

CYPLUS SUPPLY CHAIN IN MEXICO

Cyanide Code Audit

Addendum to the Summary Audit Report

PROJECT NO. 0381620

MARCH 2017

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SUMMARY AUDIT REPORT

1 GENERAL SUMMARY

1.1 INFORMATION ON THE AUDITED OPERATION

Name of Cyanide Transportation Facility: CyPlus Supply Chain # 4 - Mexican Supply Chain

Name of Facility Owner: Evonik Industries de Mexico, S.A. de C.V.

Name of Facility Operator: CyPlus Supply Chain # 4 - Mexican Supply Chain

Name of Responsible Manager: André Mieth

Address:

State/Province: Sonora Country: Mexico

Telephone _____ Fax: _____

E-Mail: andre.mieth@evonik.com

Location detail and description of operation:

CyPlus, a subsidiary of Evonik, is a consigner for sodium cyanide supply in Mexico. CyPlus operates under the commercial name of Evonik Industries de Mexico, S.A. de C.V. in Mexico. Currently, CyPlus supplies several mines in Mexico.

Cyanide is transported to Mexico by ship and is delivered by the cargo company at the Mexican Ports. Ship unloading operations are performed by the respective Port Authority, which releases the container by placing it on a truck's platform. The cyanide is transported either to a distribution center located in Ciudad Obregon, Sonora, or directly to a mine.

Another operation consists in transporting cyanide from the production site located in Coatzacoalcos to mines, to the distribution center located in Ciudad Obregon, or to Salina Cruz Port. Navemar is the ocean transport company that carries cyanide from the Salina Cruz Port to Mexican ports by ship.

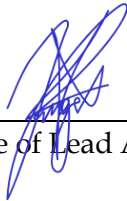
The distribution center and the production site are certified under the Cyanide Code and operated by CyPlus.

CyPlus' Supply Chain in Mexico obtained the Cyanide Code Certification in January 2013 and was recertified in May 2016. This audit comprises two additional subcontractors, Transportes de Trailers Toluca S.A de C.V. (Trattosa) and Transportes Degam S. A. de C. V. (Degam), as well as the Ocean Transport Company, Navemar, and the Salina Cruz and Veracruz Ports.

Cyanide is packaged by the manufacturer (CyPlus Germany or CyPlus Idesa México) in the following ways: 1 mt wooden boxes (package type I). Additionally, solid sodium cyanide is also transported in SLS Containers (package type II).

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For transport package type I, until 20 boxes are placed in standard 20-foot shipping containers (the containers); the number of boxes is to prevent lateral movement of the boxes within the container. Prior to shipping, the manufacturer seals the container with a tag with a serial number at the production facility to prevent material losses. These seals are only removed at the distribution center or the mine.

CyPlus subcontracts Transportes de Trailers Toluca S.A. de C.V. (Trattosa), and Transportes Degam, S.A. de C.V. (Degam) to transport solid sodium cyanide from the production Site, located in Coatzacoalcos, Veracruz, and from the distribution center located in Ciudad Obregón, Sonora to the several mines. Additionally, CyPlus subcontracts Navemar for sea transportation Ports and ground transport companies subcontracted rely on emergency response services and training provided by CyPlus to comply with the Code. They also follow the routes approved by CyPlus. Sea transport complies with with the International Maritime Safety (IMS) code.

CyPlus has developed procedures to select the transport company. CyPlus has an internal audit program in place for third parties handling cyanides, according to CyPlus "Supervision (internal audits)" procedure.

1.2 OVERALL AUDITOR'S FINDING

This operation is

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

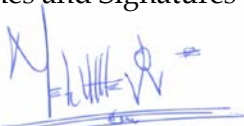
with the International Cyanide Management Code.

* This operation has not experienced compliance problems, cyanide related incidents, exposures or releases during the previous three-year audit cycle.

Audit Company: ERM Mexico, S. A. de C. V.

Audit Team Leader: Juan Carlos Rangel Lopez E-mail: juancarlos.rangel@erm.com

Names and Signatures of Other Auditors:



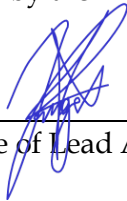
Metztlí Zarahí Katsurada Hernández

Date(s) of Audit: 7, 8 and 19-22 December 2016

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

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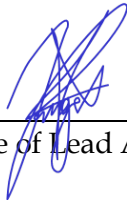
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and that all members of the audit team meet the applicable criteria established by the International Cyanide Management Institute for Code Verification Auditors.

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 Cyanide Transportation Operations and using standard and accepted practices for health, safety and environmental audits.

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2 TRATTOSA REPORT

This operation is

- in full compliance
- in substantial compliance
- not in compliance

with the International Cyanide Management Code.

2.1 TRANSPORT: *TRANSPORT CYANIDE IN A MANNER THAT MINIMIZES THE POTENTIAL FOR ACCIDENTS AND RELEASES*

2.1.1 Transport Practice 1.1: **Select cyanide transport routes to minimize the potential for accidents and releases.**

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.1
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

CyPlus has developed a "Routes Selection" procedure which is compliant with this requirement. Trattosa follows the route and the measures established by CyPlus in the Emergency Response Plan.

