continue to compensate production losses with paddy and cash until productive activity returns to normal.



Razafindravao's rice fields in Ankohovovo – Mangarivotra.

**Landscaping of Ambolomaro Valley – Approximately 1.9 billion Ariary.** This is the amount invested in the rehabilitation of 110 hectares rice fields in Ambolomaro Valley, located 8 km North-West of Ampitambe, straddling the municipalities of Ambohibary and Morarano Gara, in the District of Moramanga. The rehabilitation work, which started in September 2010 and mobilized 1,230 workers from the Fokontany of Androfia, Sahapetraka and Ampitambe, were technically approved on July 31, 2012 in the presence of authorities and representatives of the local populations. Ambatovy has provided these new rice fields to 29 local landowners to replace their farmlands which were previously located within the perimeter of the mine.

ENVIRONMENT

# Ambatovy: Discharges monitored and controlled!

*Ambatovy's massive industrial facilities sometimes make local people curious and in some cases concerned. Questions from communities in Toamasina are sometimes related to the industrial environment, such as industrial discharges as well as air emissions, groundwater and seawater.*

*Interview with Mr. David Brand, Senior Environmental Manager.*

**Banjina:** In recent months, some have expressed their concerns about Ambatovy's potential impact on groundwater in Toamasina. Could you tell us whether these risks are real?



*David BRAND  
Sr Environmental Manager  
of Ambatovy.*

**David Brand:** These concerns may be caused by the fact that Ambatovy is built about 10km west of the Tailings Management Facility. This is where the neutralized tailings are deposited following the extraction of the nickel and cobalt. The concern seems to be whether or not this storage of tailings will impact the groundwater. We can assure the public that protection of the groundwater is a priority for Ambatovy and was considered during the design of the tailings facility. An extensive system of wells around the tailings facility has been designed to intercept the groundwater and recycle it. Additional monitoring wells have been established to confirm that the system is working properly by providing groundwater samples for analysis to determine if

any change in water quality has occurred. This will provide advance information so that we can take additional measures if required.

**Banjina:** What about sea discharges? It is also a question posed, among others, by fishermen on the east coast of Madagascar, concerned about their activity.

**David Brand:** Fishermen and local residents should not be concerned. The Ambatovy ocean discharge is primarily water decanted from the tailings facility that is pumped through a pipeline and submarine diffuser. This water is fully diluted by the huge volume of the ocean and is not detectable a short distance from the outfall. In addition, the water discharged into the sea is quite similar to that of seawater. It is quickly defused and poses no risk to the marine ecosystems.

**Banjina:** Many people also have doubts about the fumes given off by the tall chimneys of the plant and they fear for the air quality in Toamasina.

**David Brand:** Like any large responsible mining and mineral processing company, Ambatovy follows and complies with the standards required in this area. During the operation phase, Ambatovy's plant will be fully compliant with national and international standards for air emissions. We monitor the air emissions at Ambatovy's mine and plant sites using a variety

of different air quality analyzers. At the plantsite very precise instruments continuously monitor, record and instantly report the air quality. In the unlikely event that preset air quality thresholds are reached, alarms instantly are sent by SMS to Environment personnel so that corrective actions may be taken quickly.

**Banjina:** Do you have some concluding thoughts on these issues that challenge the company?

**David Brand:** It is very important to understand that before the building of this processing plant and the various other facilities, Ambatovy's Environmental and Social Impact Assessment answered in detail all the issues on environmental, social, and economic concerns. During Ambatovy's operations we diligently monitor the air, noise and water in all our operating areas to ensure that our impacts are minimal and as predicted by the impact assessment. We can reassure the local population that Ambatovy designed the plant to meet strict international environmental requirements. The homes of our company executives are next to the plant site. In addition, our offices are on the plant site. This should reassure everyone that our employees and managers, both foreign and national, will be closest to the "issues" that, as you said, challenge Ambatovy.

REHABILITATION

## The Mine will be returned to original state

What will Ambatovy's Mine look like after thirty years? A question asked several times by many types of people, such as intellectuals, students and ordinary citizens.

Ambatovy has already established a rehabilitation program before the production of nickel and cobalt begins. Indeed, Ambatovy will gradually restore multifunctional forest at the mine footprint.

*(See more on Page 4)*



*Mine in Ambatovy*

**BUSINESS TRAINING CENTRE**

**Boosting the potential of local economic operators**

With the establishment of the Business Training Centre (BTC) in July 2012, Ambatovy aims to improve the competitiveness of local economic operators.

It goes without saying that Ambatovy has quickly become the key account for local suppliers of goods and services and always seeks to maximize economic benefits by optimizing the full potential of Malagasy entrepreneurs and improving their performance.

By enhancing their skills, Ambatovy provides local operators with a sustainable competitive advantage and supports their progress towards excellence.

Thanks to collaboration between Ambatovy, the International Finance Corporation (IFC) and Training Management Africa (TMA), the

BTC offers a complimentary range of professional training based on technical skills.

It provides training for needs identified during the quality audits that Ambatovy carries out with its suppliers and is open to local students, professionals and entrepreneurs, whether they wish to work with Ambatovy or not.

Information sessions about the BTC were held in August in Toamasina, Moramanga and Antananarivo, during which hundreds of applications were registered. The BTC is located on the premises of the St. Paul's building in Androranga, Toamasina.

**TESTIMONIALS**

**Rakotomalala Jonah**, Assistant Manager at Willy Transport, Bezanozano Hotel, Moramanga:



"I received managerial training, HSE (Health & Safety and Environment) training and Quality training. These were the areas that were identified for improvement following the quality audits that Ambatovy carried out at the Willy Transport Group; our management therefore designated me to be trained up. It is an interesting and very effective opportunity for both the company and for me personally. I am very satisfied with these training courses which will help us improve productivity and efficiency."

been a real breath of fresh air that has given us confidence and will allow us to better understand the market and compete with boldness. Our goal is to provide a top quality service. The training we received was very useful as it has enabled us to greatly improve our performance quality. "

**Dominique Rasata**, Manager of Vertiga SARL, Toamasina:



"As an Ambatovy supplier, we adhere to the company's standards and regulatory requirements. Following an assessment of our training needs that came up during some internal audits, Ambatovy suggested that we follow some business management and finance training sessions. These capacity building sessions have provided us with essential tools that will allow us to optimize our development strategy. We were really pleased with the quality of the trainers and the methodology used. The training we received has really strengthened our ambitions."

**Maxime Laporte**, Chief Financial and Administrative Officer of Benja Transport, Toamasina:



"We have fully benefitted from the training courses in quality management systems and business planning. For us, it has

**REHABILITATION (Page 3 : continued)**

**The Mine will be returned to original state**

An industrial-scale nursery, which is under construction, and community nurseries will be used as part of this plan. For this plan, the study on plant demands indicates that there is a need to produce approximately 850,000 plants per year to reforest the land affected by the first four years of mining. The process thus requires approximately 260,000 plants per year starting from 2011 in order to continuously have 3 year old plants by 2013.



*Mine site revegetation.*

It should be reiterated that the flora and fauna that is typically found in the mine footprint will be reintroduced through the implementation of rescue programs in the field. To ensure the process, the involvement of communities in the affected areas will be needed.

It should be noted that an established and integrated management structure will be introduced before the closure of the mine. It will thus not become an abandoned hole.

**Banjina**

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