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GREEN SUPPLY & LOGISTICS S.A. DE C.V.

INTERNATIONAL CYANIDE MANAGEMENT CODE – SUMMARY AUDIT REPORT

February 2016

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GREEN SUPPLY & LOGISTICS S.A. DE C.V.

INTERNATIONAL CYANIDE MANAGEMENT CODE – SUMMARY AUDIT REPORT

February 2016

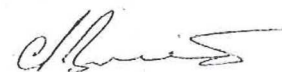
PREPARED BY:

Christine Blackmore Associate Director/Lead Cyanide Auditor



APPROVED BY:

Chris Broadbent Director



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Wardell Armstrong is the trading name of Wardell Armstrong International Ltd,
Registered in England No. 3813172.

Registered office: Sir Henry Doulton House, Forge Lane, Etruria, Stoke-on-Trent, ST1 5BD, United Kingdom

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ENERGY AND CLIMATE CHANGE
ENVIRONMENT AND SUSTAINABILITY
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SUMMARY AUDIT REPORT

1 INTRODUCTION AND SUPPLY CHAIN STRUCTURE

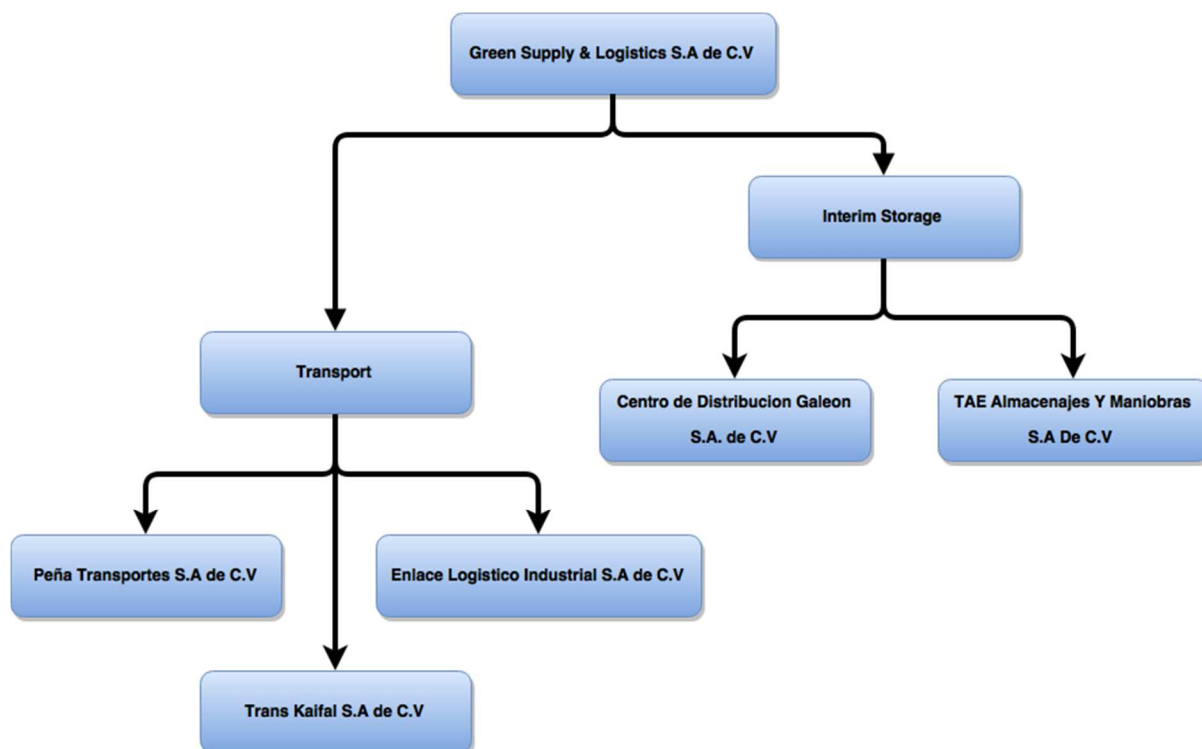


Figure 1: Flow diagram demonstrating the structure of GSL's 'Mexico Supply Chain'.