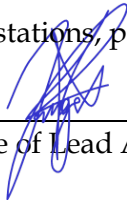
Additionally, Trattosa has developed the "Route Evaluation Procedure", with an internal code TTT-PR-211. This procedure was developed based on CyPlus "Routes Selection" procedure and establishes the criteria to assess routes for cyanide transportation to select the transport route that minimizes the potential risks identified. Additionally, Trattosa has personnel dedicated to the route assessment activities.

For routes assessment, Trattosa considers, as minimum, the following items:

- a) Road conditions and road surface cover (i.e. asphalt, hydraulic concrete, natural soil);
- b) Road slopes in order to avoid roads with steep slopes;
- c) Population density;
- d) Location of water bodies;
- e) Weather conditions;
- f) Infrastructure such as railroads, gas stations, police offices, communication services;

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- g) Sensitive areas;
- h) Weather conditions; and,
- i) Safety areas.

Trattosa assesses routes for each of the route criteria mentioned above and, based on these, a risk ranking is filled (zero risk for areas where incident risk is low and high risk for areas where incident risk is high). This assessment is documented in a matrix where the risk ranking is determined. Based on the assessment matrix results, Trattosa establishes preventive measures for risks identified that are redundant to those imposed by CyPlus, including the use of a monitoring system.

According to the Route Evaluation Procedure, routes will be reevaluated once per year. Additionally, at least once per month or when the driver identifies anomalies during the trip, truck operators fill out a "route conditions format", code TTT-FO-220, to report new road conditions that could involve risks that were not considered as part of the route assessment. Route conditions formats are delivered to the route supervisor. Route supervisor communicates changes to the rest of the trucks operators and routes are reevaluated, if required.

The route used by Trattosa has been previously authorized by CyPlus. CyPlus is responsible for seeking input from communities and other stakeholders as established in the "Routes Selection" procedure developed by CyPlus.

Trattosa does not subcontract any of the cyanide handling or transport.

2.1.2 Transport Practice 1.2: Ensure that personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.2
- not in compliance with

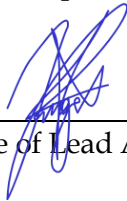
Summarize the basis for this Finding/Deficiencies Identified:

In order to ensure that trained and qualified drivers are hired, Trattosa has developed a recruitment procedure that considers occupational-psychological interviews, technical knowledge interview, driving test and medical examination, among others.

Trattosa has developed an annual training program that must be attended by all drivers. The topics included in training provided by Trattosa personnel include:

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- a) Defensive driving;
- b) Use of firefighting extinguishers;
- c) First aids;
- d) Safety rules for cyanide transportation;
- e) Hazardous materials management.

Defensive driving training is provided by qualified personnel from another transport company accredited by the Federal Labor Agency (STPS, Secretaria del Trabajo y Previsión Social), the other trainings are provided by internal personnel. Additionally, Trattosa requires trainers to have at least five years working for Trattosa transporting hazardous materials. Additionally, CyPlus provides a course called "Safety cyanide management" that includes the following procedures:

- a) Maximum load,
- b) Safety operations,
- c) Maximum driving journey,
- d) Blackout areas,
- e) Adverse weather conditions,
- f) Emergency communication,
- g) Use of personal protective equipment.

Trattosa drivers must attend the training program and hold the driver license granted by the Federal Transport Agency (SCT, Secretaria de Comunicaciones y Transporte) that authorizes the drivers to transport hazardous materials, including cyanide.

To obtain the mentioned license, federal regulations require the drivers for hazardous materials transport fulfill the following requirements:

- a) Two years of experience transporting hazardous waste and hazardous materials;
- b) Training course provided by the Federal Transport Agency, regarding hazardous waste and hazardous materials transportation, and
- c) Physical and psychological surveys.

, Trattosa's has dedicated drivers trained to transport cyanide; their files were reviewed and it was confirmed that they have been trained, that the mentioned evaluations were performed and that their licenses are available and valid.

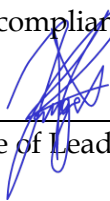
2.1.3 Transport Practice 1.3: Ensure that transport equipment is suitable for the cyanide shipment.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.3

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- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

CyPlus personnel are responsible for preventing overloading the transport vehicle loaded in the production center. Therefore, for every shipment from ports and production center, CyPlus personnel use the table of authorized weights and dimensions organized by type of vehicle, included in the Mexican Official Standard NOM-012-SCT2-2014, to verify that transport vehicles are not overloaded.

Trattosa maintenance department verifies that mechanical conditions of the trucks are suitable for the load weight that will transport. Trattosa has a preventive maintenance program for trucks. Trattosa has implemented a maintenance program to ensure that mechanical conditions of the trucks do not compromise their load capacity.

