

## Moto Optimisation Report

### Executive Summary

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## 1. Introduction

The Moto Gold Project ("the Project") is located in the gold fields in north-eastern Democratic Republic of Congo (DRC). Following the departure of the Belgians in the 1960s, the State owned mining company, Offices des Mines d'Or de Kilo-Moto (OKIMO), undertook limited mining activity in the area and between 1996 and 1998 Barrick and Anglogold completed limited exploration.

More recently Moto Goldmines Limited (MGL), a TSX and UK listed gold exploration and development company acquired its interests in the Moto Gold Project in April 2003 and commenced exploration activities in February 2004. Having identified potentially high grade reserves, Moto now wishes to progress the Project beyond exploration to exploitation and production.

Borgakim Mining (a subsidiary of MGL) has entered into a joint venture with the Congolese state owned mining company Offices des Mines d'Or de Kilo-Moto (OKIMO) with Borgakim as the operator holding a 70% interest in the Project and OKIMO holding the remaining 30%. The land on which the Moto Gold Project is located was traditionally owned by OKIMO which controls 83,000km<sup>2</sup> of mining concession land in Haut-Uélé and Ituri districts divided into three concession areas (38, 39 and 40) and an exclusive research zone. The Moto Gold Project is located in concession 38. Upon the formation of the joint venture, the Exploitation Permits held by OKIMO for the Moto Gold Project were sub-leased to Borgakim.

This Optimisation Study builds on a feasibility study undertaken in 2008, and this social impact assessment delivers a high level assessment of potential Project related impacts on the communities that live and reside in and around the Projected Project area, and recommendations to maximize potential positive social benefits and prevent or mitigate any detrimental social impacts that the Project may have.

## 2. Project Overview

The Project is situated in the north east of the Democratic Republic of Congo, in the Haut-Uélé District, Orientale Province, some 560km north east of the city of Kisangani and 150km west of the Ugandan border town of Arua. The nearest towns to the proposed mine site are Doko and Durba, in the Kibali Sector of the Watsa Territory.

An Exclusion Zone of approximately 3,150ha is proposed for the Project. Most of this land will be turned over to the Project for the mine and associated infrastructure, including:

- Upgrading and diversion of several roads in the district including refurbishment and upgrading of the access road from Arua.
- The ore processing plant area including associated workshops, stores, laboratory, administration facilities, mining service facilities and amenities.
- The Tailings Storage Facility (TSF).
- The open-cut pits, underground mine, waste dumps and haul roads.
- Relocation of villages.

- Development of a 20MW hydro power station on the Nzoro River.
- Refurbishment of an airstrip.
- Establishment of a camp for management and senior staff personnel recruited from outside the local area.

The designated land is currently utilised primarily for residential sites, agricultural activities and ASM mining activities. As a consequence there will be a loss of land and associated resources for those communities currently residing on the land and/or making use of the resources found on it. The expected mine life is 14 years with significant potential to increase with conversion of high probability Inferred Mineral Resources.

For the purposes of this study, the area covered in the socio-economic baseline covers:

- 23 settlements (villages, towns and OKIMO camps) in the Kibali Sector in and around the Projected mine Project footprint area;
- 2 settlements in the Mangbutu Sector that are potential resettlement host community sites; and
- The administrative centre of the Watsa Territory, Watsa City.

The Project plans to employ 700 people on average during construction and 500 people during operation, in addition to the 200 local staff currently working for Borgakim in administrative and exploration jobs. Of the total number of jobs available, it is expected that during construction 10% of people can be recruited in the DRC as many contractors will come from outside the region. It is highly likely that the 10% will come from the immediate area. During operation it is predicted that 70% of the workers will be recruited from the DRC, and of this it is likely that 10% will be recruited from the Orientale Province.