Wardell Armstrong International (WAI) was commissioned by Green Supply and Logistics S.A de C.V (GSL) to undertake an audit of its 'Mexico Supply Chain' in accordance with the International Cyanide Management Institute's (ICMI) Cyanide Management Code (ICMC). This was carried out by Christine Blackmore (IRCA registration No. 1199173) - Accredited Lead Cyanide Auditor. All documentation was reviewed prior to a site visit conducted between 10 & 21 September 2015. It is GSL's intention to obtain 'Cyanide Code Certification' for the supply chain as a whole, working with the sub-contractors named within this audit (See Fig. 1)

Cyanide is purchased by GSL from ICMI accredited sources in Korea (Tongsuh Petrochemical Corporation/Hyosung Corporation) and transported by sea to the Port of Manzanillo, Colima. Cyanide is unloaded by Trans Kaifal S.A de C.V. (who operate the port) and transferred to one of two interim storage facilities: Centro de Distribución Galeón S.A. de C.V (CEDI GALEON), and TAE Almacenes Y Maniobras, S.A. de C.V (TAE). Both interim storage facilities have been audited against the 'Interim

SUMMARY AUDIT REPORT

Storage’ (Section 2) and ‘Emergency Response’ (Section 3) sections of the ‘Transportation Verification Protocol’.

Deliveries from the interim storage facilities to mines across Mexico are undertaken by three further transport sub-contractors: Trans Kaifal S.A de C.V., Peña Transportes S.A de C.V (Peña) and Enlace Logistico Industrial S.A de C.V (Enlace). The three transportation sub-contractors have been audited against the ‘Transportation’ (Section 1) and ‘Emergency Response’ (Section 3) sections of the ‘Transportation Verification Protocol’.

In order to ensure consistency throughout the supply chain and ensure compliance in its position as consignor, GSL itself has also been subjected to a ‘Code Verification audit’ using applicable portions of the ‘Transportation Verification Protocol’ and ‘Production Verification Protocol’. A site visit to GSL’s offices in Chihuahua has also been conducted. During the site visit ‘site notes’ were taken for each sub-contractor along with a corresponding photographic record. The auditor also monitored the filing, retention and recording of cyanide shipments. The auditor confirms that this aspect is undertaken to a high standard.

SUMMARY AUDIT REPORT

2 GREEN SUPPLY & LOGISTICS

Name of Cyanide Transportation Facility:	Green Supply & Logistics S.A de C.V
Name of Facility Owner:	Don Harrist
Name of Facility Operator:	Don Harrist
Name of Responsible Manager:	Don Harrist
Address:	c.Pino No 1002 Fraccionamiento
State/Province:	San Pablo Chihuahua, CHH CP31107
Country:	Mexico
Telephone:	614 394 1833
Fax:	N/A
Email:	donh@cianuroenmexico.com

Location detail and description of operation:

Green Supply & Logistics (GS&L) purchases cyanide from ICMC accredited producers in Korea (Hyosung/Tongsuh) and receives the product through the Port of Manzanillo, Colima.

GS&L sub-contracts cyanide storage within Manzanillo to two interim storage facilities (TAE Almacenes and Cedi Galeon) which are currently undergoing ICMI accreditation as part of this wider GS&L supply chain audit.

Distribution of cyanide from the facilities in Manzanillo to mines across Mexico is carried out by three further sub-contractors (Peña Transportes, Enlace and Trans Kaifal; all of which are currently undergoing ICMI certification as part of this Wider 'Mexico Supply Chain Audit'.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

Auditor's Finding

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

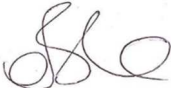
**The International Cyanide
Management code**

Audit Company: Wardell Armstrong International

Audit Team Leader: Christine Blackmore

E-mail: cblackmore@wardell-armstrong.com

Names and Signatures of Other Auditors:

Name	Position	Signature	Date
Christine Blackmore	Lead Auditor		16/02/2016

Date(s) of Audit: 10-21 September 2015

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 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.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

