

# EDC PROJECT REVIEW SUMMARY:

## Mardie Salt and Potash Mining/Evaporative Solar Project

<b>Project Description</b>	Construction and operation of a high-purity salt (NaCl) and Sulphate of Potash (SOP) mining/evaporative solar project.
<b>Project Sponsors</b>	BCI Minerals Ltd.
<b>Country</b>	Australia
<b>Project Category</b>	A
<b>Canadian Exporter(s)</b>	Canada Steamship Line (“CSL”)
<b>Description of capital goods and/or services</b>	Export Support
<b>EDC Product</b>	Structured Project Financing
<b>Date of publication on EDC’s website (dd/mm/yy)</b>	04/08/2023
<b>Date of Signing (dd/mm/yy)</b>	04/10/2024

### Project Categorization

The Project supports the construction and operation of a greenfield mining/evaporative solar project and associated infrastructure (nine evaporation ponds, salt crystallizers, salt wash plant, SOP plant, port facilities, a gas power plant, a desalination plant and supporting infrastructure) to produce high-purity salt (NaCl) and Sulphate of Potash (SOP) in the Pilbara coast of Western Australia (WA). Given the size of the Project and associated infrastructure (~140 km<sup>2</sup>), the presence of indigenous communities triggering Free, Prior, and Informed Consent (FPIC) requirements, and the conversion of natural habitat into modified habitat, the transaction is considered a Category A project. Category definitions can be found [here](#).

### Summary of EDC’s Review

EDC reviewed the Project in accordance with its Environmental and Social Review Directive (ESRD) and the Equator Principles (EPs). The Project’s relevant environmental and social (E&S) information was also subject to a 60-Day *ex-ante* disclosure starting on August 4<sup>th</sup>, 2023, and included the Project’s full Environmental Impact Assessment (EIA) linked to a dedicated website.

An Independent Environmental and Social Consultant (IESC) was retained by the Lenders group to benchmark the Project against host country standards, the Equator Principles IV (EPIV) and the IFC Performance Standards (IFC PS). In parallel, EDC conducted a similar benchmarking exercise leveraging and contrasting the information produced by the IESC. Where gaps against international standards were identified, the Project Sponsors committed to address them via time-bound commitments in an Environmental and Social Action Plan (ESAP). A

site visit was not conducted as Australia is considered a highly regulated country, but the IESC conducted two site visits on behalf of Lenders and provided a virtual update to EDC.

EDC has concluded that, given the information provided to date and with the expected completion of the ESAP developed to address the identified gaps, the Project has fulfilled the requirements of the ESRD and the EPs for Category A projects.

**Summary of Key Environmental and Social Risks and Mitigants**

EDC due diligence determined that the Project Sponsors have demonstrated adequate capacity to manage their environmental and social risks and have suitably avoided and minimized impacts per the mitigation hierarchy. The following table summarizes key risks identified for the Project along with the most pertinent mitigations that were applied for each.

Key Risk	Key Mitigants
Presence of <u>Indigenous Peoples (IPs)</u> triggering FPIC requirements.	<ul style="list-style-type: none"> <li>• Re-design of BCI’s annual stakeholder engagement program to focus on stakeholders’ needs, periodic socialization of external grievance mechanism, workforce training in human rights (“HuRi”) issues, incorporation of HuRi risks into the Project’s risk register, dedicated reporting on stakeholder engagement activities, metrics, public consultation, IP consultation, vulnerable people consultation, and the development of a cultural heritage management plan and cultural heritage induction in collaboration with IPs.</li> </ul>
Potential <u>biodiversity impacts</u> due to the conversion of natural habitat to modified habitat, seawater consumption, and discharge of bitterns/brines (solution with high concentration of precipitated salt) to marine environments.	<ul style="list-style-type: none"> <li>• Robust biodiversity baseline characterization of inland and offshore biota to properly understand the ecological dynamics of the area.</li> <li>• Adaptative design to avoid high biodiversity value areas (benthic communities/habitats, mangrove areas, and inland and intertidal waters), as well as maximizing the use of pre-disturbed bare mud flats.</li> <li>• Dilution of bitterns with seawater to reduce the salt concentration of the bitterns prior to their discharge.</li> </ul>

## Documentation Reviewed:

The following is an illustrative list of key documentation that was reviewed as part of the current confirmation of the ESRD.

1. Ramboll's Environmental and Social Due Diligence (ESDD) Report, Jun 2022
2. Ramboll's Environmental and Social Addendum, Mar 2023
3. Northern Australia Infrastructure Facility, E&S Review of Projects Policy, 2021
4. BCI's Shareholder Communication Policy, Nov 2022
5. BCI's Whistleblower Policy, Aug 2022
6. BCI's Risk Management Policy, Mar 2023
7. BCI's People Policy, Jul 2022
8. BCI's Human Rights Policy, Aug 2022
9. BCI's Diversity, Equity, and Inclusion Policy, May 2022
10. BCI's Code of Conduct, Jul 2022
11. BCI's Cultural Heritage Policy, May 2022
12. BCI's Community Policy, Jan 2022
13. BCI's Health and Safety Policy, Aug 2022
14. BCI's Environmental Policy, Jan 2022
15. Preston Consulting's Optimized Mardie Project Supplementary Report, Jan 2022
16. Preston Consulting's Mardie Project Environmental Review Document, Jun 2020
17. BCI's Mardie Project Compliance Report 2022-2023, May 2023
18. Australia's Environmental Protection Authority, Optimized Mardie Project, Jun 2023
19. BCI's Update of the Mardie Salt and Potash Project and Base Case, Jun 2023
20. EDC's IBAT and Critical Habitats Screening on Mardie

Other relevant documentation and sources of information:

1. Q&A calls with the E&S representatives of BCI, ECAs, IESC, and Mardie.
2. IESC site visit on behalf of Lenders (March 15 to 16, 2021 and May 10 to 11, 2022).

## Applicable International Finance Corporation (IFC) Environmental and Social Standards used by EDC (in addition to host country requirements):

- Performance Standard 1: Social and Environmental and Management Systems
- Performance Standard 2: Labour and Working Conditions
- Performance Standard 3: Pollution Prevention and Abatement
- Performance Standard 4: Community Health, Safety and Security
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management of Living Natural Resources
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage

When applicable, EDC also considered the relevant aspects of the World Bank General EHS Guidelines, the EHS Guidelines for mining, the EHS Guidelines for Electric Power Transmission and Distribution, and the EHS Guidelines for Ports, Harbours, and Terminals.