

SUMMARY AUDIT REPORT



**ICMI Cyanide Code Principle 2
EDEWIT, S.R. LTDA., Peru
Cyanide Transportation Certification Audit
Comas, Lima - Perú**

**Submitted to:
International Cyanide Management Institute (ICMI)
1400 I Street, NW – Suite 550
Washington, DC 20005, USA**




Geosoluciones Panamá, S.A.
P.O. Box 0923-00340
Santiago, Panamá

Initial Audit



ISOSURE, S.A.C.
Av. Los Paracas 429 Salamanca
Lima, Peru

EDEWIT, S.R. LTDA., Peru
Name of Facility


Signature of Lead Auditor

September 26, 2013
Date

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A- GENERAL SUMMARY

A.1 Information of the Audited Operation

Name of Cyanide Transportation Facility: Edewit S.R. LTDA.
Name of Facility Owner: Edewit
Name of Facility Operator: Edewit S.R.LTDA., Peru
Name of Responsible Manager: Edgar Grimaldo Valentin López
Address: Calle Rio Caplina N°158 Urb Santa Isolina
State/Province: Country: Comas /Lima / Perú
Telephone: (511) 989589574 E-Mail: edgar@consorciovalentin.com

(CERTIFICATION AUDIT)

Location detail and description of operation:

EDEWIT S.R. LTDA., Peru (EDEWIT) facilities are located in Comas, District of Lima, Republic of Peru.

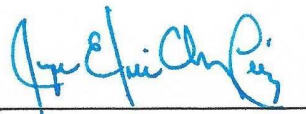
Operation beginnings in 1976, when Mr. Valentin Rojas started Urban Transport Services to Milpo Mining Company, offering Light Cargo, Heavy Haul and Transport of Mineral.

It currently has mining clients, industrial and construction companies in the country, keeping a good history of services, with no accidents or major losses, providing safety that the customer has planned and on time load destination.

EDEWIT equipment does not exceed, on average 3 years old. Invest in technological advances, so that our teams have modern security systems which we mention:

- ADR system, wire shielded eliminating the risk of fire by short circuit.
- Warning Light Seatbelt
- Air Bag
- Intelligent Auto Pilot
- Auxiliary lamp turning
- Rain sensor
- Double power system short
- All of our units are equipped with GPS
- Satellite Phone
- Temperature sensor and engine rpm

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- Control speed and position

EDEWIT provides environmental health and safety to their employees, having a Risk Management Program, applied to each of the areas, fostering a culture of incidents prevention and occupational diseases to ensure the workers welfare, care equipment, facilities and good environment.

EDEWIT have detailed hazard identification and risk assessment, developing programs of constant training drills, emergency response plan, where we have the participation of all our employees.

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A.2 Overall Auditor's Finding

This operation is in full compliance with the International Cyanide Management Code.

Audit Company: Geosoluciones Panamá, S.A.



Audit Team Leader: Jorge Efrén Chong Pérez Email: geosoluciones@cwpanama.net


Names and Signatures of Other Auditors: Carlo Brando Bolivar Vargas

Date(s) of Audit: September 26, 2013

I attest that I meet the criteria for knowledge, experience and conflict of interest for Code Verification Audit Team Leader, established by the International Cyanided 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.

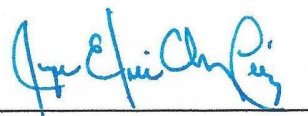
I attest that this Summary Audit Report accurately describe the findings of the verification audit. I further attest that the verification audit was conducted in a professional manner in accordance with the International Cyanide Management Code Verification Protocol for Cyanide Transportation Operations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

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B- ROLE AS CYANIDE TRANSPORTATION

1. TRANSPORT: Transport cyanide in a manner that minimizes the potencial for accidents and releases.

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

This operation is

- In full compliance
- In substantial compliance Transport Practice 1.1
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

EDEWIT developed the assessment for (7) seven routes for the transport materials and / or hazardous waste on January 23, 2013. All routes were approved by the Ministry of Transport and Communications (MTC, for its Spanish acronym), with Directorial Resolution 026-2013-MTC/16 where it is described the items to be assessed during the analysis of the path consistent with these being marked with the International Code for the Cyanide Management

EDEWIT has a special operation that allows transportation service of materials and / or hazardous waste by Directorial Resolution No. 2808-2010-MTC/15, which is valid until October 12, 2015.