Figure 1: Maps of Project Location

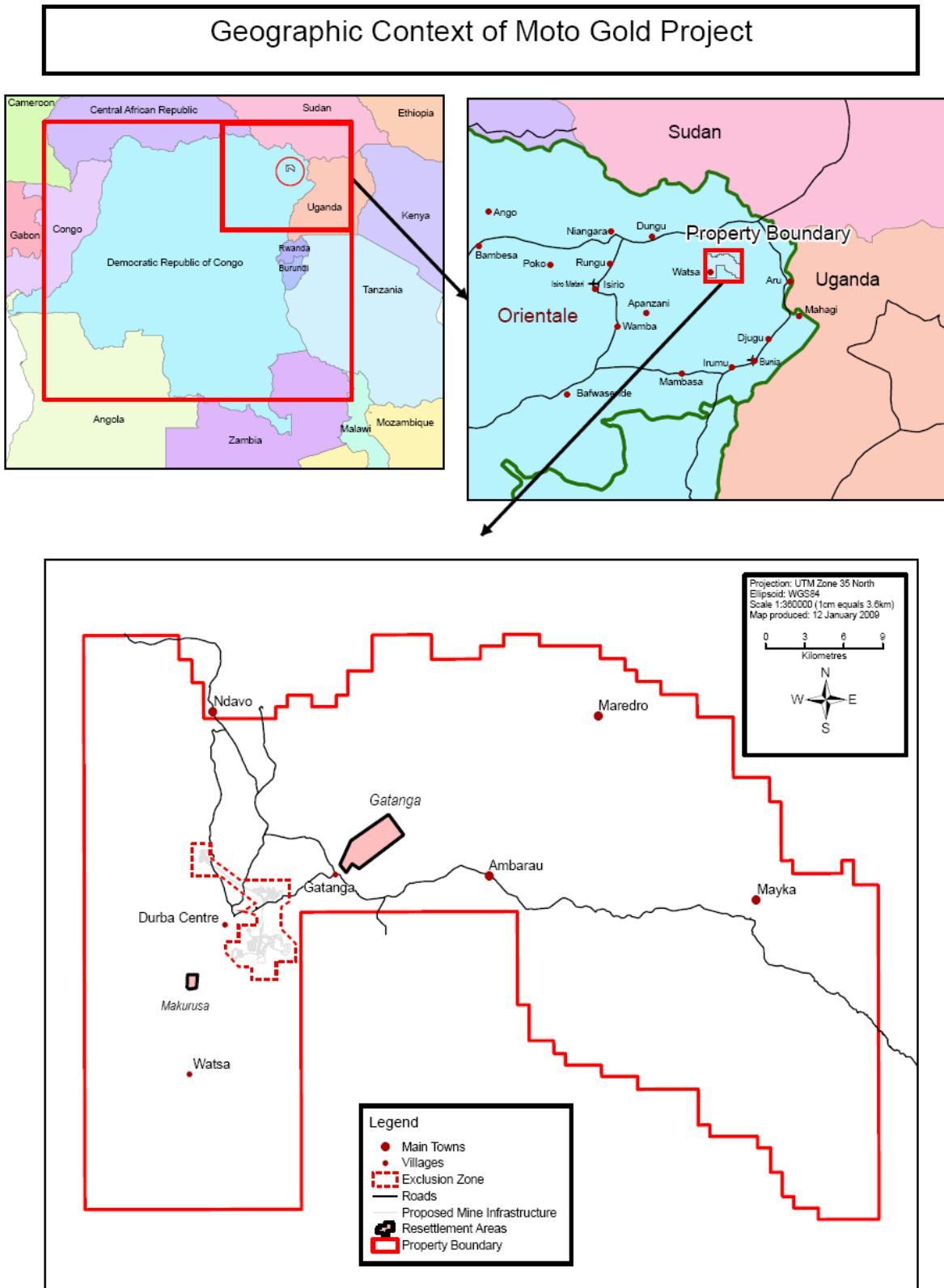


Figure 2: Maps of Project Affected Communities

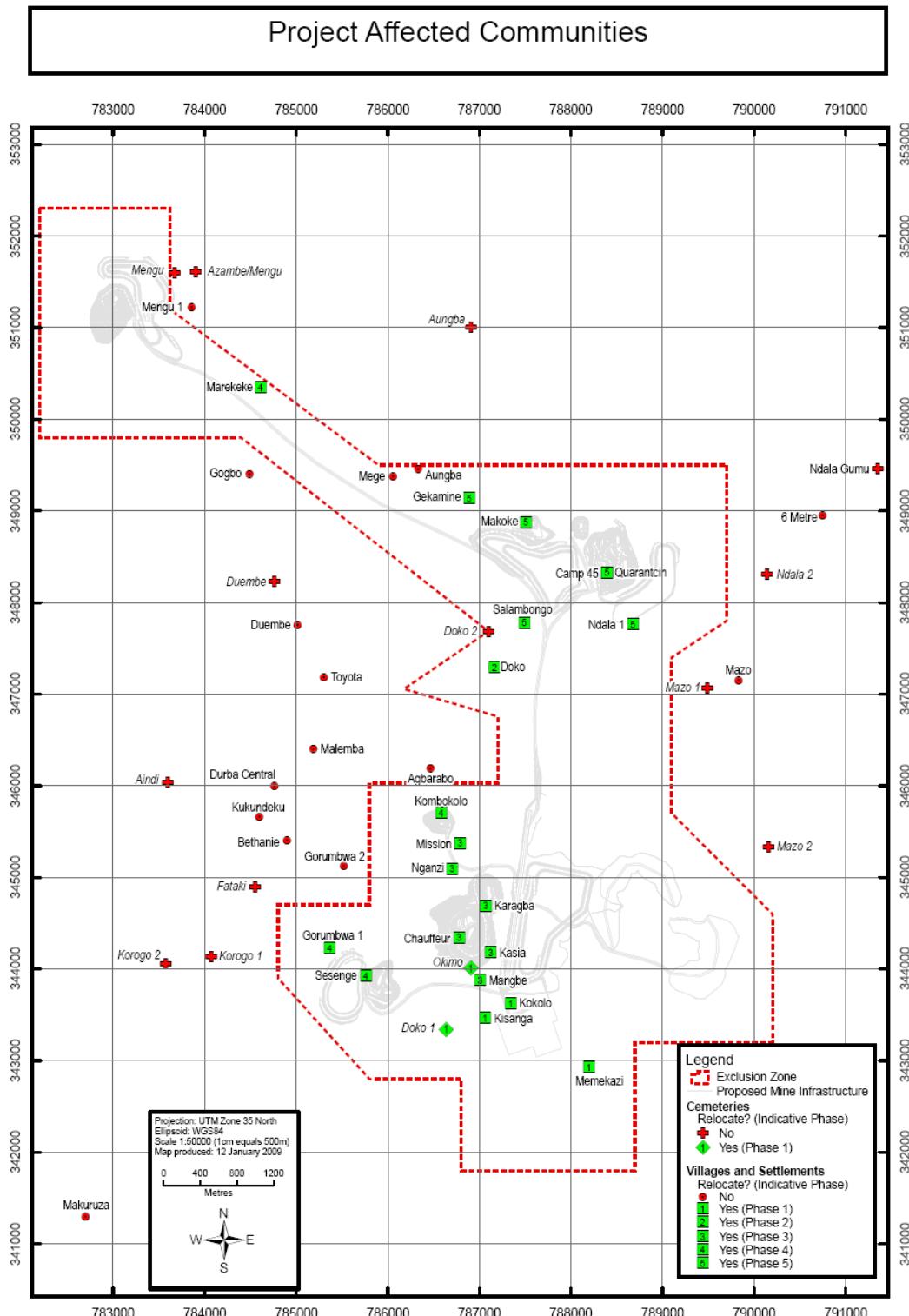
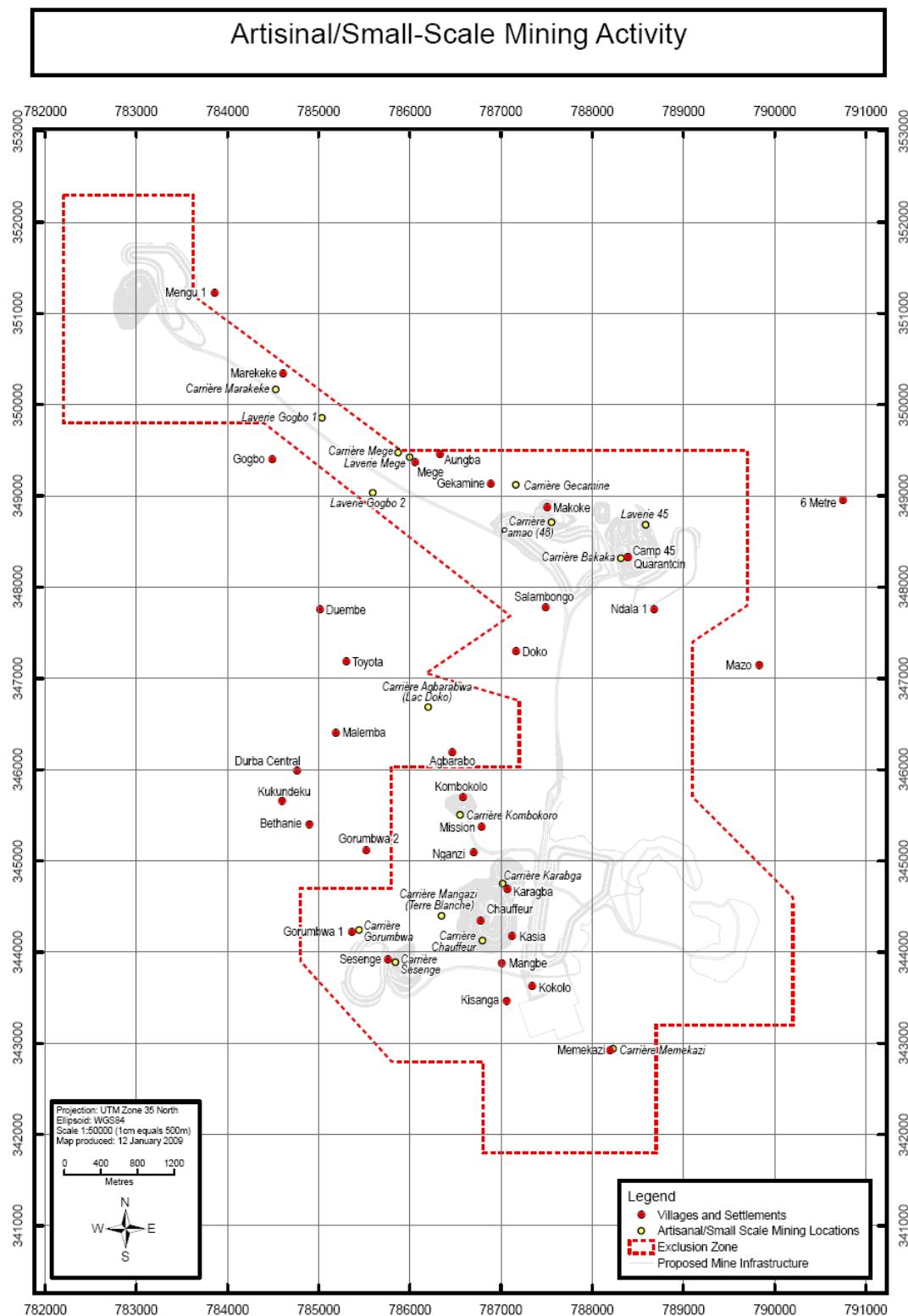