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 **Transport Practice 1.1**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- GSL approve all transport routes prior to them becoming operational, taking into account population density, infrastructure, pitch and grade and the prevalence and proximity of water bodies and fog.
- Both transporters used by GSL have GPS tracking and navigation systems.
- Guidance procedure have been issued for the valuation and re-evaluation of transport routes.
- Routes are continually re-evaluated by both GSL and the individual transporters.
- Each transporters has its own procedures with regard to external responders, medical facilities and the mutual aid of communities and stakeholders.
- GSL only used the nominated transporters as part of this overall supply chain audit.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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 **Transport Practice 1.2**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- GSL requires that all transporters used as part of this overall supply chain audit are trained, qualified and licensed where required according to Mexican Regulations.
- All documentation is collected and recorded by GSL as part of its management of the supply chain.
- GSL supply appropriately qualified instructors to all transporters and interim storage facility (ISF) providers. Instructors provide presentations and supply employees with 'take home' materials relating to cyanide handling and safety.
- The only contractors used by GSL are those nominated as part of this ICMI summary audit.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance **Transport Practice 1.3**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Transport companies nominated by GSL as part of the 'Mexico Supply Chain' were chosen as a result of their new and well maintained vehicles.
- Axle weight checks are conducted before each shipment departs. GSL compares the weight of individual shipments to the capability of transport vehicles used.
- GSL only uses the transporters nominated as part of the 'Mexico Supply Chain'.
- Transported vehicles are fitted with up-to-date GPS navigation and tracking.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance **Transport Practice 1.4**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- All cyanide is transported within wooden boxes contained with ISO 6346 standard intermodal shipping containers.
- All containers are marked according to local Mexican regulations and with the UN 1689 designation.
- All transporters and interim storage facility providers nominated as part of this 'Mexico Supply Chain Audit' have implemented their own safety program for cyanide transport.
- Documentation regarding vehicle inspections, preventative maintenance programs, limitations upon driving hours, drug abuse prevention etc. were reviewed prior to appointment of transporters and interim storage facility providers as part of 'Mexico Supply Chain'.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance **Transport Practice 1.5**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- GSL are supplied with manifests stating weights and amounts of cyanide transported from the producer by sea.
- GSL do not transport or receive cyanide by air.
- Cyanide is shipped in accordance with the International Maritime Organisation's Dangerous Goods Code.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.6

Summarize the basis for this Finding/Deficiencies Identified:

- Tracking of individual cyanide shipments is conducted by the individual transport companies nominated as part of this 'Mexico supply Chain Audit'. Please see individual summaries (Transport Practice 1.6) within the Summary Audit
- Chain of custody documentation and 'security seals' for individual containers are provided by GSL for use by nominated transporters and interim storage facilities.
- All transporters have communications devices in place and have adequate procedures in place in the case of a communications blackout.
- Cyanide shipments are accompanied by MSDS' throughout transport and interim storage.
- GSL only use transporters and interim storage facilities nominated as part of this 'Mexico Supply Chain Audit'.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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.

The operation is: in full compliance with
 in substantial compliance **Transport Practice 2.1**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The posting of warning signs with regard to; smoking, open flames, eating and drinking and PPE is the responsibility of the nominated transporters and interim storage facilities.
- Security of cyanide shipments is the responsibility of nominated transporters and interim storage
- The separation of incompatible materials is the responsibility of the nominated transporters and interim storage facilities.
- Safe storage of cyanide is the responsibility of the individual interim storage facilities as part of this 'Mexico Supply Chain Audit'.
- Site walkover/inspections to the above are undertaken routinely by GSL employees.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

3. Emergency Response: *Protect communities and the environment through the development of emergency response strategies and capabilities.*

