

INTERNATIONAL CYANIDE MANAGEMENT INSTITUTE

Gold Mining Operations



Summary Audit Report Form

**For the
International Cyanide Management Code**

**MINERAÇÃO APOENA S.A.
AURA MINERALS GROUP
MINA SÃO FRANCISCO**

11~15 APRIL, 2011

www.cyanidecode.org

January 2011

The International Cyanide Management Code (hereinafter “the Code”), this document, and other documents or information sources referenced at www.cyanidecode.org are believed to be reliable and were prepared in good faith from information reasonably available to the drafters. However, no guarantee is made as to the accuracy or completeness of any of these other documents or information sources. No guarantee is made in connection with the application of the Code, the additional documents available or the referenced materials to prevent hazards, accidents, incidents, or injury to employees and/or members of the public at any specific site where gold is extracted from ore by the cyanidation process. Compliance with this Code is not intended to and does not replace, contravene or otherwise alter the requirements of any specific national, state or local governmental statutes, laws, regulations, ordinances, or other requirements regarding the matters included herein. Compliance with this Code is entirely voluntary and is neither intended nor does it create, establish, or recognize any legally enforceable obligations or rights on the part of its signatories, supporters or any other parties.

SUMMARY AUDIT REPORT FOR GOLD MINING OPERATIONS

Instructions

1. The basis for the finding and/or statement of deficiencies for each Standard of Practice should be summarized in this Summary Audit Report. This should be done in a few sentences or a paragraph.
2. The name of the mine operation, lead auditor signature and date of the audit must be inserted on the bottom of each page of this Summary Audit Report.
3. An operation that is in substantial compliance must submit a Corrective Action Plan with the Summary Audit Report.
4. The Summary Audit Report and Corrective Action Plan, if appropriate, with all required signatures must be submitted in hard copy to:

**International Cyanide Management Institute (ICMI)
888 16th Street, NW, Suite 303
Washington, DC 20006, USA**

5. The submittal must be accompanied by 1) a letter from the owner or authorized representative which grants the ICMI permission to post the Summary Audit Report and Corrective Action Plan, if necessary, on the Code web site, and 2) a completed Auditor Credentials Form. The lead auditor's signature on the Auditor Credentials Form must be certified by notarization or equivalent.
6. Action will not be taken on certification based on the Summary Audit Report until the application form for a Code signatory and the required fees are received by ICMI from the applicable gold mining company.
7. The description of the operations should include sufficient information to describe the scope and complexity of the gold mining operation and gold recovery process.

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GENERAL INFORMATIONS

Name of Mine: Mina São Francisco
Name of Mine Owner: Aura Minerals
Name of Mine Operator: Mineração Apoena S.A.
Name of Responsible Manager: Jota Júnior José de Azevedo
Address: Mina São Francisco, Serra da Borda, s/n, CEP 78.245-000
State/Province: Mato Grosso / Vila Bela da Santíssima Trindade
Country: Brazil
Telephone: 55 (65) 3259-1900 Fax: 55 (65) 3259-1964
E-Mail: jota.azevedo@auraminerals.com

HISTORY

- In 1700, the first gold occurrence in São Francisco was discovered;
- From 1720 to 1830 about 60 t of gold were produced and shipped to Portugal;
- July 2003, Yamana acquired the mineral rights;
- March 2006 plant operation was started-up with commercial production reached in August 2006.
- In 2007, implementation of Cyanide Code was started in Mina São Francisco;
- In 2010, São Francisco and São Vicente mines were sold to Mineração Apoena S.A. starting to operate in May 1st.
- In April 2011, it was realized the Audit on Cyanide Code.

PRESENTATION OF THE COMPANY:

Mina São Francisco explores and benefits gold ore. It is located in the extreme west of the state of Mato Grosso, approximately 560km of the state's capital, Cuiabá and 112 km from Vila Bela da Santíssima Trindade. Currently, there is a total of 847 employees working in Mina São Francisco, whose 274 are proper and 573 are third parties.

PRODUCTIVE PROCESS

The exploration is made in open pit mine and the ore beneficiation is made through processes of Geological mapping, Mine, Crusher, Gravimetry, Leaching, Adsorption and Desorption, Smelting and Dams.

Geologic mapping: The geologic mapping consists on detailed comments of the petrologic and structural feature in field, and the relation of the lithological units and probable mineralized zones.

Mine: The Mine process is responsible for the ore extraction from ground and by its supply to the gravimetric process and leaching process.

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Crushing: This unit breaks the ore rocks received from the mine for reduction of the granulometry to release the gold contained in the ore. This process is made through the crushing plant, using jaw and conical crushers, conveyor belts and intermediate stockpiles.

Gravimetry: Carries out the separation of the thick gold through the physical process that considers the difference of density between the materials.

Leaching: It is the selective dissolution of metallic components of ore through the action of a leaching agent (cyanide).

Adsorption and Desorption: Adsorption through activated coal is the process in which the solution including gold enters in contact with the coal and the gold is absorbed. The coal is distributed in the tanks in countercurrent system, where the coal is collected for posterior processing in the first adsorption tank, that way the coal of the previous tank is transferred to the next tank. Desorption is the process of recovery of the gold in the loaded coal proceeding from the leaching and adsorption. For this process of recovery, elution columns (Zadra type) are used.

Smelting: In this process, all the gold production is fused into gold bars that are sent to be external refined.

Dams: There are four dams in Mina São Francisco:

- Longa Vida Dam: water inflow.
- Dique de Finos: decantation dam of effluent of the Gravimetric Plant and water reuse.
- Casarão Dam: safety dam of the gravimetric plant.
- Cabeceiras Dam: safety dam of cyaniding process.

SUPPORT PROCESS

Some processes provide support to productive activities, such as SSMA – Health, Safety and Environment, Supplies, Financial Management, Human Resources and Communities.

The Management System documents are organized in Policies, Integrated Manual of Management System of Mina São Francisco, Standards of System (PS), Operational Standards (PO) and Forms of System Registries (FS).