Figure 3: Maps of Artisinal and Small Scale Mining Activity



## 2.1. OKIMO

Moto's joint venture partner OKIMO has had a presence in the district of Haut-Uélé since colonial times. Prior to independence from Belgium the company was known as Société des Mines d'Or de Kilo-Moto, and established in 1926. It was nationalised and renamed in 1966. However, from then onwards, mining gradually declined due to a lack of investment and very limited exploration, whilst unofficial production from clandestine artisanal activity (artisanal mining was classed as illegal under national law) increased throughout the Orientale Province. Mining activity was gradually taken over by artisanal workers (*orpailleur*) and small-scale alluvial operations, with OKIMO nonetheless still officially owner of the concession area.

This history of OKIMO being entrenched in the socio-economic fabric of the area combined with a gradual breakdown in organised and structured mining brings with it a number of challenges for Moto.

## 3. Approach and Methodology

This social impact assessment builds on a number of other studies undertaken to assess the social and environmental risks and opportunities associated with the Project. This study provides a high level assessment of key social baseline issues in the Project area, and the potential social impacts, risks and opportunities. However, more in depth qualitative and quantitative baseline research is planned for 2009 in preparation for detailed works planning and construction.

This study is based on review and analysis of existing reports, publicly available information and Primary qualitative social research carried out during four weeks of fieldwork in October 2008.

## 4. Legal and Regulatory Framework

MGL intends to conduct its activities in DRC according to international best practice while complying with national legal requirements of the DRC. The International Finance Corporation (IFC), as a major lending agency, provides internationally accepted policies and guidelines for impact assessment and resettlement. While Moto may not seek funding from the IFC, its policies, guidelines and standards will be adopted.

The mining industry in DRC is governed by the Mining Code and its accompanying Law No. 007/2002 of 11<sup>th</sup> July 2002 relating to the Mining Code, and the subsequent Mining Regulations enacted by Decree No. 038/2003 of 26<sup>th</sup> March 2003.

During the post war period of 1999 to 2006 and while the transition government was in power, many mining and other natural resource deals were signed, which were subsequently found to have been based on corrupt practices. The transition government and the international community were keen to pass new legislation quickly to ensure that the country's natural resources could be properly managed. Many of the codes and laws were considered inadequate which has led to additional laws being created. In light of the new codes, the status of some of the agreements signed during the

immediate post war period is still disputed. The Mining Code and the Forestry Code both suffer from these inconsistencies, and are subject to several additional laws.

Resettlement of residents within the Project's Exclusion Zone has been identified as a key impact. The main provisions of the 2002 Mining Code and 2003 Regulations make it clear that consultation over potential loss of assets and land with affected parties is required. Compensation should be at their actual replacement value plus 50% or the assets returned to their original condition. A resettlement action plan (RAP) is not required under DRC law, however MGL desires to comply with international best practice in drawing up a RAP for the Project.

## 5. Local Socio-Economic Context

The Project is situated in a rural setting that has a history of mining activities and where artisanal mining is currently the most significant economic activity for the local population.

Settlements in the area include the towns of Doko and Durba, and a number of rural villages and camps housing OKIMO staff (active and retired) and their families. Altogether, these settlements support a relatively large population of roughly 30,000 people, it is suggested through interviews that a significant portion of which are migrant artisanal miners from other parts of the DRC. Apart from mining, other main forms of economic livelihood in the Project area are subsistence agriculture and small-scale trade. Table 1 provides a summary of the key characteristics of the local area.

