



CONSTRUCTION

Tangible benefits even before Operations

With approximately 80 percent of all Construction activities completed – including the near-finished Port extension, Pipeline and Tailings Facility – Ambatovy’s Plant Site (below) is well positioned for start-up next year.



If there are no major obstacles or significant scheduling changes, the Construction Phase will finish in 2011, allowing initial production to begin shortly thereafter. Once fully operational, Ambatovy will have an annual production capacity of 60,000 tonnes of nickel, 5,600 tonnes of cobalt and 190,000 tonnes of ammonium sulphate fertilizer. After almost four years of construction, Ambatovy has already had a positive impact on Madagascar, in terms of economic and fiscal returns, social investments, infrastructure development, technical training, environmental management, and community programs. And these benefits were achieved before exporting a single briquette of nickel.

Total revenue

Ambatovy, which represents a total investment of US\$4.5 billion, has already paid more than US\$200 million to the Malagasy government in the form of revenues, including income tax (which is about three-quarters of all taxes) and other taxes. To date, Ambatovy has granted more than US\$1.2 billion in contracts to national and local companies. Ambatovy has also provided the country with various sustainable infrastructures that meet international standards, such as roads and bridges, and has significantly improved port infrastructures. Of note, 97 km of roads and bridges have been built and/or enhanced, including rural roads, which have reduced the isolation of certain populations – 11 rural communities now have access to more markets and services. An additional 62 km of road networks and related infrastructure have been built or improved, which in turn has had a positive effect on traffic management. A 7 km road linking the Port of Toamasina to a new parking lot for heavy vehicles has also been cleared and widened for improved traffic circulation.

Economic opportunities

The main economic benefits for the regions of Alaotra Mangoro and Atsinanana have come, for the most part, from contracts granted to local suppliers. For these

regions, the Project is still developing partnerships with suppliers to prepare for the operational phase, in order to ensure collaboration and stable, sustainable economic development. So far, 281 domestic suppliers and counting have benefited from contracts during construction; 137 from the city of Antananarivo and 144 from the cities of Moramanga (in Alaotra Mangoro) and Toamasina (in Atsinanana). Local business opportunities offered by Ambatovy involve various goods and services, such as fuel, lubricants and oil delivery, maintenance services (electrical, mechanical, welding, instrumentation, boiler), the purchase and rental of vehicles, the provision of tools, building materials, electrical work, plumbing, masonry, equipment rental, industrial gas, welding supplies, safety equipment, clothing, hotels, restaurants, travel, technical support (varied expertise, translation, engineering, environmental), healthcare, pharmaceuticals, computer services and communication, training and recruitment, packaging (bags) and containers (barrels), earthwork (embankments), food products, fisheries, livestock, landscaping, gardening, reforestation, recovery, recycling and waste collection. Find out more on the Suppliers page of ambatovy.com.

Training

In 2011, Operations is expected to begin, ramping up steadily to full production capacity – which is anticipated to be reached around 2014. The Project is preparing for this, which is why so many employees are being trained. Ambatovy is preparing staff for the handover of technical expertise, from expatriates to Malagasies, through specialized training at the Ambatovy Training Center. Since 2009, over 50 different courses have been offered at the Training Center to more than 900 employees at Ambatovy’s Mine Site (in Moramanga), headquarters (in Antananarivo) and Plant Site (in Toamasina). From July to December 2010, 1,943 workers will be trained in areas such as maintenance, operations, languages, office administration, hygiene, health and safety.

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EDITORIAL

Welcome!

You have in your hands, or on your screen, the first edition of the Ambatovy Project’s quarterly external newsletter, “Banjina.” *Banjina* is a Malagasy word that signifies both “focus” and “vision”; it encapsulates the notion of “focusing on the future.” This name was not chosen by chance; it reflects our commitment to a better future for all, based on establishing strong ties that link Ambatovy to sustainable development in Madagascar. *Banjina* will inform you of Ambatovy’s challenges, celebrate our workers, and tell you more about what we are doing to look after Madagascar’s natural resources. *Banjina* will also provide you with an insight into how Ambatovy has become part of several dynamic communities near Project sites.