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Auditor's Finding

This operation is

- in full compliance
- in substantial compliance *(see below)
- not in compliance

With the International Cyanide Management Code.

Audit Company: **JULIO MONTEIRO AUDITORES DA QUALIDADE LTDA.**

Audit Team Leader: **JÚLIO C. M. MONTEIRO**

E-mail: jmaq@ig.com.br

Names and Signatures of Other Auditors: -----

Date(s) of Audit: **11~15 April, 2011.**

I attest that I meet the criteria for knowledge, experience and conflict of interest for Code Verification Audit Team Leader, established by the International Cyanide Management Institute and that all members of the audit team meet the applicable criteria established by the International Cyanide Management Institute for Code Verification Auditors.

I attest that this Summary Audit Report accurately describes the findings of the verification audit. I further attest that the verification audit was conducted in a professional manner in accordance with the International Cyanide Management Code Verification Protocol for Gold Mine Operations and using standard and accepted practices for health, safety and environmental audits.



Audit Team Leader: Júlio César Macêdo Monteiro

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1. PRODUCTION: *Encourage responsible cyanide manufacturing by purchasing from manufacturers who operate in a safe and environmentally protective manner.*

Standard of Practice 1.1: *Purchase cyanide from manufacturers employing appropriate practices and procedures to limit exposure of their workforce to cyanide, and to prevent releases of cyanide to the environment.*

The operation is in full compliance with
 in substantial compliance with Standard of Practice 1.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has a contract to EI DUPONT DE NEMOURS & CO., INC. (DuPont) PO BOX 80023, WILMINGTON, DE 19880 +1 3029925336 Fax #, certified according to ICMI Practices for Sodium Cyanide Producers. The contract between both parties was signed by Gary W. Spitzer - President of El DuPont de Nemours & CO, Carlos H. Bertoni – Director / President of Mineração Açoena S.A., Mina São Francisco, and Maurício F. Diniz - Financial Officer Chief. The contract is valid until the year of 2015. DuPont is responsible for the chain of custody from the Memphis Rail Ramp in the U.S.A. to Port of Santos in Brazil (Section 2 of the Contract). The withdrawal of cyanide in Port of Santos is responsibility of Mina São Francisco, as well as the transport to the operation site that it is realized by Niquini Transports, certified agreement with the Practices of ICMI for the Transport of Sodium Cyanide.

Certification evidences of Niquini (transporter) and DuPont (producer / consignor / transporter) are available at the site of ICMI - www.cyanidecode.org.

2. TRANSPORTATION: *Protect communities and the environment during cyanide transport.*

Standard of Practice 2.1: *Establish clear lines of responsibility for safety, security, and release prevention, training and emergency response in written agreements with producers, distributors and transporters.*

The operation is in full compliance with
 in substantial compliance with Standard of Practice 2.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

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DuPont is responsible for the chain of custody from the Memphis Rail Ramp in the U.S.A. to the Port of Santos in Brazil (Section 2 of the Contract).

DuPont maintains formal standards, policies, guidelines, and procedures for ensuring safety distribution. DuPont Corporate standards aim the incident prevention, emergency response, risk assessment during transportation, regulatory compliance distribution, training, handling and storage of cyanide.

The verification audit of DuPont on February 9-10, 2010 was a combined audit of Consignor / Transporter management for global ocean transport and rail transport.

The cyanide transportation management practices of DuPont using ocean carriers (including ports) were evaluated under the Cyanide Code requirements documented in the ICMI Cyanide Code (2009), ICMI Cyanide Code Transportation Protocol (2009), and the ICMI Auditor Guidance for Use of the Cyanide Transportation Verification Protocol (2009). DuPont internal standards, policies, practices, and procedures regarding the management of the Cyanide Transportation Supply Chain were reviewed.

Mina São Francisco maintains contract to Niquini Ltda for services for the Transport of Sodium Cyanide from the Port of Santos in Brazil to Operation. Niquini is certified under the International Cyanide Management Code (regardless of the availability of data on the site <http://www.cyanidecode.org/signatorycompanies.php>).

Official and alternative routes are provided by Niquini from the Port of Santos to Mina São Francisco. Niquini maintains a formal contract with a company expert in emergency services, qualified according to the criteria of International Cyanide Management Code, providing the content of the clauses and the technical annexes, as requested by Mina São Francisco. For references: www.cyanidecode.org

Standard of Practice 2.2: *Require that cyanide transporters implement appropriate emergency response plans and capabilities and employ adequate measures for cyanide management.*

The operation is in full compliance with Standard of Practice 2.2
 in substantial compliance with
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The cyanide used in Mina São Francisco is produced by DuPont Memphis Plant. From Memphis Plant to the Port of Santos, the transport is DuPont's responsibility.

DuPont loads bag boxes with sodium cyanide at its Memphis, Tennessee manufacturing plant. These Bag boxes are then loaded into 20 ft overseas containers and sealed. The dray carrier, Intermodal Cartage Company, picks up the containers at the Memphis plant and transports them to the railhead. This carrier has also been audited by an ICMI approved auditor and found to be in Full Compliance with



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the Cyanide Code. Intermodal Cartage is a Signatory to the Cyanide Code so their report can be viewed on the Cyanide Code website.

The Canadian National Railway (CN) takes custody of the containers at the railhead and loads them on to flatbed rail cars. The Canadian National Railway then transports the material to the Port of export where custody is transferred to one of the Ocean carriers.

The ocean shipping carriers: MSC, APL, Maersk, Hamburg Sud and Seaboard, then trans-load the containers onto their ocean vessels for transport to the Port of Santos in Brazil.

The Canadian National Railway and ocean shipping carries are covered by DuPont's Signatory Supply Chain status and the report can be viewed on the ICMI website under DuPont's Ocean Supply chain segment.

This verifies that the Supply Chain from Manufacture to the Port of Santos in Brazil is in Full compliance with the Cyanide code.