The approved routes are:


Colquijirca, Corona, Marhtunel, El Porvenir, Atacocha, Argentum, Paragsha.

According with section 3, procedure SGSST-PR-021 and selected route sheet development by EDEWIT it shall:

3.1 Identify possible routes to follow.

3.2 Make the route sheet according with SGSST-FT-027 ROUTE, possible routes to follow.

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3.3 Identify hazards and assess risks according SGSST-FT-019 FORMAT OR IPER possible routes to follow.

3.4 Record the routes in the database according SGSST-FT-035 DATABASE.

3.5 Select the route according to the two documents that represents the lowest risk to the process of sodium cyanide transportation.

3.6 If only one route is identified by the nature of the infrastructure

In the route sheet will consider the analysis of at least the following hazards:

- Population density.
- Construction of the road.
- Route kind.
- Condition of the road.
- Proximity to water bodies.

Technical auditor made a review of the criteria used for evaluation of the route according to traffic density, cities, bridges, canals, road conditions, route design (curves, berms, number of lanes), altitude, crossroads, detours, weather conditions and the socio-political conditions being in compliance with the provisions of the Code.

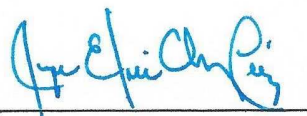
In the hazard assessment report (IPER) for each of the seven (7) routes, there were identified some aspects considered as major risks: urban areas, heavy traffic, speeding vehicles, vibration around the body, mists, noise vehicles, winding road, combustion gases, transport of dangerous goods for other companies.

After making the route sheet, the risks are discussed in the Risk Matrix, where Hazard Identification, Risk Assessment and Determining Controls are described.

The revised assessment procedure specifies that the route will be reviewed prior to the first transport to a client or based annually by the safety chief. The evaluation of the route will be regularly updated by EDEWIT to find new significant hazards or risks to the trip report to be presented at the end of each of the customer services.

The matrix results preventive and mitigating actions to reduce identified risks to acceptable operating conditions.

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The risk assessment results in the identification of critical to be mitigated in the transport operation points.

The objective of evaluating the route to develop is to provide the safest drivers route on the way to the client. Drivers must have access to the latest information on the conditions of the recommended route and safety information and relevant situations.

The escort drivers and supervisors provide feedback about the result of the trip report SGSST-FT-40 form to correct or improve any aspect of safety or environment.


The documents resulting for evaluations, developed for each route indicated in the Scope of this Emergency Response Plan are:

- Risk Matrix.
- Distance, speed and time traveled during transport.
- Graphical route.
- Route sheet.
- Route description

The Safety Officer is responsible for preparing the route sheet:

- Data Path: Start / End
- Road section description for each km.
- Total kilometers traveled
- Maximum speed limit
- Altitude meters above sea level
- Type and road conditions / speed allowed by both
- inclinations
- Curves
- Landslide Zone
- crosswalks
- tunnels
- bridges
- foggy areas
- Areas of rain and precipitation
- Infrastructure: Cruces, rail, port, airport runways, heliports
- Proximity to water bodies, river, lake, sea

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- High and low temperatures
- Fuels station
- men working (road repair)

NOTE: If radio check communication blind spots in the route analysis, needs to be assessed as a danger to the safety and the driver will provide the necessary equipment communications to keep in contact throughout the route.

EDEWIT has identified and documented the risks and the measures taken on the selected routes as well as emergency center assistance such as primary health centers, ambulances, hotels fuel stations points, and others which are described in table.

The existence of letters form SGSST-FT-0029 to fire stations and medical centers that should be sent in October of this year in order to communicate their roles in case of any emergency, resulted the open communication channels between EDEWIT and emergency support centers . These will be sealed by each of the support centers that are considered in the EDEWIT Emergency Response Plan.