We believe that to learn more about the Project as a whole, you will have to set aside the fact that Ambatovy is a nickel and cobalt mining operation. The Project is indeed much more: it sets up social programs to improve the quality of life of populations affected by our activities; it also contributes to the protection of the environment and biodiversity, which is a top priority. In short, *Banjina* has been created to guide you through everything there is to know about the Project.

Of course, this newsletter is only one communication tool, but its intention is to foster in our readers greater understanding and, perhaps, some support. Ambatovy will be operational for at least 27 years. Every year, we expect to pay the Malagasy government at least US\$100 million, depending on the price of nickel and cobalt, and we will accompany Madagascar in its aspirations of achieving sustainable development through the generation of economic activities...Thinking about the future – that’s *Banjina*

Happy reading.

The Editorial Committee

Please send any comments or suggestions to banjina@ambatovy.mg

CORPORATE SOCIAL RESPONSIBILITY

A program accountable to the local community

In line with its social responsibility policy, Ambatovy has made a number of social commitments, relating to specific obligations and voluntary initiatives that are consistent with the Project's vision and values.

Ambatovy's social activities – both obligatory and voluntary – touch on many areas, such as the relocation of, and support for, communities affected by the Project, various donation programs and sponsorships for sustainable development projects, and job creation through the Ambatovy Local Business Initiative (ALBI) – which all have been developed to mitigate construction impacts and improve the quality of life of the local population.

In the rare cases where the Project's activities encroach on the livelihoods of communities, such as those near the Tailings or Plant Site in Toamasina, appropriate compensation measures have been taken. These communities were relocated to the villages of Vohitrambato and Marovato; not only were local traditions and cultural practices observed during the move but international standards of relocation were also followed. Ambatovy has also drawn up a "Social Development Plan" consisting of several components,



A resettlement village

such as education, health, hygiene, agriculture and handicrafts. Some villagers are already starting to reap the rewards of the training they received in these areas. In Vohitrambato, for example, 14 women from the handicraft association created their own group and have been receiving purchase requests from Ambatovy for various products. They are making other products for both local and international consumers; baskets and cane chairs are sold at the market in Toamasina, while stools appear to sell well to national and international consumers. (These are the famous stools sold as souvenirs along Madagascar's National Highway 2.)

Ambatovy also supports various community programs, education initiatives and sustainable development projects. For instance, donations and sponsorships granted in the Alaotra Mangoro region alone have totaled approximately 50 million ariary (US\$25,000), and have funded various activities such as World AIDS Day, International Women's Day, sporting

events, the construction of schools and other infrastructures, the donation of medical equipment, etc.

As for education, Ambatovy funded the training of school principals in Moramanga, under a special program for "academic success" (CPRS). This program will be extended to other Project zones, in close collaboration with a recognized international organization and local education authorities. CPRS represents an approach that promotes the involvement of the whole community in matters of education. The principals who were trained will develop a participatory action plan to highlight the causes of non-academic success and will propose appropriate solutions. This effort is designed to promote access to education and to keep students from dropping out.

With regards to health, the Ambatovy Project, in partnership with the Ministry of Health and Project C.U.R.E. (an American non-governmental organization, projectcure.org), contributes to improving conditions at regional and community health centers near Project sites. So far, this partnership has led to the delivery of five container loads of medical equipment to hospitals and clinics in Toamasina, Brickaville, Moramanga and in communities along the Pipeline.