From the Port of Santos to the Operation the responsibility is from Mina São Francisco, otherwise, cyanide is transported by Niquini Ltda, which has audited by an ICMI approved auditor and found to be in Full Compliance with the Cyanide Code. Niquini is certified under the Code since December 31st of 2009.

Route Travel Plans and Emergency Response Plans are established to assure adequate measures on: communication, assistance and cyanide management in case of incidental scenarios during the entire cyanide paths.

Certification evidences of transporters under the Cyanide Code can be verified on: www.cyanidecode.org

3. HANDLING AND STORAGE: Protect workers and the environment during cyanide handling and storage.

Standard of Practice 3.1: *Design and construct unloading, storage and mixing facilities consistent with sound, accepted engineering practices, quality control/quality assurance procedures, spill prevention and spill containment measures.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 3.1

Summarize the basis for this Finding/Deficiencies Identified:

The operation has a sodium cyanide warehouse area designed and constructed according to the Code, with adequate ventilation, under a roof and walls, locked and with no public access.

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The design and construction of the cyanide warehouse, mixing and handling facilities have been built according to the design and construction drawings prepared by qualified engineers.

The cyanide warehouse, mixing and handling facilities, quality control, quality assurance procedures and documentation, include construction level drawings, with detailed specification noting foundation compaction and concrete reinforcement, piping and tankage materials. The cyanide warehouse, handling and the mixing areas are within concrete containment and high-density polyethylene membrane lined area to contain release and precipitation contaminated by cyanide solution.

The Operation carries out hydrogen cyanide monitoring through fixed and portable detectors equipped with visual and audio alarms, to verify the safety concentration range before any access to the building.

This warehouse is used only for the storage of sodium cyanide boxes, and it is far away from other incompatible substances.

In the ponds and in the mixing tanks, there is an Automatic Control System, which monitors the overfilling with several sensors that will automatically transfer the solution to other pumps. Besides the Automatic Control System, the Operation has techniques for the monitoring of solution level, that consist on visual verification along with a graduated scale. This verification is accomplished in the first shift and recorded in a spreadsheet, which is maintained in the Management Control System.

During the audit, warehouse drawings were revised. The procedure N^o: PS-MA-MSF-MAN-001 "Design and Document Control" establishes the management method of access to these designs.

Standard of Practice 3.2: *Operate unloading, storage and mixing facilities using inspections, preventive maintenance and contingency plans to prevent or contain releases and control and respond to worker exposures.*

The operation is in full compliance with Standard of Practice 3.2
 in substantial compliance with
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has developed and implemented Standard Operation Procedures to prevent exposures and releases. PO-MA-MSF-ADR-001 "Receiving and Preparation of Cyanide" establishes procedures to cyanide storage and defines that the maximum stacking height is three boxes. This procedure also establishes measures to prevent spills during storage, mixing and handling, and predicts that all mixing area must be cleaned after the conclusion of this activity, using water that will be pumped to the ponds.

Through observations and interviews, it could be noticed that the operators have the knowledge to perform the unloading and preparation of cyanide. The mixing does not occur until the supervisor is



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present to verify the compliance to the established requirements under the Procedure: tank levels, testing of the safety shower and eye wash, kits of cyanide antidote and oxygen, in case of emergency.

The standard "Receiving and Preparation of Cyanide" forecasts that the neutralization of wooden boxes, must be made separately from de bags in individual tanks, installed in the Preparation Area. It was also carried out the training under the standard for all operators and still carried out DuPont Safety Training for Sodium Cyanide, for leaders operators, supervisors, engineers, and operations team, coordinators and all employees from: maintenance, job safety, environment, occupational health and laboratory.

The plastics bags are decontaminated by submersion in tanks with sodium hypochlorite solution and rinsed with water for three times. The solution is directed to the ponds and recirculated in the process. The Personal Protective Equipments are appropriated for the task. The preparation is performed by two operators, additionally another person monitors the task by CCTV (Close Circuit Television) installed in Control Room.

The Emergency Plan provides incidental scenarios in the activities of unloading, storage and mixing of cyanide, an emergency telephone number and a radio channel are pre established, under these situations.

4. OPERATIONS: *Manage cyanide process solutions and waste streams to protect human health and the environment.*

Standard of Practice 4.1: *Implement management and operating systems designed to protect human health and the environment utilizing contingency planning and inspection and preventive maintenance procedures.*

The operation is in full compliance with Standard of Practice 4.1
 in substantial compliance with
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has established and implemented procedures for management and operation activities, including: Emergency Response Plan, Inspections and Preventive Maintenance of Sodium Cyanide facilities.

Inspections on tanks containing cyanide solutions are carried out through checklists, considering: structural integrity, corrosion signs and leakage.

There is a standard that provides procedures to identify, keep updated, access and conformity of the Legal and Other Requirements applied to the Operation. It can be verified that the Operation follows the necessary parameters for the design of facilities. Mina São Francisco has preventive maintenance



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plans that establish frequency and procedures to carry out inspections. In this Plan the level of criticality for equipments, valves and couplings involved in the cyanidizing process are included.

The water levels in the ponds are controlled through daily visual inspections on the first shift. There are also level sensors that are monitored by Automatic Control System. The records of these inspections are maintained in the Control Management System.

The Operation has Emergency Power Generator covered by regular inspection and maintenance plan. This equipment is connected to the critical components, in case of failure of primary energy, it should fire pumps and other equipment in order to prevent unintentional releases and exposures.

The Preventive Maintenance Plan was designed to assure the reliability of operation of the critical equipments for cyanide management. The necessary elements for a safe cyanide management (e.g., tank level alarms, HCN monitors, cyanide pumps, storage, mixing tanks, emergency power generator and others) are included in this Plan.

To guarantee the quality control of heaps construction, Mina São Francisco has created and implemented the standard "Changes Management" that establishes methodology to plan and approve any changes in structures, equipments, layouts and processes.

