

# Resettlement Action Plan

The overall goal of the Resettlement Action Plan (RAP) is to enable Terra Energy to responsibly manage the impacts of resettlement and livelihood restoration of local families. This will be in line with the best short-term and long-term interests of local communities near the BNU coal project. It will also comply with all relevant Mongolian laws and regulations and internationally recognized benchmarks.

The Plan has defined the preparation, procedures and management needed to accomplish community resettlement, compensation, and associated tasks required by the Project.



The following principles are guiding the development of the RAP for Terra Energy:

- Resettlement and livelihood restoration must comply with Mongolian legal requirements.
- Compensation and livelihood restoration must at a minimum meet replacement value: households which will be physically relocated because of Terra's mining activities must be fairly compensated for lost assets of at minimum, equal value.
- The process must be driven by participatory planning and consultation: all people affected by resettlement should be consulted to ensure that mitigation of adverse effects as well as the potential benefits of resettlement is appropriate and sustainable.

The process of negotiation and resettlement will involve significant and ongoing consultation with those people impacted by the project, to ensure the mitigation of adverse impacts and the benefits of resettlement are appropriate and sustainable.

Terra Energy has engaged a number of companies to conduct Environmental and Socio Economic Studies.

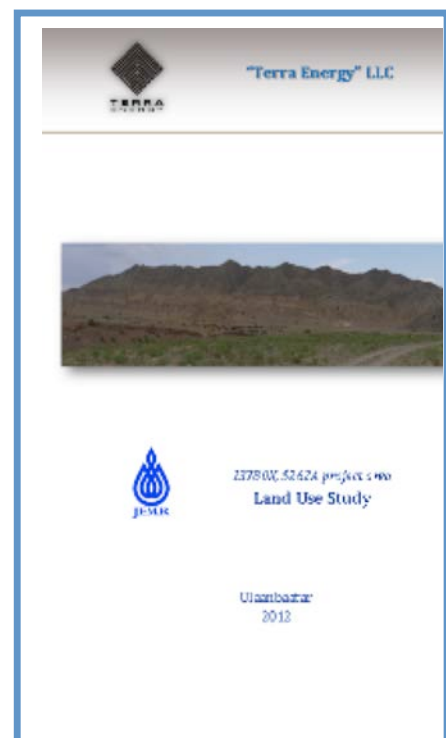
These include:

1. JEMR.
2. Eco-productivity.
3. Sustainability.
4. Aquaterra.

Each consultancy was responsible for various elements of the environmental and socio-economic impact studies.

These include:

- Environmental Impact Assessment (Eco Productivity, approved August 2012).
- Land Use Study (JEMR Consulting, 2012).



- Census of households in part of the MV017162 license area (Sustainability, 2012).
- Detailed Environmental Impact Assessment – Mine site and Coal road (2013).
- Environmental management Plans (Approved each year).

These reports and ongoing engagement with government departments and the local community provide a foundation from which we build firm relationships.

The environmental assessment allowed us to identify two important impacts on the socioeconomic environment: loss of shelters and pasture use impacts.

Mitigation measures adopted have enabled Terra Energy to proceed with a resettlement and compensation program for those directly impacted by mine activities. A more detailed assessment of compensation for loss of pasture and other indirect impacts is ongoing with around 95% now complete. All results are forwarded to the authorities by Terra Energy in order to ensure transparency.



Terra Energy wishes to comply with good international practice and the World Bank Group's Operational Policy 4.12 provides a framework relating to the involuntary resettlement. The objectives of this policy are:

- To conceive the activities of involuntary resettlement and compensation as programs of sustainable development, supplying enough resources of investment so that the displaced persons by the project have the opportunity to perceive profits.
- The displaced people and receiving a compensation must be formally consulted and have the opportunity to participate in the planning and in the implementation resettlement programs.
- The displaced persons must be assisted in their efforts to improve their livelihood and their standard of living, or at least restore them, in real terms, at their level before the relocation.