

RONG-AN INC



PROJECT SUMMARY

Re Application for an Environmental Authorization In Relation To State Forest Exploratory Permit 2/2011



July 24, 2015

1. INTRODUCTION

Rong-An Inc. was incorporated in Guyana under the provisions of the Companies Act of Guyana on September 1, 2006 (see Annex 1). The Company plans to invest more than US\$50million in Guyana in various sectors including an initial US\$20m in the forestry sector. To this end it has established an office at 139, Lindley Avenue, Nandy Park, EBD and has complied with all the necessary requirements for corporate entities (see for example TIN certificate in Annex II) and currently employs seventy persons.

On the basis of its application for a State Forest Exploratory Permit (SFEP) to the Guyana Forestry Commission (GFC) granted a State Forest Exploratory Permit (SFEP) designated 2/2011 for an area of 57,929.60 hectares of forest resources in the upper right bank Berbice River (see Annex III). The SFEP grants the company the legal authority to:

- a) Establish partnerships with other developers in the natural resources sector in the upper Berbice River, including but not limited to loggers, loggers associations and communities;
- b) Collect baseline data on the natural resources and land use respectively within the concession area itself with emphasis on forestry resources;
- c) Review the legal, economic and social framework impacting on logging operations in Regions 6 and 10 with a view to determining business options for concession area;
- d) Estimate the nature and extent of merchantable timber within the concession and the feasibility of carrying out timber harvesting in line with the suite of prescribed forest management parameters. This also includes analysis of the road infrastructure, equipment and skills sets necessary to carry out timber harvesting within the concession area;
- e) On the basis of the foregoing, to present to the EPA, the GFC and other relevant agencies, feasible and practical measures to address effectively any negative impacts that emerge from timber harvesting operations and ancillary works within the concession area or its environs with a view to obtaining an Environmental Permit from the EPA and a forest concession agreement from the GFC.

To assist with these, tasks, Rong-an Inc. has recruited Mr. Godfrey Marshall, consultant, who will work with other experts to produce a report acceptable to the Government of Guyana and other stakeholders generally and the EPA in particular.

2. Overall Objective of the Company

The overall strategic objectives of the Company are to:

- a) Acquire a forest concession agreement that would grant rights for the harvesting of timber from the agreed productive areas within the concession, subject to a cutting cycle and applicable forest management prescriptions agreed with the GFC (and the EPA and other agencies);

- b) Develop the concession (see Section 4) to the extent that the company can extract about 40m³ of lumber per day and transfer this volume to Kwakwani Water Front where RONG-AN INC.'s has a log depot, a distance in excess of 116 km; and
- c) Develop meaningful partnerships with other developers, loggers associations and communities in the district.

3. The Concession Area

The concession area is located in the upper right bank Berbice River, within Region 6. Two other major concessions occur in the general geographic area, Baishanlin to north and to the south-east, and Variety Woods limited to the west.

Currently the area is accessed via the UNAMCO Road (The Berbice River at that latitude do not support the movement of marine vessels due to its shallow depth in dry season, the occurrence rock outcrops and waterfalls and extensive sandbars). Prior to accessing the area, no other kind of land use was detected by Rong-An Inc.'s operatives carrying out reconnaissance surveys by air or overland; also there is no evidence of anyone living in or around the area or even traversing the area. Initial reconnaissance surveys indicate that the entire area contain intact forests.

4. Project Activities

RONG-An-Inc. is investing US\$20million initially in this project. The tasks to be undertaken on the project (subject to the receipt of a forest concession agreement) may be divided into three categories: offsite administrative issues, timber harvest planning and timber harvesting operations.

4.1 Administration

This relates to corporate responsibilities and administrative and business arrangements necessary for conducting business in Guyana, including sourcing the suite of applicable licenses and permits. Rong-An Inc. will invest heavily in building partnerships with the Guyanese forestry industry in Regions 6 and 10; specifically, Rong-An Inc. commits to supporting maintenance of the UNAMCO Road.

4.2 Planning Operations

RONG-AN INC. will carry out the following planning activities on the site:

- Management level inventories, leading to the physical organization of the concession area into productive and non-productive forests, and involving extensive line cutting activities;
- Road alignment works , scoping works for bridge and culverts and earthworks;
- Identifying locations for a base camp and forward camps;
- Organization of the productive area into 100 hectare blocks, acts which entail extensive line cutting works;
- Conducting 100% inventories;
- Aligning and setting out skid trails; and
- Tree marking activities.

4.3 Timber Harvesting Operations

In the main, RONG-AN INC. will carry out the following operations on a regular basis

- Road construction and road maintenance
- Skid trail and log market construction respectively
- Felling and bucking trees (using approved chainsaw techniques)
- Skidding trees to log markets for sorting and grading
- Hauling logs using trucks 6X 6 trucks and capable of carrying >30m³ per trip.

5. Negative environmental Impacts and their mitigation

5.1 Negative Impacts

A number of negative impacts will be generated by the activities proposed under Section 4.3.

Dust and vibration

The company will use assorted heavy duty equipment, including bulldozers, front-end loaders, skidders, excavators, motor-graders, compactors and heavy-duty trucks within the concession area. These machines will be used in road construction (including bridge and culvert construction), in felling, skidding and hauling logs. The use of these machines will create vibration and in many instances dust that would cause discomfort to fauna leading to their temporary migration from some sites.

Impacts on water courses and air quality

Road construction in particular will necessitate a whole range of earth works, including the creation of borrow pits, creating dust and erosion. Eroded material will pollute waterways if not managed properly. Dust will impact on air quality.

Changes in forest quality, landscape values

Felling trees and skidding logs are very noisy, dusty affairs, probably stressful to fauna. The selection of the better quality trees from forest stands may lead to genetic degradation within the mass of vegetation while altering forest structure at the stand level. Felling trees (and constructing roads) could alter landscape values through the degradation of aesthetic values.

Potential loss of indigenous assets

Logging could potentially destroy assets of indigenous or archaeological values.

Social problems

A large number of workers will be recruited to support the timber harvesting operations within the concession area and these will cause the generation of waste of various kinds and staff welfare issues that need to be managed.

5.2 Mitigation of negative impacts

Detailed planning of all forest interventions, training of staffs in the appropriate skills sets, briefing sessions for staffs targeting conservation of the environment, liaison with the appropriate public agencies

and NGOs, and partnerships with other loggers and communities in the area will be the baseline for mitigating negative impacts.

6. Project duration

The project is expected to have a life of at least 50 years

7. Budget

The company expects to invest US\$20million in the development of the concession.

8. Employment

The company expects to employ an additional 80 persons on receipt of the forest concession. Communities in the upper Ituni-Kwakwani corridor will be targeted.

9. Compliance with all relevant legislation, policies and guidelines.

Rong-An Inc. will do its utmost to support the development of Guyana. Specific measures include:

- a) total compliance with its corporate responsibilities, including attention of all relevant legislation and forest management standards,
- b) the timely payment of taxes to the Government,
- c) material support for communities in Regions 6 and 10; and
- d) support for the maintenance of the regional road network, especially the 120km UNAMCO Road.

Annex III- Outline of Map of SFEP 2/2011