Mina São Francisco has the procedure PS-MA-COR-GER-006 "Analysis and treatment of non-conformance" that establishes that, if water balance discrepancy occurs and if deviation is detected, through inspections or monitoring of the facilities, in the Operation, it must be accomplished an investigation of causes and corrective actions must be taken. If necessary, tasks related to cyanide process must be disrupted, until normal operational conditions are restored. In this case, actions to assure the safety for a temporary closure are forecasted in PS-MA-MSF-SEG-001 "Emergency Response Plan" and PS-MA-COR-BEN-001 "Decontamination Equipments Involving Cyanide".

Standard of Practice 4.2: Introduce management and operating systems to minimize cyanide use, thereby limiting concentrations of cyanide in mill tailings.

The operation is in full compliance with
 in substantial compliance with Standard of Practice 4.2
 not in compliance with
 not subject to

Summarize the basis for this Finding/Deficiencies Identified:

To Mina São Francisco this Standard of Practice is not in subject. Mina São Francisco is a heap leach operation and does not use milling technology.

Standard of Practice 4.3: Implement a comprehensive water management program to protect against unintentional releases.

in full compliance with

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The operation is in substantial compliance with Standard of Practice 4.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has a Hydrological Study of the region and maintains the monitoring of the meteorological conditions, the quality of the surface water and groundwater.

In the Technical Report of the Hydrology, Hydrological, Geological- Geotechnical and Director Plan for the feasibility II São Francisco Project by Golder Associates Brasil Consultoria e Projetos LTDA in March 2004. It was evaluated the regional history of the average rainfall including the calculation of the 10.000 year rate of return rainfall, which was considered in the dimension of the ponds. The period of the greatest amount of rainfall is between November to April. For this period, there is a plan that establishes the neutralizations and the volume control of solution. During this period, when discards occurs, cyanide WAD, cyanide total, cyanide free and pH are analyzed each half hour. Records are kept in the Management Control System.

The entire scope of the project is embodied on the comparison of regional history of the average rainfall, including the calculation of the 10.000 year rate of return rainfall, and the water consumption process in the period from 2007 to 2010.

The operation has a weather forecast station and monitors the daily rainfall.

The drainage of rainwater is isolated preventing entry of flood into the heaps and ponds, receiving only direct precipitation. Considering the climate of the region, there is no historical record of formations of ice or snow that may contribute to the increase of water directed to the Ponds, Tanks and Dams.

The Operation monitors the rainfall and adjust its operational procedures according to it. The disposal solution, when necessary, is performed only upon confirmation of the neutralization of the effluent to be discarded, according to the authorization issued by SEMA - Secretaria Estadual de Meio Ambiente (State Department of Environment) and according to limits established by the International Cyanide Management Code.

The Operation has preventive procedures to monitor and inspect, such as:

- *PO-MA-MSF-ADR-004 Operation Plant*
- *PO-MA-MSF-ADR-005 Cyanide Neutralization*
- *PS-MA-COR-MEA-002 Water Monitoring*

Standard of Practice 4.4: *Implement measures to protect birds, other wildlife and livestock from adverse effects of cyanide process solutions.*

The operation is in full compliance with
 in substantial compliance with Standard of Practice 4.4
 not in compliance with

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Summarize the basis for this Finding/Deficiencies Identified:

In Mina São Francisco, the solution applied in heaps, from mixing area, has a concentration of approximately 300mg/l. In this phase, the solution goes up to the leaching through closed pipelines, causing the wildlife no access to the solution. In the drainage channels, where the solution is directed from the heaps to the ponds, and in full uncovered areas, the concentration of solution is approximately 30mg/l. The mixing, storage, and handling areas are fenced to avoid the entrance of big and small animals.

To prove the efficiency of the controls, the Operation performs a monitorization of wildlife every semester, in the rainy and dry season, in the Operational Site and surrounding areas. This study is provided by a multidisciplinary team from Omega Ambiental, a Company specialized on Environmental Studies.

Through the evaluation of monitoring data, it can be verified that the concentration of WAD cyanide dissolved in water is less than 50mg /l.

Mina São Francisco applies leach solutions in a manner designed to avoid significant impoundment on the heap surface and limit the overspray solution off the heaps.

The Operation maintains an inspection routine to check ponds, pipelines, contentions, according to "Checklist of Pipelines and Piles" under the operating procedure "Piles of Leaching".

The Operation maintains standard PO-MA-MSF-ADR-012 "Heap Leaching" that defines procedures to avoid impoundment on top of the heaps. This standard establishes that, in case of detected impoundments on the heap surface, the area must be restricted until the excavator employee accomplishes the scarification of the area, so that the solution percolates in the heaps. This standard also establishes measures so that the heap surface is not compacted to facilitate the solution percolation.

Standard of Practice 4.5: *Implement measures to protect fish and wildlife from direct and indirect discharges of cyanide process solutions to surface water.*

The operation is in full compliance with substantial compliance with not in compliance with Standard of Practice 4.5

Summarize the basis for this Finding Deficiencies Identified:

The Operation accomplishes discharge in the surface water during the rainfall period (November to April). This discharge is authorized by the environmental regulatory agency, SEMA – Secretaria Estadual de Meio Ambiente (State Department of Environment), according

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to the Environmental Operational License - LO 300108 / 2010.

The monitoring records indicate the cyanide concentration level in the discharged effluent is less than 0.022 mg/l. The analyzes are carried out by an external lab - Ecolabor Comercial Consultoria e Análises Ltda. accredited according to license number CRL 0171 by INMETRO Brazil.

The results of the effluents analyzes, surface and groundwater are compared to the defined parameters by the International Management Cyanide Code and CONAMA – Conselho Nacional do Meio Ambiente (Brazilian Environmental Council), under the legal requirements which are: Resolução CONAMA Nº 357/2005(surface water quality,) Resolução CONAMA Nº 396/2008 (groundwater quality) and Resolução CONAMA Nº 397/2008 (parameters for effluents discharge).

According to the CONAMA's legal requirements the maximum limit of total cyanide for effluent discharge is 1.0 mg/l, for the WAD cyanide the maximum limit is 0.2 mg/l and for the free cyanide the maximum limit was not established. For the surface and groundwater it was not established a maximum limit. When the results are out of the established limits by CONAMA or the Code an investigation is made to determine its cause, and corrective actions are carried out to eliminate the problem.