Trattosa vehicles have received authorization by Mexican authorities to transport hazardous materials. To obtain these authorizations, the vehicles have to be inspected, on an annual basis, by technicians accredited by the Mexican Communications and Transport Ministry. Trattosa holds the platforms and trucks registrations granted by the Federal Transport Agency. According to the interviewed personnel and evidences reviewed, a detailed inspection is performed on a daily basis and recorded in the driver's logbook.

2.1.4 Transport Practice 1.4: Develop and implement a safety program for transport of cyanide.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.4
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

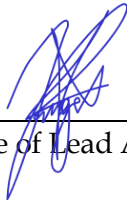
The transport modality consists of transporting an SLS Container or ocean container which is locked and tagged at the production facility or by CyPlus. The locks and tags are removed at the destination site. Trattosa personnel are not authorized to open the container or truck.

Trucks are inspected by Trattosa before every shipment in order to verify that the placards are posted on the truck.

Trattosa has implemented a procedure for Visual Inspections. Inspections of trucks are recorded in the driver's logbook. Visual Inspection includes physical and mechanical conditions of the trucks (i.e. brakes, steering system, lights, and tires, among others). Inspections are performed by drivers.

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Trucks undergo preventive maintenance according to the vendor specifications. The preventive maintenance program is presented in the procedure TTT-PR-400 and includes: oil and filters change, fluid levels, oil and diesel leakages checks, cleaning of the magnetic brake, lights, engine inspection, brakes, suspension systems inspection, among others. Trucks are replaced every five years.

The corrective and preventive actions are recorded in the general maintenance logbook. During the audit the files were reviewed. No major issues were identified.

Trattosa follows CyPlus Safety Standards on maximum driving hours, rest periods, and daylight only.

Trattosa follows CyPlus Safety Standards which require them to stop at pre-selected stops or delay the operation if there is severe weather or civil unrest. Trattosa conducts alcohol and drugs abuse tests to truck drivers. Tests results are provided to SCT and truck operators must maintain a copy of the last tests results as part of the truck file. Alcohol abuse tests are performed prior to every shipment at the production center or mines facilities, and drugs abuse tests biannual.

Trattosa keeps maintenance records and vehicle inspection checklists for as long as the unit is owned. Alcohol and drugs tests records will be kept for at least three years.

2.1.5 Transport Practice 1.5: Follow international standards for transportation of cyanide by sea and air.

The operation is

THIS PRACTICE DOES NOT APPLY TO THE OPERATION

- in full compliance with
- in substantial compliance with Transport Practice 1.5
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

As described in Section 1, Trattosa is a ground transport contractor; therefore, this practice does not apply.

2.1.6 Transport Practice 1.6: Track cyanide shipments to prevent losses during transport.

The operation is

- in full compliance with

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- in substantial compliance with Transport Practice 1.6
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

All the trucks are monitored in real-time from Trattosa operation bases located in Toluca, Mexico. Additionally, CyPlus and Trattosa supervisors have remote access to the monitoring system if required.

Each truck driver has a mobile phone provided by Trattosa. Mobile phones are tested prior to the departure of the trucks. Trattosa has a monitoring system supervisor, in charge of verifying that the satellite system operates properly and reporting any failure to the service provider.

Communication blackout areas have been identified by Trattosa as part of the routes evaluation process. Truck operators know the location of communication blackout areas. However, trucks are monitored all time for the monitoring system.

The availability, at each truck, of the transport document, the emergency response plan, and the SDS, among other documents, is verified using a checklist prior to the truck departure.

2.2 INTERIM STORAGE: DESIGN, CONSTRUCT AND OPERATE CYANIDE TRANSSHIPPING DEPOTS AND INTERIM STORAGE SITES TO PREVENT RELEASES AND EXPOSURES.

2.2.1 Transport Practice 2.1: Store cyanide in a manner that minimizes the potential for accidental releases.

The operation is

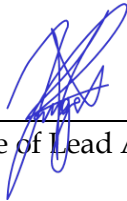
THIS PRACTICE DOES NOT APPLY TO THE OPERATION

- in full compliance with
- in substantial compliance with Transport Practice 2.1
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

As described in Section 1, Trattosa is a ground transportation company and does not own any storage facilities. Therefore, this practice does not apply.

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2.3 **EMERGENCY RESPONSE: PROTECT COMMUNITIES AND THE ENVIRONMENT THROUGH THE DEVELOPMENT OF EMERGENCY RESPONSE STRATEGIES AND CAPABILITIES**

2.3.1 **Transport Practice 3.1: Prepare detailed emergency response plans for potential cyanide releases.**

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.1
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Trattosa follows CyPlus Emergency Response Plan; therefore it is considered that Trattosa is in full compliance with this practice.

2.3.2 **Transport Practice 3.2: Designate appropriate response personnel and commit necessary resources for emergency response.**

- in full compliance with
- in substantial compliance with Transport Practice 3.2
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

According to CyPlus emergency response procedure, the emergency response brigades of CyPlus would be in charge of attending the emergency. Trattosa drivers could support CyPlus if required. Trattosa drivers have been trained from CyPlus specialized personnel in the emergency response procedures.