For hazardous materials transport (including sodium cyanide), EDEWIT has a control room based in Callao, the system continuously provides GPS positioning each of the vehicles at all times, as well as continuous monitoring of velocity at each point on the route from the starting point to the end point. This information is delivered in printed form to the safety department.

EDEWIT also set by the standard SGSST-EST-003 the escort unit requirements for the transport of cyanide specifications.

EDEWIT provided information (MSDS, Emergency Response Plan and product information) to support emergency centers (health centers and fire companies) along the above routes, and received a signed letter with that information. This activity is carried out for external support center that should be prepared for emergencies.

As EDEWIT transports hazardous materials (including sodium cyanide), the control room at the “tecnicargas” base in Callao, provides a system that can identify geocells real-time emergency response centers.

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EDEWIT, S.R. LTDA., Peru does not subcontract other companies to transport Sodium Cyanide.

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.

This operation is

- In full compliance
- In substantial compliance Transport Practice 1.2
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

EDEWIT procedure establishes minimum requirements for drivers: health, legal, defensive driving training, emergency response training with sodium cyanide (spills and poisoning prevention).

The training in risk prevention and emergency response is given by a suitable professional.


The Annual Health and Safety Program, indicated by document SGSST-PROG-001, Section 5 provides programming courses as well as the progress achieved in accordance with the goals.

EDEWIT selected specialized drivers for sodium cyanide transport.

According to transportation procedures, drivers must rest once a week and drive up to eight (08) hours a day, with (02) hours breaks. Sleep at least eight (08) hours before each trip, and should not drive for more than twelve (12) hours per day. This is also regulated by the Peruvian government through the legal device Supreme Decree 009-2004-MTC Regulation of Transport Management Act.

Therefore, EDEWIT implemented a rest room for drivers, which is only used for drivers who have started to travel begin with cyanide, so that their rest can be monitored.

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EDEWIT, S.R. LTDA., Peru. does not subcontract other companies to transport Sodium Cyanide.

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

This operation is

- In full compliance
- In substantial compliance Transport Practice 1.3
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

Units carrying cyanide in the transport process, comply with the provisions of Peruvian law. In addition, the units are registered with the Ministry of Transport and Communications (MTC) for the transport of hazardous materials.


Technical auditor evidenced that EDEWIT has permits for the transport of hazardous materials RD No. 2808-201-MTC/15 and Cargo transport units are registered by the following resolutions RD 437-2011-MTC/15, R. D. 1698-2009-MTC/15, R. D. 2419-2011-MTC/15, R. D. 706-2012-MTC/15, R. D. 1681-2012-MTC/15, R. D.

EDEWIT used Volvo and Kenworth trucks, lowboy trailers to which provided maintenance according to manufacturer's specifications, purchased with load capacities which are certified for transport of sodium cyanide by the Peruvian government. Additionally, EDEWIT provides maintenance procedure SGSST-PR-016.

Prior to loading and use, trucks are inspected by EDEWIT staff to ensure the operation, based on inspection form SGSST-FT-022 "Pre-Trip Verification", should find some deviation before the start of the operation solution.

After the load is fixed, EDEWIT made a record of the weights and measures to record the weight of the load and verify that this does not exceed the maximum, according with

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SGSST-FT-026 Check List of oversized cargo format established by Peruvian law type of vehicle configuration.

Before the load is fixed EDEWIT analyzes the equipment and its load capacity indicated on the authorization card by the Peruvian government, to ensure that it is not overloaded in weights, also measures and verify that this does not exceed the maximum established under Peruvian law by type of vehicle configuration.

Through the "Referral Guide Shipper and Carrier" associated with equipment specifications indicated in the vehicle card, ensure that no overload. Records documents are attached in SGSST-FT-040 form.

EDEWIT, S.R. LTDA., Peru does not subcontract other companies to transport Sodium Cyanide.