After the corrective actions have been concluded, the future results are watched to verify that the problem is really solved.

Standard of Practice 4.6: *Implement measures designed to manage seepage from cyanide facilities to protect the beneficial uses of ground water.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 4.6

Summarize the basis for this Finding/Deficiencies Identified

In Mina São Francisco areas, where the solid cyanide and cyanide solution are stored, handled and mixing, there are impermeable protection constructed with concrete or High-Density Polyethylene Membrane (HDPE). In case of solution spills, the solution is pumped to the ponds through submersible pumps.

According to Brazilian Legislation, there aren't established limits for any types of cyanide groundwater, so the Operation uses the limits of World Bank SHE Guidelines as comparison base. The limits established by World Bank SHE Guidelines are: 0,5 mg/L WAD Cyanide, 0,1 mg/L free Cyanide and 1,0 mg/L total Cyanide. Mina São Francisco doesn't capture groundwater to human consumption or operational use. All water used in Operation is captured at Longa Vida Stream and treated in the

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Water Treatment Station. According to Water Analyzes Reports, there aren't historical records of Cyanide concentrations above the levels of protective to beneficial use of groundwater.

Standard of Practice 4.7: *Provide spill prevention or containment measures for process tanks and pipelines.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 4.7

Summarize the basis for this Finding/Deficiencies Identified:

To prevent spills, all cyanide tanks have automatic level sensors. These sensors trigger pumps that transfer the solution to next process stage, preventing overflows. To containment spills, in case of anti overflows system failures, the leaks will be contained by impermeable ground and channels provided by submersible pumps, that return the spills to the ponds. In all areas where there are solid cyanide or cyanide solution, contentions are provided, including channels under the pipelines that are impermeable by high-density polyethylene membrane or concrete. These measures guarantee the efficiency of prevention of releases of solution to the environment.

The cyanide is stocked in a covered warehouse provided with impermeable ground, drainage channels that directs the flow to the ponds, screen protected openings at the top, to make easier the natural ventilation and locks, to prevent the entry of no authorized people.

The mixing is made in tanks installed in impermeable area. The solution goes up to the leaches through closed pipelines. There are channels under these pipelines that are impermeable for High-Density Polyethylene Membrane (HDPE).

The ponds are built in a hole excavated on soil. Sand drains were installed on bottom of excavation bellow of base of clay. Over the base, two layers of High-Density Polyethylene Membrane (HDPE) with 1,5mm thick.

All drainages of cyanide plant are directed to the ponds. There are submersible pumps that capture spills and direct to the ponds. In all steps of process, the cyanide is maintained separated from other chemical products to prevent reactions. The containment areas are equipped with pumps that return solutions to the process. The pumps start automatically when the volume of liquids on the containment reaches a maximum level.

All areas where there is storage and handling or movement of cyanide solution are impermeable and have channels and containment boxes with capacity for 1,10% of the volume of the largest container kept in the area. All cyanide tanks have Automatic Level Sensors. These sensors trigger pumps that transfer the solution to next process stage, preventing overflows. In case of anti overflows system failures, the leaks will be contained for impermeable ground and channels provided by submersible pumps that return the spills to the ponds.

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Standard of Practice 4.8: *Implement quality control/quality assurance procedures to confirm that cyanide facilities are constructed according to accepted engineering standards and specifications.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 4.8

Summarize the basis for this Finding/Deficiencies Identified:

During the implementation of the Mina São Francisco's project, guidelines were followed: relevant technical implementation and use of cyanide, as shown in the Feasibility Study.

In this same phase, inspections were carried out by SEI and Daltec Engineering Technical Team, (companies responsible for the designs and construction of Mina São Francisco). After each construction step, it was elaborated an assurance Quality Report, based on tests accomplished according to ABNT – Associação Brasileira de Normas Técnicas (Brazilian Association of Technical Standards).

Before the construction of the heaps bases, drillings and trenches were accomplished to investigate soil characteristics. These studies showed that soil is composited superficially for thin layer of sand (approximately 1,20 m), followed by a clay layer and hard laterita (which has high resistance to percolation). During earthworks, the sand layer was removed to level the heaps bases and achieve the compaction needed. After this step, new drillings were carried out to confirm soil compaction.

To guarantee the quality control of heaps construction, Mina São Francisco created and implemented a standard "Changes Management" that establishes methodology to plan and approve any changes in structures, equipments, layouts and processes. Mina São Francisco also created and implemented the standard PS-MA-MSF-MAN-001 "Design Control", which establishes a systematic to: elaboration, review, approval, storage, control, confidentiality, protect and dispose of the structural construction designs, keeping the control and insurance quality of construction of Cyanide Plant.

Standard of Practice 4.9: *Implement monitoring programs to evaluate the effects of cyanide use on wildlife, surface and ground water quality.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 4.9

Summarize the basis for this Finding/Deficiencies Identified:

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Mina São Francisco has monitoring programs: Fauna and Water Quality (Surface, Groundwater and Effluents).

A qualified External Laboratory is responsible for activities monitoring. Mina São Francisco maintains evidences of external laboratory conformity to legal requirements, such as: personnel qualification, statistical techniques for sampling, testing methods, maintenance and equipment calibration.

Through the evaluation of monitoring data, it can be verified that the concentration of WAD cyanide dissolved in water is less than 50mg / l. Additionally, the storage area of cyanide solution is fenced which prevents animal access.

The Operation maintains scientific studies report conducted by Omega Environmental, that evidences that fauna protective measures are efficient. Herpetofauna and ichthyofauna monitoring are performed during the rainy season and dry season. This Report concludes that were not detected evidences on wildlife killing in the surveyed area, an area considered covered by the project's Mina São Francisco. There is no evidence of significant impoundments formation on the leaches surface. Inspections are conduced daily for operational team of cyanide plant, to check the existence of dead or sick animals.