All trucks owned by Trattosa are equipped, as minimum, with the following emergency response equipment:

- Cyanide emergency response guide;
- First-aid kit;
- Personal protective equipment, (such as disposable Tyvek suit, respirator with cartridges for hydrocyanic acid, among others), to attend cyanide emergencies;
- Firefighting extinguisher;
- Warning triangles;
- Brake beams; and

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- Cellphone.

Trattosa verifies, prior every shipment, that emergency response equipment is complete and in operable conditions.

Trattosa drivers receive refreshment training at least annually. This training includes emergency response procedures.

2.3.3 Transport Practice 3.3: Develop procedures for internal and external emergency notification and reporting.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.3
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Trattosa follows CyPlus Emergency Response Plan; therefore it is considered that Trattosa is in full compliance with this practice.

2.3.4 Transport Practice 3.4: Develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.4
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Trattosa follows CyPlus Emergency Response Plan; therefore it is considered that Trattosa is in full compliance with this practice.

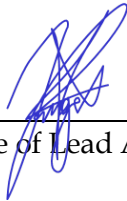
2.3.5 Transport Practice 3.5: Periodically evaluate response procedures and capabilities and revise them as needed.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.5
- not in compliance with

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Summarize the basis for this Finding/Deficiencies Identified:

CyPlus has prepared and implemented an Emergency Response Plan which is compliant with these requirements. Trattosa follows CyPlus Emergency Response Plan; therefore it is considered that Trattosa is in full compliance with this practice.

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3 DEGAM REPORT

The operation is

- in full compliance
- in substantial compliance
- not in compliance

with the International Cyanide Management Code.

3.1 TRANSPORT PRACTICE 1. TRANSPORT CYANIDE IN A MANNER THAT MINIMIZES THE POTENTIAL FOR ACCIDENTS AND RELEASES.

3.1.1 Transport Practice 1.1: Select cyanide transport routes to minimize the potential for accidents and releases.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.1
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

CyPlus has developed a "Routes Selection" procedure which is compliant with this requirement. Trattosa follows the route and the measures established by CyPlus in the Emergency Response Plan.

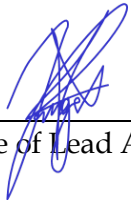
Additionally, Degam has developed the route selection and evaluation procedure "Procedimiento de Evaluación y Determinación de Rutas Seguras". This procedure was developed based on CyPlus "Routes Selection" procedure and establishes the criteria to assess routes for cyanide transportation to select the transport route that minimizes the potential risks identified.

The mentioned document establishes procedures to evaluate and reevaluate routes for cyanide transportation. Routes evaluation performed by Degam considers following criteria:

- a) Road conditions and road surface cover (i.e. asphalt, hydraulic concrete, natural soil);
- b) Road slopes in order to avoid roads with steep slopes;
- c) Population density;
- d) Location of water bodies;
- e) Weather conditions;

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- f) Infrastructure such as railroads, gas stations, police offices, communication services;
- g) Sensitive areas; and,
- h) Safety areas.

Evaluation of routes conducted by Degam includes a risk ranking matrix where each of the route criteria mentioned above and preventive measures for risk identified are considered; these measures are redundant to those imposed by CyPlus, including the use of a monitoring system.

Degam has developed the "State of Routes" (Comunicación de condiciones en el camino) format that is used for routes reevaluation. Truck drivers must provide filled formats to the logistics supervisor once the trip is concluded. These formats are analyzed and routes reevaluated, if required

No reevaluations have been required to date. However, as mentioned before, Degam has one format used to reevaluate routes used for cyanide transportation ("State of Routes"). Evaluation route format which is filled by drivers, are analyzed by the logistics' supervisor who determines if routes must be reevaluated. Degam's manager determines the routes that must physically reevaluated annually.

Routes used by Degam have been previously authorized by CyPlus. CyPlus is responsible for seeking input from communities and other stakeholders as established in the "Routes Selection" procedure developed by CyPlus.

Degam does not subcontract any of the cyanide handling or transport.

3.1.2 Transport Practice 1.2: Ensure that personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.2
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Degam has developed an annual training program that must be attended by all drivers. The topics included in training provided by Degam include:

- a) Safety and operations guidelines ;
- b) Defensive driving;
- c) Safety rules for cyanide transportation;

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d) Hazardous materials management.

Additionally, CyPlus provides a course called "Safety cyanide management" that includes the following procedures:

- a) Maximum load,
- b) Safety operations,
- c) Maximum driving journey,
- d) Blackout areas,
- e) Adverse weather conditions,
- f) Emergency communication,
- g) Use of personal protective equipment.

Besides the training provided by Degam and CyPlus, Degam drivers must attend the training program and hold the driver license granted by Federal Transport Agency (SCT, Secretaria de Comunicaciones y Transporte) that authorizes the drivers to transport hazardous materials, including cyanide.