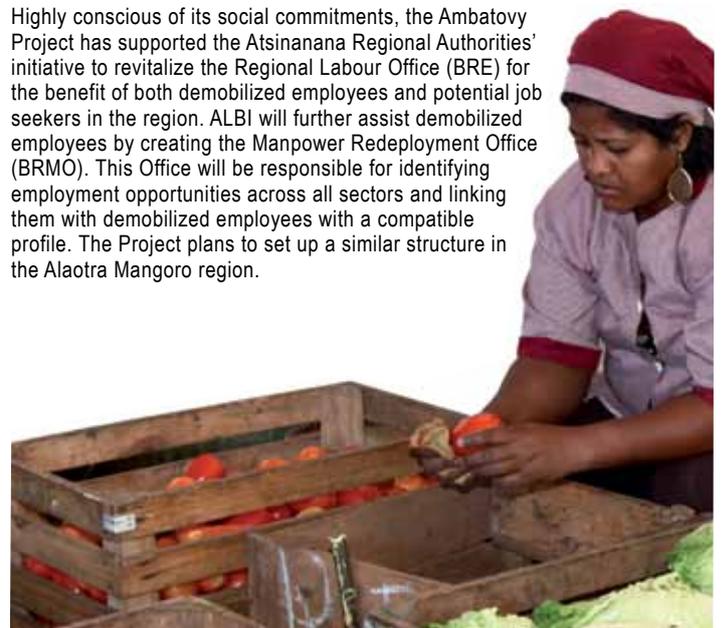
ALBI, the creator of opportunities

The Ambatovy Local Business Initiative (ALBI) was created to comply with the Project's policy to "buy locally, hire locally." ALBI's main purpose is to contribute to job creation through the support and development of local industry, whilst maximizing local economic benefits. To this end, ALBI works closely with Ambatovy's Purchasing and Supply Chain Departments to identify local companies capable of responding to market needs and contracts offered by the Project. ALBI also assists with developing the capacities of selected companies by providing training and technical support to help fulfill conditions required by market demands.

ALBI created Central Purchasing Units (Centrales d'Achat de Madagascar, CAM) in Moramanga and Toamasina for locally produced agricultural products. About 8,000 small farmers provide the CAM with fruits and vegetables that will supply Ambatovy's catering service. In addition, Ambatovy has awarded contracts to small local businesses to make uniforms for its employees. ALBI helped select these companies and provides them with technical support. Ambatovy plans to commission 4,000 locally made uniforms per year.

Similarly, the Agricultural Training Center was established in collaboration with the Governance Project for Mineral Resources (PGRM) for local populations affected by Ambatovy's activities and demobilized employees interested in gaining improved skills in agriculture.

Highly conscious of its social commitments, the Ambatovy Project has supported the Atsinanana Regional Authorities' initiative to revitalize the Regional Labour Office (BRE) for the benefit of both demobilized employees and potential job seekers in the region. ALBI will further assist demobilized employees by creating the Manpower Redeployment Office (BRMO). This Office will be responsible for identifying employment opportunities across all sectors and linking them with demobilized employees with a compatible profile. The Project plans to set up a similar structure in the Alaotra Mangoro region.



Preservation of archaeological sites

Ambatovy is deeply committed preserving archaeological sites located between Moramanga and Toamasina that were discovered during construction. This has been a highly successful initiative given the lack of archaeological research ever done in this area of the country, which is steeped in a rich history of economic exchange. Ambatovy's team of archaeologists have found more than 4,250 remains and made inventories of 91 sites of archaeological interest and of six archaeological sites. It appears that remains found at the Ambatovy Mine Site date back to the late 18th and early 19th centuries. Jars, small jugs and large terra cotta pots are just some of the items that have been discovered.



ENVIRONMENT

Responsible management under strict controls

When it comes to environmental protection, the Ambatovy Project ensures responsible management, under international supervision and the watchful eye of Malagasy authorities. As most mining activities are regarded as a threat to the environment, the real question usually concerns a miner's conservation efforts and protection of biodiversity.

For Ambatovy, the rules are clear. The Project is committed to implementing the highest international standards, including the Equator Principles (equator-principles.com) and those of the World Bank Group's International Finance Corporation

Pipeline, at the Port of Toamasina, and at the Plant Site and Tailings area, and this will continue throughout operations. (Learn more about these plans and programs on the Environment page of ambatovy.com.)