Surface and groundwater monitoring is conducted every two months by external lab and daily by internal lab. Inspections to check impacts to wildlife are daily realized and wildlife monitoring is carried out every six months. In both monitoring, damages evidences have not been indentified to fauna, therefore the monitoring frequency is adequate to ensure efficiency of controls and environmental preservation.

5. DECOMMISSIONING: ***Protect communities and the environment from cyanide through development and implementation of decommissioning plans for cyanide facilities***

Standard of Practice 5.1: *Plan and implement procedures for effective decommissioning of cyanide facilities to protect human health, wildlife and livestock.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 5.1

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has a Decommissioning Plan Cyanide Plant. The general closure guidelines are set on "Conceptual Closure Plan of São Francisco Mine"

The closure of Mina São Francisco is foreseen to 2015. The Closure Plan forecasts that five years will be necessary to neutralization and decommissioning, after definitive stop of production. During the first year, cyanide solution will be applied to recover the residual gold. From second to half of third year, the heaps will be washed with water, which will be recirculated until cyanide concentration to be less than

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0,02 mg/l. Application of neutralizing solution, composed for hydrogen peroxide and sulfuric acid, will be started on second semester of third year, as well as neutralized solution discharges and emptying of ponds and pipelines, to enable installations decommissioning and recovery of impacted areas. The waters and effluents monitoring will be continued during five years after closure.

The review of the closure plan is carried out by the Committee for Critical Analysis, formally designated, every three years. The last review was held in Critical Analysis December 08, 2010 and approved the proposed themes.

There is a mapping of areas and an inventory of structures that are part of the cyanide process: receiving, mixing, processing, neutralization and disposal. The Closure Plan foresees actions to be taken to dismantle and decontaminate cyanide plant structures, as well the recovering of impacted areas.

Standard of Practice 5.2: Establish an assurance mechanism capable of fully funding cyanide related decommissioning activities.

The operation is in full compliance with
 in substantial compliance with Standard of Practice 5.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The necessary investments and costs related to decommissioning activities (recovery, treatment, contracting of specialized services, transportation, etc.) were calculated considering the current forecast of life of mine. Resources provision is made to assure the necessary fund to mine closure, the Operation maintains an updated spreadsheet based in current contracts with third parties and commercial proposes obtained through formal quotation process concluded by Mina São Francisco's Supply team.

It is planned a review of the Closure Plan, every three years. This period between reviews is necessary to obtain more consistent information about: the tailings, the engineering and environmental aspects, stakeholders' expectations. Technical studies, water quality analyses are foreseen. In each Closure Plan review, the closing costs will be reassessed.

In Brazil, there is no legal requirement for approval by jurisdiction of the closure costs, excluding insurances. However, the Operation has a contract with expert company to carries out the Financials Audits to prove the adequacy of closure costs provision. It was verified the Deloitte Touche Tohmatsu Statement Report, concluded by independent auditor, which shows that the Operation has an appropriate financial position, according to Brazilian Standards and Accounting Practices. It was also verified, the Audit Report for the Provision of Mina São Francisco Closure, held by AUDMAX, Mr. Norberto José da Silva Filho - Counter CRC-/RJ Nº 021083/0-7. The Report concludes that the provision and financial resources to cover the necessary costs for the closure of Mina São Francisco,

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has been conducted and accounted in accordance with criteria established by the responsible legal departments involved.

6. WORKER SAFETY: *Protect workers' health and safety from exposure to cyanide.*

Standard of Practice 6.1: *Identify potential cyanide exposure scenarios and take measures as necessary to eliminate, reduce or control them.*

The operation is in full compliance with
 in substantial compliance with Standard of Practice 6.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has established and implemented procedures for the management and operation activities including contingency planning, inspection and preventive maintenance of the facilities of Sodium Cyanide, such as: "Receiving and Preparation of Cyanide", "Neutralization of Cyanide", "Preparation of Basis for Formation of Heaps", "Heap leaching", "Decontamination Equipment Involving Cyanide", "Wastewater Disposal", "Determination of Cyanides", "Plan Decommissioning of Installations and Equipment Involving cyanide", "Emergency Response Plan", "Working in confined spaces", etc.

According to PS-MA-MSF-SEG-001 "Emergency Response Plan" and PO-MA-MSF-ADR-001 "Receiving and Preparation of Cyanide", Personal Protective Equipments - PPE are available to protect the employees.

Mina São Francisco also has the procedure "Change Management" that establishes support for the necessary measures to control new risks. The main objective of the procedure is to establish a systematic to make sure that the necessary changes will be evaluated before they are implanted, and they must be definitely implanted only when the impacts or damages to people, properties, quality of product, or the environment are controlled. The procedure defines what activities are subjected for approval in accordance to the risks evaluation. If the risk is considered low level, the approval is made by the Area Manager and the SSMA Manager; in case the risk is considered medium or high, the approval must be made by the Area Manager, SSMA Manager and the General Manager.

Employees attend to operational procedures reviewing and risk mapping trainings, routinely.

To provide continuous improvement, the Operation maintains the "IDEALIZE Program" which is an open channel for ideas for improving operations. Through specific form, the employees show ideas about safety, health and environment improvements. These ideas are voted by the Committee for Critical Analysis that considers some criteria to choose the better idea: higher gain in safety, health, environment and production, costs reduction and possibility of application in several areas. The best idea will be implemented and the employee will win an award.

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Standard of Practice 6.2: *Operate and monitor cyanide facilities to protect worker health and safety and periodically evaluate the effectiveness of health and safety measures.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 6.2

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has a rigorous control of pH. During mixing and application, the pH is maintained greater than 11, so the formation of gases is impossible, except in case of accidents.

Mobile gases detectors are provided to each worker involved in cyanide activities. Autonomous respirators are available in storage, mixing and handling areas.

The risks related to cyanide are mapped on Operational Procedures and adequate PPE to each activity are available. All workers are trained on Operational Procedures and behavioral assessments are carried out routinely by supervisors. Behavioral assessments records are maintained on Work Safety Department.