**Table 1 Summary of Key Local Socio-Economic Characteristics**

Summary of Key Socio-Economic Characteristics	
<b>Key Livelihoods</b>	<ul style="list-style-type: none"> <li>• Limited employment opportunities</li> <li>• Local population dependent on subsistence agriculture and/or ASM</li> <li>• Large percentage of the population dependent on the ASM</li> </ul>
<b>Basic Public Services</b>	<ul style="list-style-type: none"> <li>• Limited access to education</li> <li>• Limited access to health services</li> <li>• Widespread health problems (malaria, HIV/AIDS, gastro-intestinal problems, etc)</li> <li>• Poor or nonexistent infrastructure (water, electricity, housing, sanitation, etc)</li> <li>• Deteriorated routes and lack of access to transport leading to isolation</li> <li>• Corruption and a lack of capacity in local administrative bodies (police, local government)</li> </ul>
<b>Community Dynamics</b>	<ul style="list-style-type: none"> <li>• Tensions around land, particularly between the customary owners and the legal owner OKIMO</li> <li>• High levels of social pathologies (alcoholism, drug use, prostitution)</li> <li>• Tensions between youths and elders related to ASM</li> <li>• High numbers of young people</li> <li>• OKIMO legacy issues around non-payment of wages, death duties, pensions and accident compensations</li> </ul>
<b>Post Conflict Environment</b>	<ul style="list-style-type: none"> <li>• Potential legacy issues from the various wars and conflicts that have affected the area (traumatised local population, gender violence, high levels of HIV/AIDS)</li> </ul>

### 5.1. Key Livelihoods

Artisanal mining is one of the key sources of revenue and livelihood in the Project area. The decline in OKIMO's production in the 1970s and the resulting drop in employment opportunities allied to an increase in migrant labour within the OKIMO concession has led to a dramatic rise in artisanal mining activity. It is now thought to be practised by 56% of the active male population.

The local population is also dependent on subsistence agriculture with all surplus sold in small local markets. The average daily revenue per household is \$1 although many households live on \$16/month. Subsistence farming in the Project area is inhibited through problems of parasites and livestock epidemics.

Employment in the Project area is extremely limited. The main formal sources in the area are OKIMO, local government (teachers, doctors etc), market trading and mining. More informal sources of employment include prostitution and gold trading.

### 5.2. Basic Services

There is limited access to quality education in the Project area.

There is also limited access to health care in the Project area and as a result significant health challenges including widespread HIV/AIDS, Malaria, and respiratory problems. These health challenges are exacerbated by poor and in some cases nonexistent basic services particularly water, electricity, housing and sanitation.

Road and transport infrastructure out of the area is extremely poor and therefore many communities remain extremely isolated.

A lack of capacity at the local administrative level (particularly within state institutions such as the police, the judiciary and local government) has led to high levels of systemic corruption.

### 5.3. Community Dynamics

Land disputes have historically and still cause significant tension with communities local to the Project. Legally the land and the subsoil rights belong to the state and therefore OKIMO as a state owned company. Additional sources of tension are the high levels of social pathologies closely related to high density settlements around artisanal mining including alcoholism, drug use and prostitution.

There are problems resulting from the ongoing conflict which has historically and continues to affect the Project area directly. These problems may include high levels of HIV/AIDS, gender violence, and a traumatised local population.

Potentially high risk legacy issues are undermining the relationship between OKIMO and the local community relating to the payment of outstanding pensions, salaries, death benefits, to repair housing and compensation for the death of miners.

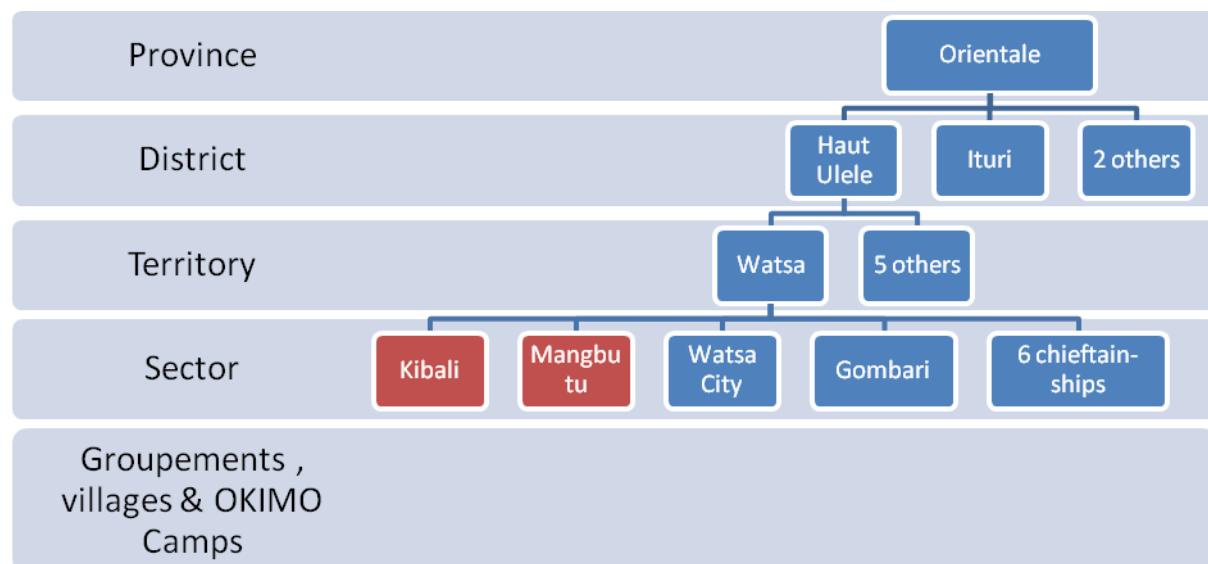
## 5.4. Administration

In 2006 the New Constitution for the DRC came into effect to replace the transitional constitution adopted in 2002. Under the New Constitution Provincial Government has greater autonomy over decisions concerning localised social development and allocation of revenues. In particular it cedes significant control over mining regulations and revenues to the provincial governments.