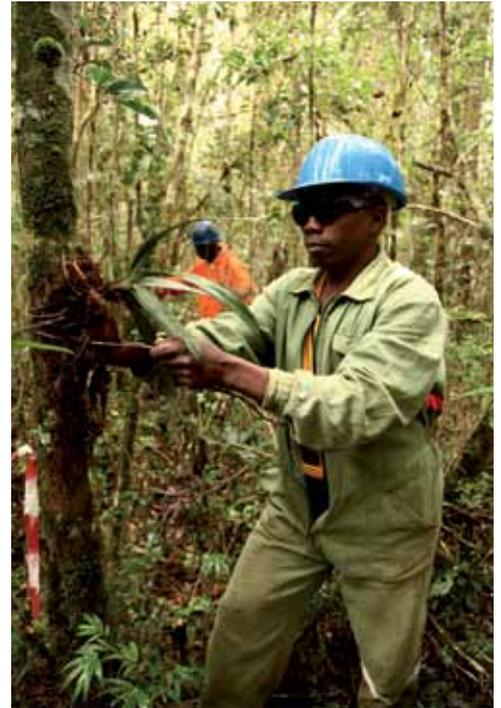
Lemur bridge

(ifc.org), and strictly adheres to other national and international regulations and standards. The Project is also subject to independent monitoring evaluations on all aspects of biodiversity, not only by the Malagasy government and the Project's Scientific Advisory Committee, which consists of third-party experts, but also by independent engineers who work for the lending institutions that provided US\$2.1 billion to finance Ambatovy's construction. The Project is implementing a Biodiversity Management Plan that includes a compensation program based on standards set by the Business and Biodiversity Offset Program (BBOP – see bbop.forest-trends.org). As part of its BBOP project, Ambatovy has established the 11,600 ha Ankerana compensation zone 71 km northeast of the Mine. Also included within Ambatovy's efforts is a conservation program to protect ecological landscapes and forest connectivity. Further, the Project has a strict monitoring and testing system to control air pollution, noise quality, water quality (fresh and sea water) and soil management. Continuous monitoring and testing is carried out at the Mine, along the

Conservation areas nine times larger than Mine
 "In addition to the avoidance of negative environmental impacts, progressive rehabilitation and the implementation

of our mitigation hierarchy, the Project manages around 9 times more preserved and protected land than that which is directly impacted by the Mine's footprint, which covers about 1,735 ha," said Paul Andrianaivomahafoa from the Environment Department, during a debate at a conference held on World Environment Day.

The Ambatovy Project recognizes it has a responsibility – both as a company and with regard to the surrounding communities – towards the sustainability of biodiversity, especially in areas of Project intervention. Conservation efforts are aimed at achieving no net loss in biodiversity, but rather hope to produce a net gain. Ambatovy's objectives aim to ensure there is no loss of species in any of the areas impacted by the Project. Ambatovy hopes to generate an increase of conservation areas with rare habitats that are viable, sustainable and have continued or increased connectivity between them. The Project also hopes its environmental and biodiversity actions become integrated with other regional initiatives.



WORLD ENVIRONMENT DAY Environmental actors demand more synergy

More synergy and collaboration, greater discussion on involving grassroots communities in land-transfer management, further awareness and education, more funding and greater relevance of activities... these are but some of the recommendations made during a debate at a conference organized by the Alaotra Mangoro Regional Authorities at Ambatovy's Mine Site on June 4, 2010, as part of World Environment Day activities. Participants – Alaotra Mangoro Regional Authorities, Moramanga and Anosibe An'ala District Authorities, Conservation International, Madagascar National Parks, Voakajy Madagasikara (Mavo) Fanalamanga, COGESFOR, SNGF, the Ambatovy Project, among others – agreed that, despite concerted efforts, negative impacts are still being observed. Now more than ever, there is a need to continue with environmental efforts, monitor achievements through appropriate measures, and encourage new initiatives.



THE MANTELLA (GOLDEN FROG)

A protected species

Working alongside the non-governmental organization Voakajy Madagasikara, the Ambatovy Project set up a specific program for the Mantella, a protected amphibian. In 2009, three types of field missions were organized with specific methodologies to meet program goals:

- Monthly monitoring missions to estimate the abundance, size and strength of populations spawning in waters already identified in 2008;
- Special missions to create up-to-date inventories that identify new sites in the forest area linking Analamay and Mantadia; and
- The delineation of areas occupied by the Mantella.

It should also be noted that the Pipeline, linking the Mine in Moramanga and the Plant in Toamasina, was diverted several kilometers to protect the Mantella. In 2007, 2,590 amphibians were rescued from Ambatovy sites; a further 232 were rescued in 2008 and another 617 in 2009. Since 2007, Ambatovy has recorded a total of 64 different reptile species and 86 amphibian species throughout the Project area. Learn more from the Environment page on ambatovy.com.

RECRUITMENT

Preference to “hire locally”

The Ambatovy Project is committed to local hiring. The Project has made it a priority to recruit candidates from Project areas – Moramanga and Toamasina – for nearby jobs, provided they are properly qualified. This commitment, which is stated in the Project’s official environmental and social development plan (PGEDS), aims to minimize future inflationary pressures and maximize economic benefits for communities near Project sites.