The procedure "Operation of Plant" establishes that gas sensors must be calibrated to assure the metrological reliability. Calibration Plan and the relevant records are managed by the Area Maintenance. Records of gas detectors calibration are kept according to the procedure based on the Manufacturer's Manual.

It was demonstrated signaling mapping of the areas corresponding to the use of cyanide. The signaling was completely checked through inspections. The operators have the knowledge about the place where there is the presence of cyanide, and the restrictions imposed to the situations presented.

The operation has the gas monitoring in all areas where it is held storage, handling and mixing cyanide. This practice is done on all shifts to start the activity.

In visits on the areas, it is possible to observe: showers, low-pressure eye wash stations, dry powder or non-acidic sodium bi-carbonate and fire extinguishers located at strategic places. Periodic inspections are carried out and the records demonstrate that the emergency devices, listed above, were tested.

The tanks and pipelines are properly identified and there is indication of fluid flow direction and transference conditions (temperature, pressure, flow). They also have the imprint "Cyanide Solution" or stripes in purple. Mina São Francisco uses the International Code of Colors for visual identification of pipes containing cyanide solution.

MSDS "Safety Information Sheets for Chemical Products", including cares to prevent accidents and the necessary actions in accidental events, are available in the areas of handling and storage of cyanide. There are also banners and pocket cards with all the security information.

Mina São Francisco has Procedure of "Investigation and Analysis of Incidents" which directs the actions plan.

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Standard of Practice 6.3: *Develop and implement emergency response plans and procedures to respond to worker exposure to cyanide.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 6.3

Summarize the basis for this Finding/Deficiencies Identified:

In all operation areas of Mina São Francisco has means of communication and mitigation to accidental event involving cyanide, such as: emergency alarms, emergency kits with Nitrite Amil, communication system via radio and telephone.

Through checklists the characteristics of antidotes are periodically inspected, considering the information provided by the manufacturer.

Mina São Francisco has implemented and maintains the Procedure Emergency Response Plan - which identifies accident scenarios involving cyanide, and for which are established contingency plans for assisting victims and cyanide spills.

Mina São Francisco has first aid kits in operational areas and the workers are trained to use them. Two emergency vehicles equipped with life-support devices are available to take and transfer victims intoxicated by cyanide to treatment on the own outpatient department or local hospital, covering all shifts, endowed with all the resources for medical assistance. The Operation has a contract with Santa Casa hospital in Pontes e Lacerda town for emergency care, where professionals were trained for such service. Actions to be taken in scenarios of possible incidents are planned in the Emergency Response Plan and are conducted through simulated exercises, in accordance with the established schedule. The results obtained during the performance of simulated exercises are reported and serve as feedback for the necessary verification, in a process of continuous improvement. Action plans are established to all non-conformities.

7. EMERGENCY RESPONSE *Protect communities and the environment through the development of emergency response strategies and capabilities.*

Standard of Practice 7.1: *Prepare detailed emergency response plans for potential cyanide releases.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 7.1

Summarize the basis for this Finding/Deficiencies Identified:

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The Operation has implemented and maintains the Procedure PS-MA-MSF-GER-001 "Emergency Response Plan" identifying incidental scenarios involving cyanide and for which contingency plans are established for meeting the potential scenarios foreseen and applicable in the operation of Mina São Francisco.

To maintain updated the Emergency Plan it is established a periodically evaluation (12/12 months) and reviews of Emergency Plans with stakeholders involved, whether necessary.

Standard of Practice 7.2: *Involve site personnel and stakeholders in the planning process.*

The operation is in full compliance with
 in substantial compliance with Standard of Practice 7.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Community Representatives, Fire Department, Federal Police, Local Authorities of places potentially affected by accidental scenario involving cyanide were consulted for elaboration / revision of Emergency Plan, according to the submitted lists of signatures.

Standard of Practice 7.3: *Designate appropriate personnel and commit necessary equipment and resources for emergency response.*

The operation is in full compliance with
 in substantial compliance with Standard of Practice 7.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The PS-MA-MSF-SEG-001 "Emergency Response Plan" sets out the responsibilities, authorities and who will be the coordinator, leader and member of Emergency Brigade. Emergency Brigade covers all shifts. Mina São Francisco has a training program for the members of the Emergency Brigade with a semester recycling, performing simulated incidental scenarios involving cyanide. In the Emergency Response Plan there are contact channels indications. The resources needed for performance in accident scenarios are shown in "Emergency Response Plan". The equipments of emergency are storage in a specific room: "Brigade Base". There is also a special truck equipped with contention devices and two ambulances with life-support devices.

The items used under incidental scenarios are inspected according to the types, quantities, expiration dates, status, etc. Equipments and devices for emergency response are included in preventive and corrective maintenance plan, as main priority.

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The “Emergency Response Plan” indicates the necessary resources from external sources, as well the involvement of outside agencies to meet the incidental scenarios involving cyanide. The preparation, approval and review of the “Emergency Response Plan” is carried out with participation of involved stakeholders. Their participation in the Simulated Exercise is determined and recorded in Analysis Report.

Standard of Practice 7.4: *Develop procedures for internal and external emergency notification and reporting.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 7.4

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has “Communication Plan” that provides: Issues to be communicated, target audience, sense of communication, channels used for communication, frequency of communication update, responsibilities, managements, regulatory agencies, responders, medical facilities contact information, potentially affected communities and media.

Standard of Practice 7.5: *Incorporate into response plans and remediation measures monitoring elements that account for the additional hazards of using cyanide treatment chemicals.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 7.5

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has implemented and maintains the procedure “Emergency Response Plan” that identifies and establishes remediation to all incidental scenarios involving Cyanide, prohibits the use of chemicals, such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide on the treatment of cyanide spills into surface waters in order to avoid a higher contamination level on it.

“Emergency Response Plan” foresees that samples of contaminated media must be analyzed to verify the contamination level. The methodology and parameters are defined on PS-MA-MSF-MEA-002 “Water Monitoring”.