In the Project area a combination of traditional chiefs, local administrative authorities and OKIMO officials are responsible for governance. At the village level, village chiefs and the councils of elders usually deal with community issues and represent the community. OKIMO's governance structure sits alongside local government administrative governance structures. In OKIMO camps, a camp chief is appointed by the OKIMO administration and this chief will report both to the OKIMO administration and to local government at the *groupement* and sector levels.

Figure 2 illustrates the administrative structure of the DRC indicating the sectors in which the Project is found.

**Figure 2 DRC Administrative Structure**



## 5.5. Post Conflict Environment

The Project area has a violent history, like most of the DRC, which is intrinsically linked to the minerals to be found there. The instability of the DRC has led to the emergence of new patterns of economic and political relations in the region. A small number of people have benefited from conflicts and the associated illegal trade in natural resources. However the vast majority of people have become further impoverished through the continued breakdown in society, administration, law, and the local economy. The wars, conflicts, and epidemics have left a large number of people dead, injured, abused and displaced. Conflict is ongoing in areas approximately 100km away from the Project site.

Table 2 provides a summary of the most significant conflicts and epidemics that have occurred in the area.

**Table 2 Summary of Conflict in the Project Area and Neighbouring Districts**

Date	Event
1964	<b>The Lubumbist Rebellion</b> The <i>Bataillon Speciale 412</i> when apparently Kilomoto complained to the government in Kinshasa about the miners working for them and the government sent in the army's 412 Battalion who carried out massacres in the villages of the area
1996 and 1997	<b>The Liberation War of Kabilia</b>
1998 to 2003	<b>The Ugandan occupation</b> It is widely thought that access to the region's resources was the primary reason for Uganda occupying the area. Ugandan troops used artisanal miners to mine for them and then channelled the gold out of DRC and into Uganda. The troops also carried out extensive explosions in the mines, including blasting supporting pillars, and this is believed to have led to collapses in the Gorumbwa mine in late 1999, killing over 100 miners trapped inside.
December 1998	<b>Epidemics</b> An epidemic of Marburg hemorrhagic fever killed more than 100 people in Durba, the majority of them miners. The fever is thought to have spread rapidly in the confined conditions underground. Further Marburg and Ebola epidemics, and a swine fever epidemic that wiped out most of their pigs, are also reported to have occurred.
1999 to 2007	<b>War in Ituri District (Neighbouring Administrative District)</b> A low level conflict continued in Ituri for seven years with more than six ethnically based armed groups fighting intermittently, leaving more than 50,000 people dead and another 400,000 displaced.
2005	<b>United Nations Mission in the DRC</b> Since 2005, the DRC government, with the help of United Nations Mission in the Democratic Republic of Congo (MONUC), and the support of the United Nations Development Programme (UNDP) have been attempting to demobilise former members of various armed groups in Ituri district.
2008	<b>Lord's Resistance Army in Haut-Uélé District</b> Since 2008, the Ugandan rebel group, the Lord's Resistance Army (LRA) has been attacking villages in the north of Haut-Uélé District, close to the Sudan border, looting, killing, raping, and kidnapping children to turn them into soldiers, sex slaves and porters. It is estimated that around 70,000 people have been displaced as a result, as people have fled the area to seek protection and shelter. The areas closest to the Project site that have been affected are Dunga and Faradja.
2008	<b>Ituri District</b> In September 2008, fighting broke out between the DRC Armed Forces (FARDC) and a newly formed militia <i>Front Populaire pour la Justice au Congo</i> (FPJC) southwest of Bunia in Ituri District. As of the end of 2008, the FARDC with the support of MONUC were said to have the situation under control, though the security situation remains volatile.

## 6. Impacts and Mitigation

The socio-economic environment around the Project has been severely degraded over the past 20 years. The results of the war, weak governance, internally displaced people, a breakdown of social infrastructure, and high levels of diseases have contributed to a highly vulnerable community. The vulnerability of the community means that their capacity to adapt to change is limited. Any negative impacts of the Project will be felt far more acutely than by a population that has the capacity to adapt. However, as well as negative impacts that need to be mitigated, the presence of the Project also presents a range of opportunities to improve the livelihoods and conditions for the local population. Maximising these opportunities will not only benefit the local population but also the company as a strong and stable society is more resilient to conflict and unrest.

Resettlement of certain communities located within the Project area has been identified as one of the most significant impacts of the Project. The need to resettle communities in such an environment poses considerable challenges to the company, the community and the authorities. However it is also evident that despite the communities being highly vulnerable to social change, there are opportunities for resettlement to be a constructive developmental initiative.

From site visits undertaken, analysis of the mine plans, examination of available documentation and from the qualitative interviews with residents, artisanal miners, local authority administrators, and other key stakeholders the key issues that emerge are the following:

- Issue 1: Employment
- Issue 2: Economic Opportunities
- Issue 3: Loss of Economic Activities
- Issue 4: Land and Natural Resources
- Issue 5: Involuntary Resettlement
- Issue 6: Population Influx
- Issue 7: Local Government and Decentralisation
- Issue 8: Community Health and Safety
- Issue 9: Upgrading Infrastructure
- Issue 10: Conflicts

The Project Optimisation Study risk assessment matrix (

Figure 3) has been used to categorise the impacts. Those impacts in the red shaded boxes are the highest risk. The matrix ranking is based on pre-mitigation impacts. There is the potential for many of the negative impacts to be managed and mitigated so as to produce a positive impact of benefit for both the community and the Project.

The impacts are discussed in detail below with the pre- and post-mitigation impact ranking indicated in each case.

**Figure 3 Project Impacts (Assignment is Prior to Mitigation)**

Likelihood	Consequences				
	1 Insufficient	2 Minor	3 Moderate	4 Major	5 Catastrophic
Certain (A)	10.1	7.2	7.1	5.2	5.1
Likely (B)	6.1	4.3	4.2	4.1	3.1
Possible (C)	1.1	6.2	8.1	9.1	3.2
Unlikely (D)	2.1			5.5	5.3
Rare (E)	2.3	2.2	5.4	1.2	

Risk Level	Priority	Example Action
Positive		Positive impact expected – action required to enhance effects
High	1	Senior management attention; immediate corrective and preventive action required
Medium	2	Management responsibility assigned; corrective and preventive action plan developed
Low	3	Manage by routine procedures; accept risk

## 6.1. Issue 1: Employment

- Impact 1.1: The construction of the mine will increase job opportunities.
- Impact 1.2: The operation of the mine will increase job opportunities.