To ensure local populations are well informed of upcoming opportunities, the Project broadcasts regular employment announcements on local radio and TV, and posts job offers in public places – as well as on Ambatovy’s Recruitment website, ambatovy.mg.

As local candidates with the right qualifications and experience are unfortunately, not always easy to find, Ambatovy decided to make significant investments in training to facilitate local recruitment for highly technical positions. For instance, in Toamasina, the Program for Technical Excellence, set to begin in the first quarter of next year, is dedicated to training recent graduates with a technical BAC diploma at the Ambatovy Training Center,

so they can take over highly skilled positions from the Project’s expatriate workers in the future.

Ambatovy’s approach to recruitment is supported by a clear methodology and embraces strict principles, namely: transparency, equity and fairness for all candidates. The selection process is as objective as possible and based on various measurable criteria; candidates go through testing (technical, behavioral and linguistic) and are required to pass several interviews. If you’re interested, there are still hundreds of jobs that need to be filled for Operations – which will last for at least the next 27 years.

TRAINING

Two centers, one objective

Within the space of two months, Ambatovy opened two training centers in Toamasina. The first center, “Tanandava” (also known as the Ambatovy Training Center), opened in April and provides future employees with vocational training. The second center, “Betainomby” (also known as the Agricultural Training Centre), which opened in June, specializes in agricultural training and techniques. The Betainomby center was also set up in collaboration with Madagascar’s Governance Project of Mineral Resources (PGRM). The objectives of these centers are the same: to strengthen the capacities of the local population for future job opportunities. Whereas the Tanandava center trains future Ambatovy employees for the operational phase of the Project, the Betainomby center is oriented towards

demobilized employees who would like to work in agriculture. Ambatovy is committed to strengthening the capacities of its employees and to

accompanying demobilized workers in their transition to pursue new career opportunities or income-generating activities.

It goes without saying that all training modules are different. At the Ambatovy Training Center, students are trained in industrial

mechanics, plumbing, electricity, boiler making, planning, as well as computing, office administration and languages. The Project estimates that, by the end of 2010, over 500 technical operators and 125 maintenance technicians will be trained. The long-term objective is to train between 180 and 200 technicians yearly from 2011 to 2014.

The Agricultural Training Centre provides various learning modules depending on the choice and background of the student: agriculture, poultry, fruit growing, beekeeping, etc. Each student receives both theoretical and practical sessions (nursery, breeding center, etc.). About 900 people will be trained in 2010 and a further 5,000 over the next three years.

Ambatovy will assist graduates in starting their own businesses, helping them with access to credit, land-tenure security and market research. Technical support will also be given during start-up to ensure their efforts are fruitful.



Vegetable farming at “Betainomby” (left) and soldering at “Tanandava” (right)



The Center is open to all applicants living in Toamasina, Moramanga or along the Pipeline. Ambatovy is currently studying the possibility of setting up another Agricultural Training Center in Moramanga.

HEALTH AND SAFETY

Small gestures can save lives

Ambatovy is serious when it comes to health and safety measures. As soon as new employees are hired, they are required to take part in a thorough orientation, where they are informed, advised and warned about important health and safety practices. Various security regulations are in place to prevent incidents; wearing personal protective equipment (helmet, safety vest and boots) on site is mandatory; vehicles have geo-tracking systems to ensure drivers observe speed limits set by the Project; there is driver training; and the Project has even put fluorescent stickers on the back of rickshaws in the community. Even with all these measures in place, the movement of heavy machinery, equipment and vehicles still remain a risk for potential accidents.

Personal health and hygiene are also top priorities for Ambatovy. All employees have a thorough medical examination at the start of their contract and periodically thereafter. All employees are also warned about possible on-the-job health risks during induction.

The Project is committed to improving the quality of health of those living within its zones of intervention, in particular through donations of medical equipment to main hospitals in the Antsiana and Alaotra Mangoro regions. By improving the health of the local population, employees, who are part of the community, also benefit. And all gestures count – even the condom dispensers in onsite toilets installed to support Ambatovy’s HIV/AIDS awareness campaign (visit ambatovy.com for more information on this program).

Banjina

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