To obtain the mentioned license, federal regulations require the drivers for hazardous materials transport fulfill the following requirements:

- a) Two years of experience transporting hazardous waste and hazardous materials;
- b) Training course provided by the Federal Transport Agency, regarding hazardous waste and hazardous materials transportation, and
- c) Physical and psychological surveys.

Files of the drivers of Degam were reviewed in order to verify Degam's personnel are qualified for cyanide transport activities. Drivers fulfill with requirements established by CyPlus and the Federal Transport Agency.

Degam personnel are retrained by both, CyPlus and Degam. During this training, the toxicity of cyanide, the reaction with water as well as the emergency response procedures and the use of respiratory protection equipment are reviewed. Degam keeps copies of the attendance list of each training session.

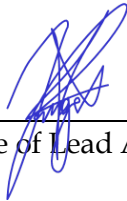
3.1.3 Transport Practice 1.3: Ensure that transport equipment is suitable for the cyanide shipment.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.3
- not in compliance with

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Summarize the basis for this Finding/Deficiencies Identified:

Degam transports solid cyanide from Ports and CyPlus distribution center to mines.

CyPlus personnel are responsible for preventing overloading the transport vehicle loaded in the distribution center. Therefore, for every shipment from the distribution center, CyPlus personnel use the table of authorized weights and dimensions organized by type of vehicle, included in the Mexican Official Standard NOM-012-SCT2-2014, to verify that transport vehicles are not overloaded.

According to the interviewed personnel and evidences reviewed a detailed inspection is performed on a daily basis and recorded in the driver's logbook. This inspection includes: brakes, steering system, lights, and tires, among others. Inspection records were reviewed during site visit.

Degam has implemented a maintenance program to ensure that mechanical conditions of the trucks do not compromise their load capacity.

Degam vehicles are authorized by Mexican authorities to transport hazardous materials. To obtain these authorizations, the vehicles have to be inspected, on an annual basis, by technicians accredited by the Mexican Communications and Transport Ministry. Degam holds the platforms, and trucks registrations granted by the Federal Communications Agency.

3.1.4 Transport Practice 1.4: Develop and implement a safety program for transport of cyanide.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.4
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The transport modality consists of transporting ocean containers or SLS Containers which are locked and tagged at the production facility or by CyPlus. The locks and tags are removed at the destination site. Degam's personnel are not authorized to open the container or truck.

Degam has implemented visual inspections. The inspections are recorded in the driver's logbook. Visual Inspection includes physical and mechanical conditions of the trucks (i.e.

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brakes, steering system, lights, and tires, among others). Additionally, the visual inspection checklist implemented by Degam requires verifying that the placards are posted on the truck.

Degam has implemented a preventive maintenance program

The corrective and preventive actions are recorded in the general maintenance logbook. During the audit the files units were reviewed. No major issues were identified.

Degam follows CyPlus Safety Standards which require them to stop at pre-selected stops or delay the operation if there is severe weather or civil unrest. Additionally, Degam implements an alcohol test that is performed prior on a daily basis prior every shipmen, the test is perform at the distribution center by Cyplus personnel. Additionally, Degam conducts alcohol and drugs abuse tests to truck drivers. Tests results are provided to SCT and truck operators must maintain a copy of the last tests results as part of the truck file. Drugs abuse tests are performed biannually.

Degam keeps maintenance records and vehicle inspection checklists for as long as the unit is owned. Alcohol and drugs tests records will be kept for at least three years.

3.1.5 Transport Practice 1.5: Follow international standards for transportation of cyanide by sea and air.

The operation is

THIS PRACTICE DOES NOT APPLY TO THE OPERATION

- in full compliance with
- in substantial compliance with Transport Practice 1.5
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Degam is a ground transport contractor; this element is not applicable to Degam.

3.1.6 Transport Practice 1.6: Track cyanide shipments to prevent losses during transport.

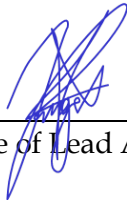
The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.6
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

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All the trucks are monitored in real-time from Degam operation bases. Additionally, CyPlus and Degam supervisors have remote access to the monitoring system if required.

Each truck driver has a mobile phone provided by Degam. According to the interviews performed, mobile phones and radios are tested prior to the departure of the trucks. Degam has a supervisor in charge to verify the satellite system is operating.

Communication blackout areas have been identified by Degam as part of the routes evaluation. Truck operators know location of communication blackout areas. However, trucks are monitored all time through a Satellite system.

A transport document (document de embarque) is provided by CyPlus before trucks leave the Distribution Center. The container is only opened at the mines. The lock and tag are only removed at the distribution center or the mine.

The availability, at each truck, of the transport document, the emergency response, and the SDS, among other documents, is verified using a checklist prior to the truck departure.