Pre	Post
Low +	Med +
Med +	High +

Both the construction and operational phases of the Project will provide jobs in an area where employment opportunities are very limited. While this in itself is a positive impact, a significant challenge facing the Project will be to decide on a fair mechanism for allocating jobs to local people in order to reduce the potential for conflict over employment. Defining who is “local” will be a complex task and will need the full support of the traditional and government authorities. Tension already exists around who gets employed at the exploration site, with Borgakim being accused of not employing people who are traditionally from this area. A lack of local capacity and skill levels is a major impediment to preferential local employment.

To manage these challenges the Project will need to ensure that robust recruitment and training systems are in place and that local people have access to information and a grievance mechanism.

## 6.2. Issue 2: Economic Opportunities

- Impact 2.1: The mine will provide taxes and royalties to the DRC government during construction.

Pre	Post
Low +	High +

- Impact 2.2: Employment at the mine during construction will strengthen the economy.
- Impact 2.3: The mine will increase the opportunities for regional business during construction and operation.

Low -	Med +
Low +	High +

The Project and the employment opportunities it offers will have positive impacts on the local, regional and in some cases national economy, through taxes and royalties, wages spent, goods and services procured and remittances sent home.

The Project should seek to ensure that the benefits to the local communities and economy are maximised as these are the people who will be most exposed to any negative Project impacts.

### 6.3. Issue 3: Loss of Economic Activities

- Impact 3.1: The mine will permanently displace income generating activities
- Impact 3.2: The Project will lead to loss of economic livelihoods

Pre	Post
High -	Low +
High -	Low +

Despite the potential boost to the local economy, the Project will also result in a loss of economic activity and livelihood for some people, particularly those benefiting from the ASM economy within the mine's boundaries, including those people employed by OKIMO (see Figure 3). Although the artisanal miners are bound, in terms of the DRC legislation, to make way for the Project as the legally entrenched industrial mining enterprise, they have the potential to be a formidable obstacle to orderly resettlement and development. Further, they have high expectations as to what their compensation is likely to be. In order to mitigate this impact and risk to the Project it will be necessary to formulate an approach to the re-establishment of the ASM economy. The obligations of Moto need to be carefully worked out in relation to those of OKIMO. Furthermore, as there are various social characteristics of ASM that could pose a risk to Moto it will be necessary to determine roles, responsibilities and social obligations.

### 6.4. Issue 4: Loss of Land and Natural Resources

- Impact 4.1: The construction and operation of the mine will lead to increased pressure on surrounding land and resources.
- Impact 4.2: The construction and operation of the mine will lead to loss of land.
- Impact 4.3: The construction and operation of the mine will lead to loss of natural resources

Pre	Post
High -	Low +
High -	Low +
High -	Low -

The Exclusion Zone for the Project comprises approximately 3.150ha. Most of this land will be turned over to the Project for the mine and associated infrastructure. The land is currently utilised primarily for residential sites, agricultural activities and ASM mining activities. As a consequence there will be a loss of land and associated resources for those communities currently residing on the land and/or making use of the resources found on it. The loss of this area of land will also place greater demand and pressure on other agricultural land and resources.

In addition, the mine will require water and will draw water from underground water sources. This is highly localised and communities living within 500m from the operating pits should not experience loss of supply.

To mitigate these impacts the Project should ensure proper systems for replacement and compensation for land are put in place. This is provided for in the Project's Resettlement Policy Framework and the Resettlement Action Plan that will be developed.

## 6.5. Issue 5: Involuntary Resettlement

- Impact 5.1: Resettlement and relocation of household.s
- Impact 5.2: Loss of social infrastructure.
- Impact 5.3: Propensity for conflict to arise during relocation.
- Impact 5.4: Relocation of cemeteries and graves.
- Impact 5.5: Relocation of community facilities.

Pre	Post
High -	Med +
High -	Med +
High -	Med +
Low -	Low +
High -	Med +

The Project will potentially displace 11,523 people in 2,315 households. These are households and people currently residing within the Project's Exclusion Zone (see Figure 2). These populations stand to lose their physical, social and economic assets as a result of the Project operations. It is important to understand what these assets are in order to ensure that these populations are not made worse off by the resettlement process. This is provided for in the Resettlement Policy Framework and the Resettlement Action Plan that will be developed.

**Table 3 Total Population to be Relocated**

<b>Total Population to be Relocated</b>	<b>11,523</b>
Total Number of Households to be Relocated	2,315
Total Number of Graves to be Relocated	1,642
Total Villages to be Relocated	20
Total Cemeteries to be Relocated	4

**Table 4 Estimated numbers of people and households from the villages and settlements within the Project's Exclusion Zone who will be displaced by the Project.**

NAME	Surveyed	Estimated Population	Number of Structures	Number of Households
CAMP 45		126	49	25
CHAUFFEUR	✓	1,701	663	342
DOKO		257	100	52
GEKAMINE		67	26	13
GORUMBWA 1		10	4	2
KARAGBA	✓	1,293	504	260
KASIA	✓	Combined with Chauffeur	Combined with Chauffeur	Combined with Chauffeur
KISANGA	✓	931	363	187
KOKOLO	✓	346	135	70
KOMBOKOLO		31	12	6
MAKOKE		682	266	137
MANGBE	✓	977	381	196
MAREKEKE		95	37	19
MEMEKAZI		603	235	121
MISSION		675	263	136
NDALA 1	✓	1,637	842	329
NGANZI		146	57	29
QUARANTCIN		Combined with Camp 44	Combined with Camp 45	Combined with Camp 45
SALAMBONGO		1,867	728	375
SESENGE		80	31	16
<b>TOTAL</b>		<b>11,523</b>	<b>4,696</b>	<b>2,315</b>

**Table 4.1 – Reported cemeteries and graves within the Project's Exclusion Zone.**

CEMETERY	Reported Number of Graves
Azmabe / Mengu	45
Doko 1	425
Mengu	59
OKIMO Cemetery	1,113
<b>TOTAL</b>	<b>1,642</b>

Table 5 Physical Infrastructure to be Relocated

	Existing Number
Churches	7
Market Places	6
Nursery Schools	2
Primary Schools	9
Secondary Schools	2
Higher Institutes	3
Health Centres	4
Dispensaries	6
Water Supply	30
Electricity Supply	2
Landfills/Rubbish dumps	1
Public toilets	0
Meeting halls	1
Soccer and recreation fields	3

In addition to the individual households residing inside the exclusion zone that will need to be resettled, non-resident farmers, artisanal miners and tradesmen working within the zone will also be affected. Various community infrastructure including schools, health centres, markets, churches, and water infrastructure, as well as sacred sites will need to be considered. Land for resettlement purposes has already been identified and a resettlement committee will be established.