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

The operation is: in full compliance with
 in substantial compliance **Transport Practice 3.1**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor was presented with a copy of GSL's overarching emergency response plan, in addition to individual ERP's for each sub-contractor (transporters and interim storage facilities).
- Individual sub-contractor ERP's were reviewed against GSL's overarching documents prior to appointment as part of the Supply Chain.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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 **Transport Practice 3.2**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- GSL has access to a suitably qualified instructor in cyanide handling, safety and emergency response; the instructor has provided suitable training to each sub-contractor.
- Each sub-contractor has its own ERP; these were reviewed by GSL prior to appointment and deemed satisfactory when compared with GSL's overarching supply chain ERP.
- Roles and responsibilities in an emergency situation are covered within the ERP.
- Personal protective equipment required for cyanide transport, storage and handling is listed within the ERP (both GSL's overarching ERP and the individual sub-contractor ERP's).
- GSL has provided the auditor with a 'rolling' programme for ER refresher training. The auditor undertook random spot checks in order to confirm compliance.
- GSL undertake periodic inspections/site walkovers in order to ensure that the required ER equipment is in place and that ER procedures are being enforced.
- All cyanide transport and interim storage facility sub-contractors have been checked to ensure that procedures match up with GSL's supply chain requirements.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance **Transport Practice 3.3**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Coordination or larger scale incidents will be undertaken by the Mexican Civil Defence agencies.
- Notification of stakeholders, the general public and medical facilities will be undertaken by the Mexican Civil Defence agencies.
- Both GSL and the individual transporters and interim storage facilities have revision and version controls procedures for all documents.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

Transport Practice 3.4: Develop procedures for remediation and recognise the additional hazards of cyanide treatment chemicals.

The operation is: in full compliance with
 in substantial compliance **Transport Practice 3.4**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Procedures for remediation, recovery or neutralisation of solids, decontamination of soils or other contaminated media are present within ERP's provided by sub-contractors and GSL.
- GSL and sub-contractor procedures explicitly prohibit the use of chemicals such as sodium hypochlorite, ferrous sulphate and hydrogen peroxide to treat cyanide that has been released into surface waters.
- GSI have produced an overarching 'procedure for the management of a cyanide spill'; GSL has confirmed that individual sub-contractor procedures mirror this document. The auditor has reviewed this document.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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 **Transport Practice 3.5**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Both GSL and the individual sub-contractors provide revision and version control sections in their documentation.
- GSL implements an overarching 'refresher' training program in order to ensure that response procedures are kept up-to-date.
- GSL are in attendance during all sub-contractor emergency drills. Drill reports have been presented to the auditor for review.
- All documents and procedures are signed off by GSL senior management.

Green Supply & Logistics S.A de
C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

3 PEÑA TRANSPORTES, S.A. DE C.V.

Name of Cyanide Transportation Facility:	Peña Transportes, S.A. de C.V.
Name of Facility Owner:	Gerardo Peña
Name of Facility Operator:	Gerardo Peña
Name of Responsible Manager:	Gerardo Peña
Address:	Paseos de Juarez, 14527, Paseos de Chihuahua, CP. 31125.
State/Province:	Chihuahua
Country:	Mexico
Telephone:	4102144
Fax:	N/A
Email:	Gerardo.peña@penatransportes.com

Location detail and description of operation:

Green Supply and Logistics S.A. de C.V. (GSL) sub-contract Peña Transportes S.A de C.V to distribute cyanide shipments from one of two interim storage facilities in Manzanillo (TAE Almacenes 'TAE' and Cedi Galeon) to mines across Mexico as part of the 'Mexico Supply Chain'.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

Auditor's Finding

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with


**The International Cyanide
Management code**

Audit Company: Wardell Armstrong International

Audit Team Leader: Christine Blackmore

E-mail: cblackmore@wardell-armstrong.com

Names and Signatures of Other Auditors:

Name	Position	Signature	Date
Christine Blackmore	Lead Auditor		16/02/2016

Date(s) of Audit: 10-21 September 2015

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 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.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