3.2 INTERIM STORAGE: DESIGN, CONSTRUCT AND OPERATE CYANIDE TRANS-SHIPING DEPOTS AND INTERIM STORAGE SITES TO PREVENT RELEASES AND EXPOSURES.

3.2.1 Transport Practice 2.1: Store cyanide in a manner that minimizes the potential for accidental releases.

The operation is

THIS PRACTICE DOES NOT APPLY TO THE OPERATION

- in full compliance with
- in substantial compliance with Transport Practice 2.1
- not in compliance with

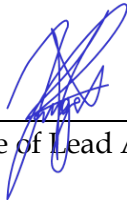
Summarize the basis for this Finding/Deficiencies Identified:

Degam is a ground transport contractor and does not have any storage facilities; this element is not applicable to Degam.

3.3 EMERGENCY RESPONSE: PROTECT COMMUNITIES AND THE ENVIRONMENT THROUGH THE DEVELOPMENT OF EMERGENCY RESPONSE STRATEGIES AND CAPABILITIES.

3.3.1 Transport Practice 3.1: Prepare detailed emergency response plans for potential cyanide releases.

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The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.1
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Degam follows the Emergency Response Plan prepared by CyPlus; which is in compliance with the seven elements of this practice.

3.3.2 Transport Practice 3.2: Designate appropriate response personnel and commit necessary resources for emergency response.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.2
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Degam follows the Emergency Response Plan prepared by CyPlus; which establishes that the emergency response brigades of CyPlus would be in charge of attending the emergency. Degam drivers could support CyPlus if required. Degam drivers have been trained from CyPlus specialized personnel in the emergency response procedures.

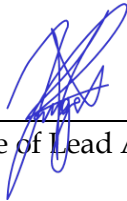
All trucks owned by Degam are equipment, as minimum, with the following emergency response equipment:

- Cyanide emergency response guide;
- First-aid kit;
- Personal protective equipment to attend cyanide emergencies;
- Firefighting extinguisher;
- Warning triangles;
- Disposable Tyvek suit;
- Respirator with cartridges for hydrocyanic acid;
- Brake beams; and
- Cell phone.

Degam verifies, prior every shipment that emergency response equipment is complete and in operable conditions. Degam drivers receive refreshment training at least annually. This training includes emergency response procedures.

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3.3.3 Transport Practice 3.3: Develop procedures for internal and external emergency notification and reporting.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.3
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

As previously noted, Degam follows the emergency plan prepared by CyPlus, which complies with the two elements of this practice.

3.3.4 Transport Practice 3.4: Develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.4
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

As previously noted, Degam follows the emergency plan prepared by CyPlus, which complies with the two elements of this practice.

3.3.5 Transport Practice 3.5: Periodically evaluate response procedures and capabilities and revise them as needed.

The operation is

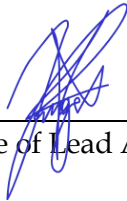
- in full compliance with
- in substantial compliance with Transport Practice 3.5
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

As previously noted, Degam follows the emergency plan prepared by CyPlus, which complies with the three elements of this practice. Degam drivers will participate in the mock emergency drills coordinated by CyPlus.

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4 NAVEMAR REPORT

This section is based in the due diligence performed by CyPlus. e. This Due Diligence was performed by Mr. Juan Carlos Rangel and Ms. Metztlí Katsurada. Mr. Rangel is a transport auditor approved by the ICMI.

Navemar HSE policy adheres to the International Safety Management (ISM) code. Based on the ISM code, Navemar must ensure safety at the sea, prevention of human injury or loss of life and avoidance of damage to the environment, in particular, to the marine environment, and to property.

Navemar has developed the company Safety Management System (SMS) manual. This manual includes a section regarding "Development of plans for shipboard operations" which defines shipboard operations crucial for the safety of shipping and the prevention of pollution to ensure safe operation of ships.

Navemar has implemented a technical maintenance procedure for the preventive maintenance of the ship.

Records of ship maintenance events are kept by Navemar's representatives. Navemar holds the Certificate of Compliance with the Regulation II-2/19 of the International Convention for the Safety of Life at Sea 1974, , stating that the ship is suitable for the carriage of certain classes of dangerous goods, including packed toxic solids and water-reactive solids, categories where sodium cyanide may be included.

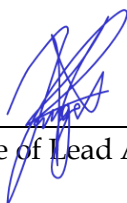
Additionally, Navemar has a procedure for conducting planned control checks of ships; these checks are aimed to control and evaluate technical conditions of ships.

The transport modality consists of transporting solid sodium cyanide in ocean containers which are locked and tagged at the production facility or by CyPlus. The locks and tags are removed at the destination site. Navemar's personnel are not authorized to open the containers. A transport document (document de embarque) is provided by CyPlus. The availability, at the vessel, of the transport document, the emergency response, and the SDS, among other documents, is verified using a checklist prior to the vessel departure.

Navemar has implemented a procedure of loading the containers onto the ship; this procedure establishes different schemes of load as well as the requirement for identifying containers based on the UN identification system. Prevention of loads shifting is responsibility of the production site or the distribution center. Navemar is not responsible for loading the contents of the ocean containers.