Table 6 Total Population to be Relocated by Trigger Event

<b>Total Population to be Relocated by Trigger Event</b>	
Site Mobilisation	1,880
Gold Plant Construction	257
KCD Pit	4,791
Mengu Hill Pit	95
Sessenge Pit	90
Pakaka Pit	3,630
Pamao Pit	749
Kombokolo Pit	31

Table 7 Total Population to be Relocated by Phase Number

<b>Total Population to be Relocated by Phase Number</b>	
1. Site mobilisation (Q1 Year -2)	1,880
2. Plant Construction (Q1 Year -2)	257
3. KCD Pit Mining and Tails Dam Bulk Earthworks (Q2 Year -1)	4,791
4. Mengu Hill / Sessenge / Kombokolo (Q1 Year 3)	215
5. Pakaka / Pamao (Q1 Year 6)	4,379

## 6.6. Issue 6: Population Influx

- Impact 6.1: The Project will increase the influx of people into the local area.
- Impact 6.2: The Project will lead to increases of social pathologies.

Pre	Post
Med -	Low -
Med -	Low -

As with all mines it can be expected that there will be an influx of people into the area looking for jobs or to take advantage of the economic growth during construction and operations. The years of war and ongoing conflict have created a large internally displaced population and increased levels of poverty, both of which mean that people are more likely to migrate for work. This impacts the access to housing, natural resources, employment and food in the local communities and will also bring with it increased levels of crime, prostitution, violence and disease.

To manage this influx the Project will need to have an Influx Management Plan and a robust recruitment plan that ensures that local people do not lose out on the opportunities. The establishment of a government endorsed moratorium on migration to the area will assist in this regard.

## 6.7. Issue 7: Local and Traditional Government

- Impact 7.1: The Project will disrupt the relationships with and between traditional authorities.
- Impact 7.2: The construction of the mine will place significant pressure on the current Watsa Administration.

Pre	Post
High -	Low +
High -	Low +

Each settlement that is due to be resettled has a leader; either, in the case of Okimo camps, a *chef de camp* or, in the villages, a traditional leader / chief. When these settlements are moved, a local leader will already exist in many of the new locations. The host site residents may not wish to have another chief staying on their land and the communities to be resettled will be concerned that their current chief will no longer have the authority. To avoid exacerbating tensions between settlements the Project should take care to include traditional and local leaders in all planning and decision making regarding the resettlement. A Resettlement Action Plan will be developed and implemented.

The local administration has few resources and lacks capacity in some areas. The additional administrative and financial management stretched resources.

## 6.8. Issue 8: Community Health and Safety

- Impact 8.1: The construction and operation impact on the health and safety of the community.

Pre	Post
High -	Med +

The activities of the mine, the changes in livelihood activities and the influx of migrant workers are all likely to have an impact on the health status of the local population and on the limited access to services. Vector borne and sexually transmitted diseases are likely to increase, as well as social pathologies such as alcoholism, drug abuse and violence. Accidents in and around the mine site may also increase.

Mitigation measures include health and safety plans, education programmes for the community, strict operating procedures for staff and contractors, and support for improved health facilities.

### 6.9. Issue 9: Basic Services and Social Infrastructure

Pre	Post
High -	Med +

- Impact 9.1: The Project will improve the social Infrastructures in the local area for community benefits.

Basic services including water, electricity and transport options are very limited in the Project area. The construction and operation of the mine will require water infrastructure, energy infrastructure and road infrastructure. There is an opportunity for the Project to contribute to the enhancement of these facilities while developing its own infrastructure requirements.

Any investment in local community facilities should only be undertaken after discussion with all relevant and interested stakeholders, and in cooperation or partnership with local government and where possible local organisations. This will ensure that benefits are equitably distributed and that the facilities will be functional and self-sustaining after the closure of the mine.

### 6.10. Issue 10: Conflict

Pre	Post
High -	Med +

- Impact 10.1: The construction and operation of the mine could trigger conflict due to a variety of reasons.

The north east region of the DRC is heavily prone to conflicts with a long history of conflict. However the local environment being relatively free of armed conflicts over the past 5 years. The construction and operation of the mine could trigger conflict in a fragile environments such as the north east DRC. These conflicts may arise due to a variety of reasons some of which as a result of loss of income, land for substances, and tribal and ethnics tensions.

**Table 4: Summary of impacts**

Issues/Impacts	Extent	Duration	Probability	Confidence	Significance		
					Baseline	Before Mitigation	After Mitigation
<b>Issue 1: Employment</b>							
Impact 1.1: The construction of the mine will increase job opportunities.	Local	Short	Certain	High	None	Low (+)	Medium (+)
Impact 1.2: The operation of the mine will increase job opportunities.	Local	Medium	Certain	High	Low (+)	Medium (+)	High (+)
<b>Issues 2: Economic Opportunities</b>							
Impact 2.1: The mine will provide taxes and royalties to the DRC government during construction.	National	Medium	Likely	High	Low (-)	Low (+)	High (+)
Impact 2.2. The employment at the mine during construction will strengthened the economy.	Local	Short	Certain	Medium	None	Low (-)	Medium (+)
Impact 2.3: The mine will increase the opportunities for Regional business during construction and operation.	Regional	Medium	Likely	Medium	None	Low (+)	High (+)
<b>Issue 3: Loss of Economic Activities</b>							
Impact 3.1: The mine will permanently displace economic activities.	Local	Long	Certain	High	None	High (-)	Low (+)
Impact 3.2: The Project will lead to loss of economic livelihoods	Local	Long	Certain	High	None	High (-)	Medium (+)
<b>Issue 4: Land and Natural Resource</b>							
Impact 4.1: The construction and operation of the mine will lead to increase pressure on surrounding land and resources.	Local	Long	Likely	Medium	None	High (-)	Low (-)
Impact 4.2: The construction and operation of the mine will lead to loss of land.	Local	Long	Medium	Consistently	None	High (-)	Low (+)
Impact 4.3: The construction and operation of the mine will lead to loss of natural resources	Local	Long	Medium	Consistently	None	High (-)	Low (-)