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

This operation is


- In full compliance
- In substantial compliance Transport Practice 1.4
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

EDEWIT has established a safe method for transportation, described in form SGSST-FT-027. Sheet form where the administrative, operational and safety measures for the smooth operation of the transport of sodium cyanide are described.

For the transport of hazardous materials (including sodium cyanide), EDEWIT has a control room based in Callao. The system continuously provides GPS positioning of each of the vehicles at all times.

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Before the trip, the three visible sides of the containers are placed UN, DOT and NFPA diamond number. Peruvian law fulfilled Supreme Decree 021-2008-MTC Regulation for the transport of hazardous materials / waste. EDEWIT standard procedure SGSST-EST-010 provides the detailed specifications for the labeling.

Technical auditor checked existence signs on site.

EDEWIT implements SGSST-FT-022 Pre Trip Check list and SGSST-FT-023, escort vehicle check for sodium cyanide transportation.

EDEWIT has a maintenance plan. The maintenance records were reviewed and the practice was confirmed during vehicle observation and at the same time interviewing the maintenance supervisor, and drivers.

Drivers must rest at least (8) hours before a trip and not driving more than (12) hours a day, it is only driving during the day. Peruvian law will set the same schedule for the transportation of hazardous materials "DS 009-2004-MTC Regulation of Transport Management Act".

Cyanide transport is only allowed in day time.


The convoy supervisor is in charge to suspend the trip, in case any event puts in risk the load, drivers or the environment, and go ahead order when conditions are safe.

It is prohibited the consumption of alcohol, drugs or any medication that may affect the driver performance or convoy members.

Before each trip, employee must have Alco test and periodically discard evidence of drug use, the violation of this policy has resulted in the separation of the worker from the organization.

Records with details of route incidents, sensitive areas found and relevant information to ensure safety and security on future trips have conducted. Samples of trip report were checked to verify procedure by technical auditor.

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EDEWIT, S.R. LTDA., Peru does not subcontract other companies to transport Sodium Cyanide.

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

This operation is

- In full compliance
- In substantial compliance Transport Practice 1.5
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

EDEWIT, S.R. LTDA., Peru does not transport by sea or air.

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

This operation is


- In full compliance
- In substantial compliance Transport Practice 1.6
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

EDEWIT uses a GPS system. They also have telephone service, radio and cellular pathway that ensure full coverage during movement and fully connection to the control room that has its base in Callao. Moreover, this system continuously provides the position of each vehicle at all times.

Telephone lines were operating at the time of the audit, technical auditor also inspects to verify the operation of mobile equipment and the payment of telephone service. GPS and radio were in service since last 2012.

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EDEWIT has identified areas without cell coverage and radio, in these areas the convoy makes use of satellite equipment: “La Oroya 15 Kilometer (Km) interval, Junin (15 Km interval) and Chicla (15 Km interval).

The system has GPS location updates in real time, in areas without GPS coverage it saves information transmitted, then after passing vehicles. By procedure SGSS-PR-011 transport development process is established the escort control, and all the documentary control and chain of custody to ensure the cargo tracking from origin to final delivery.

The bill of lading and reference guide (“Guía de Remisión del Remitente y Guía de Remisión del Transportista” is part of shipping records of amount transported.

The sender reference guide indicates the product name, number of the United Nations (UN), and number of packages transported cargo weight, and likewise that product safety considerations are indicated.

Also, with the sender reference guide from the vendor, it is delivered Data Sheet Material Safety to the carrier.


The lack of guidance sender reference and Data Sheet Material Safety during transport is fined by the confiscation of the cargo by the Peruvian government, which makes this procedure to be mandatory.

The sender reference guide should be preserved and stored by the carrier for not less than five (5) years.

The sender reference guide show product name, number of the United Nations (UN), and number of packages transported cargo weight is indicated likewise that product safety considerations are indicated. Upon delivery of the sender reference guide to the vendor delivers Data Sheet Material Safety to the carrier.

The lack of guidance sender reference and Data Sheet Material Safety during transport is fined by confiscation of the cargo by the Peruvian government, which makes mandatory controls on all tolls departure city Lima.