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Navemar's vessels are equipped with navigational and electro-radio-navigational devices, signaling means, equipment and stores. Additionally, the vessels are equipped with communication devices and operators with mobile phones. Additionally, all the ships are equipped with a GPS system.

Navemar holds the Certificate of Compliance with the Regulation II-2/19 of the International Convention for the Safety of Life at Sea 1974, , stating that the ship is suitable for the carriage of certain classes of dangerous goods, including packed toxic solids and water-reactive solids, categories where sodium cyanide may be included.

Additionally, Navemar holds the Interim International Ship Security Certificate of compliance with the Section A/19.4 of the ISPS Code.

In regards to emergency response, Navemar has prepared a Shipboard Emergency Plan 01-6-ISM,

The Shipboard Emergency Plan and the SMS manual consider pilotage, mooring and anchoring operations as well as cargo operations (loading/unloading) as critical operations. The Plan is not specific to the Ports used in CyPlus operations; however, general scenarios are considered within the Plan and the SMS manual.

The SMS manual states that a mock emergency drill program must be elaborated and implemented. The SMS manual establishes that the drill program takes into account instructing and drills envisaged by the International Convention for the Safety of Life at Sea, 1974, as amended (SOLAS-74) as well as by the International Convention on Standards of Training Certification and Watchkeeping for Seafarers, 1978/1995, as amended (STCW-78/95).

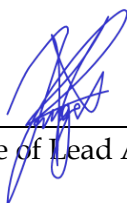
Additionally, the ISM Code establishes the requirement for training and procedures regarding management of hazardous substances as well as the preparation of interrelated shore and shipboard contingency plans and of shipboard plans of emergency measures on fighting oil pollution and elaboration of these plans showing the ability and preparedness of the Company to quickly and effectively respond to the dangers which can arise on board ships.

. However, as previously mentioned Navemar's procedures are compliant with the ISM code and include directions for fighting water pollution and handling hazardous materials.

Navemar has prepared and implemented the procedure 07-1-ISM for the periodical review of the SMS manual. This procedure includes a form to review all the procedures, accidents, incidents, inspections, audits, port inspections, and claims. Additionally, it includes a section to propose improvements and changes. This review is conducted at least once per year

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5 VERACRUZ PORT REPORT

This section is based in the due diligence performed by CyPlus as well as Veracruz Port publicly available information (i.e. statistics, performance reports, etc.). This Due Diligence was performed by Mr. Juan Carlos Rangel and Ms. Metztlí Katsurada. Mr. Rangel is a transport auditor approved by the ICMI.

The Veracruz Port is certified in the following standards:

- International Ship and Port Facility Security (ISPS) Code.
- ISO 14001 (valid until January 2017)
- ISO 9001 (valid until January 2017)
- Clean Industry (certifies compliance with Mexican environmental regulations)

Based on publicly available information, no accidents/incidents related chemical release or spillage are known to have occurred at the Veracruz Port since 2011.

According to due diligence performed by CyPlus, the Veracruz port has trained personnel to operate container lifts, yard cranes, and trailer platforms. No licenses issued by the government are required for the operators. The Port personnel receive training sessions regarding fire suppression, health and safety, hazardous goods handling, evacuation and spillage. The port operations personnel receive training on the International Maritime Dangerous Goods (IMDG) Code on a biannual basis. Furthermore, a training regarding sodium cyanide handling was performed

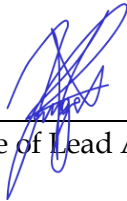
The port receives cyanide in solid state within ocean containers, which are unloaded using two ship cranes. Internal movement of the containers is performed using yard cranes and lifts. The equipment used by the port can only handle one container at the time and has capacities of 40 tons and above (maximum weight of the container is approximately 24 tons).

According to the due diligence performed by CyPlus, the Veracruz port has a preventive maintenance program for container handling equipment (cranes and vehicles) to ensure good conditions to operate. Preventive maintenance of container handling equipment is performed every two months for cranes and every month for vehicles. Preventive maintenance program of 2016 was reviewed by CyPlus. Additionally, the port has a written procedure for the cleaning and inspection of equipment used for loading and unloading containers.

The port has designed a cyanide storage area. Warning signs are located in the area. Additionally, operators will be trained by CyPlus regarding safe cyanide handling. Cyanide remains in the ocean container; which is labeled with the UN number and the division number placards. The containers are not opened at the port. The port also inspects the containers to ensure that they are received in good conditions.

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The Veracruz Port follows the Rules of the IMDG code to determine the incompatibility characteristics of the hazardous materials handled (i.e. materials class 5 and 8 beside of class 6).

The perimeter of the port is fenced with cyclonic mesh and metal bars. The port has control access and security procedures. The port also has CCTV surveillance. Trucks and visitors must be registered at the security booth to obtain access authorization. The Mexican Navy is in charge of the Port security.