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Standard of Practice 7.6: *Periodically evaluate response procedures and capabilities and revise them as needed.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 7.6

Summarize the basis for this Finding/Deficiencies Identified:

The "Emergency Response Plan" has a requirement to keep updated information of names and contacts of coordinators and members of the brigade. Every 12 months, the Emergency Plan is updated, and reviewed if necessary with stakeholders involved. The Operation simulates all the potentials cyanide failures scenarios, through a chronogram and it is revised according to the results of simulated exercises. Factors for transportation are detailed and considered in this plan.

8. TRAINING: *Train workers and emergency response personnel to manage cyanide in a safe and environmentally protective manner.*

Standard of Practice 8.1: *Train workers to understand the hazards associated with cyanide use.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 8.1

Summarize the basis for this Finding/Deficiencies Identified:

Operation has documented, implemented and maintains procedures to train the employees and third parties to understand the risks associated to the use of Sodium Cyanide in their activities. The trainings are conducted in accordance to Training Plan.

Mina São Francisco maintains training records held in Human Resources Department. The training of new employees, including third parties, is carried out before the beginning of the working activities.

The Procedure "Competence and Training" provides systematic evaluation of the effectiveness of the concluded training.

Standard of Practice 8.2: *Train appropriate personnel to operate the facility according to systems and procedures that protect human health, the community and the environment.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 8.2

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Summarize the basis for this Finding/Deficiencies Identified:

The procedure for each task in Mina São Francisco identifies and prevents the exposure or accidental release of HCN.

Environmental monitoring activities and personnel are also reported as mechanisms to assess the effectiveness of preventive controls. People directly involved cyanide process are trained according to Operational Procedures and Emergency Plan. Other employees are aware of the actions to be taken in the manifestation of each incidental scenario. Mina São Francisco employees attended to extensive training about the risks involving the use of Sodium Cyanide and the practices of the Code. These employees act like instructors for the other employees. The training for the instructors was taught by DuPont.

The training of new employees, including third parties, is carried out before the beginning of the working activities, and a refreshing training must be accomplished yearly or when necessary, according to procedure PS-MA-COR-RHU-001 - "Competence and Training".

Mina São Francisco has a Behavioral Safety Program (Approaches) that assesses the performance conditions in tasks involving cyanide. Moreover, the results of inspections and audits in the areas that involve the cyanide are considered to assess the effectiveness of training.

The files of training records are kept for 20 years, according to Brazilian Legislation - Labor Law Consolidation (CLT).

Standard of Practice 8.3: *Train appropriate workers and personnel to respond to worker exposures and environmental releases of cyanide.*

The operation is in full compliance with
 in substantial compliance with Standard of Practice 8.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The procedure for each task in Mina São Francisco identifies and indicates the cares that must be taken to prevent exposure or accidental release of cyanide.

Environmental monitoring activities and personnel are also reported as mechanisms to assess the effectiveness of preventive controls. Employees and third parties directly involved in potential accident scenarios are trained according to Emergency Response Plan. Other employees are aware of the actions to be taken in each manifestation of accidental scenario.

The "Emergency Response Plan" indicates the necessary resources from external sources as well the involvement of outside agencies to meet the incidental scenarios involving cyanide.

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The preparation, approval and review of the "Emergency Response Plan" is carried out with participation of involved stakeholders. Their participation in the Simulated Exercise is determined and recorded in Analysis Report.

All the Training Records includes: the names of the employee and the trainer, the date of training, the topics covered, and if the employee demonstrated an understanding of the training materials.

The Procedure PS-MA-COR-RHU-001 - "Competence and Training", establishes that the prior working training must be accomplished yearly, or when necessary.

The Operation has simulated all the cyanide failures potential scenarios, through a chronogram that is revised according to the results of mock drills. Transportation incidental scenarios are detailed and considered in "Emergency Response Plan".

9. DIALOGUE: Engage in public consultation and disclosure.

Standard of Practice 9.1: *Provide stakeholders the opportunity to communicate issues of concern.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 9.1

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has documented, established and maintains procedure PS-MA-COM-COR-001 "Communication Plan of Mina São Francisco Mine", which defines communications channels to inform stakeholders about issues related to cyanide management. Pictures and signature lists were seen, demonstrating that this communication is being done through of: publications in regional newspaper, TV programs on regional channel, lectures and trainings, brochures, posters and outdoors.

Standard of Practice 9.2: *Initiate dialogue describing cyanide management procedures and responsively address-identified concerns.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 9.2

Summarize the basis for this Finding/Deficiencies Identified:

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Mina São Francisco maintains a Policy of Visits: "COMPOR Program" that provides opportunities to community to visit Mina São Francisco's site. During visits, the visitors know the productive process, risks and controls related to it. There is a special chapter about cyanide and Cyanide Code on programming, showing the correct way of storage and handling, as well, the controls existents to protect people and environment. There is also an open channel to community suggestions, questions and complaining through telephone +55 (65) 3259-1921 or e-mail: atendimento.apoena@auraminerals.com.

Standard of Practice 9.3: *Make appropriate operational and environmental information regarding cyanide available to stakeholders.*

The operation is in full compliance with in substantial compliance with not in compliance with Standard of Practice 9.3

Summarize the basis for this Finding/Deficiencies Identified:

Mina São Francisco has distributed brochures to community, has posted technical articles at Mineração Apoena website and communicated to competent Authorities about safe conditions for the use of Cyanide in Mina São Francisco, considering: supply, transportation, processing and disposal activities.

Cyanide information is available to stakeholders through social programs (e.g. "GUARINI", "COMPOR", "MOBILIZAR", banners, lectures, videos and stands.

The language used in presentation is understood by the various levels of culture in the region, where the operation has coverage.

The Operation had never had incidents with cyanide, but establishes in the procedure "Communication Plan" that any incidents that happen with people hospitalization or fatality, must be communicated to Work Ministry Agency Brazilian. Any environmental incidents happened, which requires response or remediation, must be communicated to Environmental Agency Brazilian and Communities.