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The sender reference guide records should be preserved and stored by the carrier for not less than five (5) years.

EDEWIT, S.R. LTDA., Peru does not subcontract other companies to transport Sodium Cyanide.

2. INTERIM STORAGE: Design, construct and operate cyanide trans-shipping depots and interim storage sites to prevent releases and exposures.

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

This operation is: THIS PRACTICE DOES NOT APPLY TO THIS OPERATION.

- In full compliance
- In substantial compliance Transport Practice 2.1
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

EDEWIT, S.R. LTDA., Peru transportation operations do not involved the use of interim storage facilities.


3. EMERGENCY RESPONSE: Protect communities and the environmental through the development of emergency response strategies and capabilities.

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

This operation is

- In full compliance
- In substantial compliance Transport Practice 3.1
- Not in compliance

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Summarize the basis for this Finding/Deficiencies Identified:

EDEWIT has an Emergency Response Plan called “Plan de Contingencia para el Transporte de Cianuro de Sodio”, Procedure SGSSST-PDC-001, approved by Supreme Decree N ° 107-2013-MTC/16 adopted by Directorial Resolution 026-2013-MTC/16. Information of road conditions is defined in the document as well describes the response actions for emergencies in different scenarios.

Emergency Response Plans are called in Peru “Planes de Contingencia para el transporte terrestre de materiales y/o residuos peligrosos”, in according with “RESOLUCIÓN DIRECTORIAL N°031-2009-MTC/16”.

The Emergency Response Plan is adequate for the selected transport routes, based on a review of the hazards and risk assessments after the completion of the route sheet.

The Emergency Response Plan is adequate for the selected transport route because it takes into account the chemical cyanide properties based on the Safety Data Sheet Product "Sodium Cyanide" SGSST-EXT-MSDS-001.

EDEWIT uses trucks to transport sodium cyanide considering the equipment characteristics and the structural conditions of the road where the transport of sodium cyanide is performed are evaluated.


Information on road conditions, defined in SGSST-FT-027 route sheet format. These were verified during the audit.

It also establishes the actions that must take the leader and convoy drivers when irregularities arise during transport of sodium cyanide, including civil commotion, adverse conditions, bad weather, traffic congestion and unplanned stops.

EDEWIT used trucks and lowboy trailers purchased with a load capacity which are certified for transport of sodium cyanide by the Peruvian government.

EDEWIT set action if incidents occur on the route, these incidents are described below.

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- Mechanical Problems
- Rollovers with spill
- Overturning without spill
- Fire Truck
- Crash with Injuries / No Injured
- Water Spill, Cleaning and Decontamination
- Social conflicts
- Adverse Weather Conditions
- Congestion

Drivers and supervisors knowledge was evidenced after interviews.

EDEWIT establishes three levels of emergency response actions:

Level I (Incident)

- Minor emergency that can be controlled by EDEWIT drivers.
- Controlled by own resources.
- Any incident in route (mechanical failure, collisions with animals, etc.).

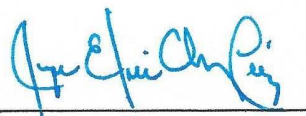
Level II (Emergency)

- Emergencies that affect the driver, the transport unit and merchandise.
- Controlled by the company's own resources, the sender and the recipient.
- Involves the intervention of support agencies (PNP, fire, health) and local authorities.

Level III (Crisis)

- Emergency that must require external support for EDEWIT, from sender and the transporter.

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

This operation is

- In full compliance
- In substantial compliance Transport Practice 3.2
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

EDEWIT showed that drivers and supervisors are proper trained in appropriate emergency response on safe cyanide management (spill and intoxication), and other courses like defensive driving, firefighting , first aid, hazardous materials level I and Level 2.

These workouts are renewed annually complying with the training plan; this is evidenced by reviewing training plans by verifying compliance with specific skills. Training is provided by external companies.

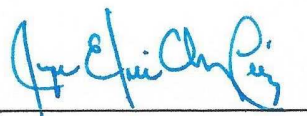
Drivers with supervisors are responsible to respond in an initial emergency. They pass medical tests to check physically for these activities and have received the necessary training for efficient emergency response conditions. Emergency Response Plan, Annex 4 describes specific emergency response duties and responsibilities.