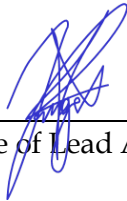
CyPlus has provided copies of its Emergency Response Plan to the Port personnel. In case of an emergency related to cyanide at the port, the Port will follow CyPlus Emergency Response Plan.

Nonetheless, the port has its own emergency response plan, "Plan de emergencias mayores y protección civil" SIG-4.4.7-2-01/9 dated 24 January 2014. This emergency response plan describes responsibilities during the emergency response and chain of communication with public fire brigade and emergency services.

Additionally, the port emergency response team receives training regarding chemical emergency response, confined space rescue, first aid, and firefighting; this training includes four emergency mock drills per year. The role of the port brigade in case of a cyanide related emergency would be to isolate the area and prevent escalation.

The port has six SCUBA units, six Hazmat suits, one HCN detector, one explosimeter device, two Tychem suits and five disposable Tyvek suits, among others elements. The port inspects its emergency response equipment on a monthly basis.

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6 SALINA CRUZ PORT REPORT

This section is based in the due diligence performed by from CyPlus as well as Salina Cruz Port publicly available information (i.e. statistics, performance reports, etc. This Due Diligence was performed by Mr. Juan Carlos Rangel and Ms. Metztlí Katsurada. Mr. Rangel is a transport auditor approved by the ICMI.

The Salina Cruz port is certified in the following standards:

- International Ship and Port Facility Security (ISPS) Code.
- ISO 14001 (valid until January 2017)
- ISO 9001 (valid until January 2017)
- Clean Industry (certifies compliance with Mexican environmental regulations)

Based on publicly available information, no accidents/incidents related chemical release or spillage are known to have occurred at the Salina Cruz Port since 2011.

According to due diligence performed by CyPlus, the Salina Cruz port has trained personnel to operate container lifts, yard cranes, and trailer platforms. No licenses issued by the government are required for the operators. The Port personnel receive training sessions regarding fire suppression, health and safety, hazardous goods handling, evacuation and spillage. Training regarding cyanide handling was provided by CyPlus.

The port receives cyanide in solid state within ocean containers, which are unloaded using two dock cranes. Internal movement of the containers is performed using cranes and trucks with trailer platforms. Cranes have a load capacity of at least 40 tons (maximum weight of the container is approximately 24 tons).

According to the CyPlus due diligence report, the port has a preventive maintenance program for container handling equipment which is conducted every 500 hours of operation; preventive and corrective maintenance orders are recorded in individual files. The container handling equipment is inspected prior to its use at the beginning of the work day using a checklist as stated in the procedure API-SAL-GOI-F-107.

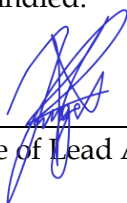
The port has designed a cyanide storage area. Warning signs are located in the area. Additionally, operators are trained regarding safe cyanide handling. Cyanide remains in the ocean container; which is labeled with the UN number and the division number placards. The containers are not opened at the port.

The Salina Cruz Port is equipped with a specific area for the loading/unloading of hazardous materials and follows the procedure API-SAL-GOI-F-48 to determine the incompatibility characteristics of the hazardous materials handled.

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The port has implemented the procedure API-SAL-GOI-F-105 for the storage control of containers. Additionally, cyanide remains in their packaging material and in their containers at all times; therefore, it is considered that cyanide is protected from contact with incompatible materials including water. The port does not have secondary containment; however, cyanide is handled only in solid state within the container.

The perimeter of the port is fenced with cyclonic mesh and metal bars. The port has control access and security procedures. The port also has CCTV surveillance. Trucks and visitors must be registered at the security booth to obtain access authorization. The port is permanently guarded by members of the Mexican Navy.

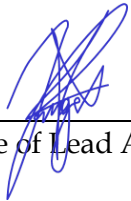
CyPlus has provided copies of its Emergency Response Plan and training to the Port personnel. In case of an emergency related to cyanide at the port, the Port will follow CyPlus Emergency Response Plan; therefore it is considered that the port is in full compliance with this practice.

Nonetheless, the port has its own emergency response plan. This emergency response plan describes responsibilities during the emergency response and chain of communication with public fire brigade and emergency services. Additionally, the port emergency response team receives training regarding chemical emergency response, first aid, and firefighting; this training includes emergency mock drills on an annual basis. The role of the port brigade in case of a cyanide related emergency would be to isolate the area and prevent escalation.

Port personnel have received training from CyPlus specialized personnel in the emergency response procedures. The training has been documented through attendance lists. Additionally, CyPlus has provided training to the external responders such as the Mexican Navy, transport contractors, the Red Cross, municipal firefighters, and port personnel as well as other external emergency responders that could cooperate during an emergency at the port.

The port has two disposable Tyvek suits, class A suits, firefighting equipment, two self-breathing apparatus, and one portable HCN detector, among other equipment which are inspected by the Port authorities. This is additional to the equipment that would be brought to the port by CyPlus brigades.

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