<b>Issue 5: Involuntary Relocation</b>							
Impact 5.1: Resettlement and relocation of households.	Local	Long	Certain	High	None	High (-)	Medium (+)
Impact 5.2: Loss of social infrastructures.	Local	Short	Certain	High	None	High (-)	Medium (+)
Impact 5.3: Propensity for conflict to arise during relocation.	Local	Long	Likely	High	None	High (-)	Medium (+)
Impact 5.4: Relocation of cemeteries and graves.	Local	Medium	Certain	High	None	Low (-)	Low (+)
Impact 5.5: Relocation of community facilities.	Local	Short	Certain	High	None	High (-)	Medium(+)
<b>Issue 6: Population Influx</b>							
Impact 6.1: The Project will increase the influx of people local area.	Local	Medium	Likely	High	Low (-)	Medium (-)	Low (-)
Impact 6.2: The Project will lead Increase social pathologies.	Local	Long	Certain	High	Low (-)	Medium (-)	Low (-)
<b>Issue 7: Local Government and Decentralisation</b>							
Impact 7.1: The Project will disrupt the relationships with and between traditional authorities.	Local	Long	Likely	Medium	Low	High (-)	Low (+)
Impact 7.2: The construction of the mine will place significant pressure on current Watsa Administration.	Local	Medium	Likely	High	Medium (-)	High (-)	Low (+)
<b>Issue 8: Community Health and Safety.</b>							
Impact 8.1: The construction and operation impact on the mine and safety of the community.	Local	Medium	Likely	High	Low (-)	High (-)	Medium (+)
<b>Issues 9: Upgrading Infrastructure.</b>							
Impact 9.1: The Project will improve the social Infrastructures in the local area for community benefits.	Local	Medium	Certain	High	Medium (-)	High (-)	Medium (+)
<b>Issue 10: Conflicts</b>							
Impact 10.1: The construction and operation of the mine could trigger conflict due to a variety of reasons	Local	Medium	Likely	Medium	None	High (-)	Medium (+)

## 7. Conclusions

The Project represents the first large scale investment opportunity in this remote corner of the north eastern DRC. The plan to construct a modern mine to exploit a significant reserve of gold in this socio-economic context poses significant risks to the Project as well as impacting on the community. However it also represents an opportunity for Moto to contribute to the improvement of local peoples' lives and the development of the country in a number of ways. The social environment is highly degraded as a result of ongoing conflict and a brutal war, poor infrastructure, weak government, very low levels of access to basic services (health, education, welfare, housing, energy, roads, water and sanitation) and poor economic opportunities (subsistence agriculture, artisinal, small scale mining and trading) for the majority of the population. A successful investment in a mine will require a significant focus on the social environment to ensure that the risks posed to the Project are successfully mitigated; and the positive and negative impacts generated through the Project on the communities are successfully mitigated.

The highest risks facing the Project as well as the community relate to the resettlement of communities and loss of economic livelihoods from inside the exclusion zone. These will include loss of dwellings and physical structures, and also loss of land, loss of agricultural assets and natural resources, and a loss of access for artisanal miners working inside the exclusion zone. The immediate area around the Project accounts for the vast majority of the gold trade into Uganda. Any disruption to this economic activity could exacerbate conflict further. The development and implementation of a Resettlement Action Plan should seek to ensure impacted communities consent to the plans based on a participatory and well informed process; provide opportunities for impacted communities to improve their living conditions; ensures host communities are in agreement with new settlements; handle potential conflicts and grievances in a way that does not lead to violence; and is well governed. Without achieving this, the risks to the Project remain very high.

If successfully managed, however, there is the real opportunity for the upliftment of the communities from their current dire social conditions. The creation of jobs and the procurement of goods and services locally, where possible, have the potential to revitalise the ailing local economy. If managed appropriately, royalties and taxes from the Project will benefit the whole country. The living conditions for those communities being resettled should be an improvement to their current situation. The Project has identified possible upgrading of local infrastructure as well as community investments which will bring benefits to the society.

The Project will also put a strain on local resources as migrant workers move into the area and the traditional balance of power and authority is disrupted. The expectations on the Project are high and need to be managed. In planning and managing the construction, operation and closure of the mine, the Project needs to take special care to ensure that all relevant stakeholders are involved in the decision making process. In such a fragmented and complex web of loyalties and allegiances, it would be easy to exclude a key representative and provoke new tensions. It will be necessary to work closely with the government and encourage Kinshasa to dedicate greater resources to the decentralisation process, ensuring greater capacity building for the Watsa Administration.

Some social issues may appear to be beyond the control of the Project. Nevertheless the Project's ability to influence the local socio-economic, political, human rights and security context should not be underestimated. Similarly the Project should understand that it may be held accountable or perceived as being complicit in issues or events over which it has no control.

The social issues and impacts associated with operating in DRC are complex and represent significant risks to the Project. A significant benefit to the Project and the associated investment is that the immediate local area has been free of conflict. The current management of community relationships has resulted in the exploration site being free of conflict and serious crime. This status needs to be maintained to ensure the success of the Project. Recent events with regards to the violence of the LRA highlights the critical need for the Project to have a well managed security plan in place and to ensure that the best form of security is through excellent community relationships. Attention to community and worker health, safety and welfare will be an important issue.

Despite the current environment being difficult to operate in, it also represents an important opportunity for the society to move itself out of conflict, war and under development to a state of greater human and economic potential. In these very conditions the greatest human rights risks are presented to companies. The north eastern DRC is a volatile region and gaining stability will not only be good for the immediate area, but the region (DRC, Uganda, Rwanda and Sudan) as a whole.

If the Project is managed in such a manner so as to ensure that the recommended mitigation measures are implemented the Project has the potential to make a significant positive contribution to the region. The mitigation measures aim to reduce the significance of negative impacts and to optimise positive impacts.