Each truck has the required emergency response equipment. Also the convoy supervisor has a Response Kit spills and poisoning (antidote kit), and a personal protective equipment to be verified before the trip. This verification needs to be made before the start of trip and newspapers in emergency response training courses.

EDEWIT has included in the emergency response plan in case spill cannot be handled with EDEWIT personnel. In that case firefighters will response according to the procedure SGSST-PR-009 COMMUNICATION SUPPORT.

Records of emergency response equipment and inspection were checked. The presence of this equipment of convoys was verified. The Emergency Response Plan indicates staff

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functions in an emergency, describes specific roles and responsibilities of staff; also the emergency equipment is to be used in both the first and second response.

SGSST-PR-007 HAZARD IDENTIFICATION AND RISK ASSESSMENT procedure indicate criteria to evaluation prior to each trip as well as the list of equipment, including antidotes that should be part of the emergency response kit, for which the use of EST-002-SGSST formats EQUIPMENT TRANSPORT UNITS necessary and SGSST-EST-003 SODIUM CYANIDE EQUIPMENT ESCORT.

EDEWIT, S.R. LTDA., Peru does not subcontract other companies to transport Sodium Cyanide.

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

This operation is

- In full compliance In full compliance
- In substantial compliance Transport Practice 3.3
- Not in compliance


Summarize the basis for this Finding/Deficiencies Identified:

During an emergency, notifications and flow actions are indicated in section 6.1, page 22/57 in the Emergency Response Plan.

It was evident that in case of emergency the contact list is current and updated in the Emergency Response Plan, SSGSST-PDC-001 page 24/57 that indicates the emergency management committee “Comité de Manejo de Emergencias-CEM” phone list.

To ensure that internal and external emergency notification and reporting procedure are kept current EDEWIT management will be provided revision on an annual basis and whenever changes in activities or processes occur, according to the renewal or increase of labor resources, implementation of new technologies and especially taking into account the results of the drills evaluation.

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

This operation is

- In full compliance
- In substantial compliance Transport Practice 3.4
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

The Emergency Response Plan, from section PRE-03 until PRE-07, page 43-45; describe how the recovery will take or neutralize the solid, the decontamination of soils or other contaminated media. Also it describes how to manage these wastes.

Emergency Response Plan Section PRE-05 and page 43/57 (rev. August 15, 2013) established: prohibit the use of chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide to treat cyanide that has been released into surface water.

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


This operation is

- In full compliance
- In substantial compliance Transport Practice 3.5
- Not in compliance

Summarize the basis for this Finding/Deficiencies Identified:

The period of review and evaluation of this Emergency Response Plan, is at least once a year.

EDEWIT, S.R. LTDA., Peru
Name of Facility


Signature of Lead Auditor

September 26, 2013
Date

SUMMARY AUDIT REPORT

EDEWIT Management is responsible for requesting immediate changes to this Plan, in case of serious incidents occur, for results of drills, audits or inspections by improvement process.

Changes and updates are performed by the Quality Department, following from the DOCUMENT CONTROL procedure.

The Emergency Response Plan, section 5.2, defines the frequency of emergency drills and the scheduled of emergency drills.

Drills are carried out by the head of Safety and in a semester basis, indicating the completion of one (1) theoretical drill and practical (1) drill, in order to evaluate the effectiveness of the Emergency Response Plan by correcting and inserting improvements obtained by lessons learned.


The drill's objective is to measure the efficiency of the response procedure.

The Chief Safety takes into account the rapid preliminary compilation of the situation, gathering the basic facts as known at the time the who, what, where, when, how and why of the situation, contact the person responsible and retransmit information obtained continuously, that will be communicates between the Convoy Leader and will handle the requirement of authorities.

During the audit was reported that drill will be planned for October 2013.

At the time of this report EDEWIT inform that the drill was conducted. Photos and attendance list is attached.

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Date