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

The operation is: in full compliance with **Transport Practice 1.1**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The risk assessment states population density as a safety consideration for the transport in addition to the following considerations:
 - Type of transport unit
 - Driver's medical check
 - Road conditions
 - Weather Conditions en route
 - Population density of transit route
 - Type and classification of roads (highways, dirt roads etc.)
 - Rush hour on public holidays and days most populated cities
 - Distance travelled, indicating specific points and unsafe places
 - Stops points for transport (rest or food intake)
 - Crime
- Procedures state that feedback documents are to be placed in each transport vehicle in order to allow the transporter to comment on the condition of the route. Route allocations are reviewed every 3 months. This was verified during the site visit. Vehicles are fitted with GPS tracking technology and mobile phones are provided to all drivers.
- The auditor has been provided with letters from Peña to the Mexican Civil Defence (MCD) Authorities informing that hazardous materials are being transported. The MCD will coordinate any cyanide emergency response; this includes liaison with the media and notification of emergency response providers. The MCD has advised Peña not to alert local communities of cyanide transports.
- Chihuahua State requires that escort vehicles are used by vehicles transporting cyanide within Chihuahua. All other states do not require the use of escort vehicles.
- Peña does not sub-contract cyanide transport.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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 **Transport Practice 1.2**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Driving licenses (Class E) and insurance documentation has been provided to the auditor.
- Staff have been provided with training on the “safe management of sodium cyanide”.
- Peña does not subcontract cyanide transport.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance **Transport Practice 1.3**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor has been provided with vehicle registration documentation stating the make/model, dimensions and capacity of transport vehicles used by Peña.
- All goods are weighed by customs upon entry to Mexico at the Port of Manzanillo. Weights are recorded within consignment documentation which travels with the goods as they leave the port for interim storage. This system allows shipment weights to easily be compared with vehicle carrying capacities.
- Peña does not subcontract cyanide transport.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 1.4**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Cyanide boxes are transported on pallets and loaded into either shipping containers or articulated box. Procedures state the cargo must be inspected for damages upon receipt and delivery.
- Each wooden box is individually identified as cyanide. In addition containers used to transport cyanide are marked as required by local and international standards (i.e. UN 1689). This was verified by the auditor during the site visit.
- Inspection checklists have been provided to the auditor and are completed prior to the departure of each shipment. During the site visit the auditor undertook spot checks and discussed the loading of containers.
- Formats used to record driver's operating hours have been provided to the auditor. Driving hours are also monitored by the vehicles GPS tracking system and sent to the Mexican authorities. Procedures state that drivers travelling for more than 8 hours must take a significant break. Cyanide shipments are not permitted to travel after dark.
- Procedures state that the driver must check the arrangement of loads prior to departure and secure with ratchet straps.
- The auditor has been provided with drug testing certificates. In addition, all drivers are tested by either TAE or Cedi Galleon prior to leaving their facility.
- All documents referenced above have been provided to the auditor in electronic form.
- Peña does not sub-contract cyanide transport.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance **Transport Practice 1.5**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Cyanide shipments by sea from Korea (Tongsuh/Hyosung) are the responsibility of the producer.
- Peña does not transport cyanide by sea.
- Peña does not transport cyanide by air.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 1.6**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor has been provided with mobile phone contracts for phones issued to drivers. Vehicle routing data can be inputted at Peña's office and sent remotely to transport vehicles. Peña use 3 different vehicle tracking systems (Novit, Digital Tech and Digital Tech 3).
- A spot check of Peña's communication was carried out during the site visit. GPS tracking data is provided every minute and automatic email alerts are provided in case of deviations from the set route or system failures.
- The auditor has been informed that Peña has identified communications blackout areas along the selected transport routes and timed the elapsed time taken to cross them. Route selections provided to the auditor contain waypoints for different journey stages.
- Each shipment of cyanide travels with chain of custody documentation. Procedures require each shipment to be checked upon departure. Numbered security bolts are used to prevent the vehicle from being opened during transport; serial numbers are contained within consignment notes.
- Material safety data sheets are contained within consignment notes and within the emergency response plan.
- Peña does not sub-contract cyanide transport.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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.

The operation is: in full compliance with
 in substantial compliance **Transport Practice 2.1**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Peña does not store cyanide (even on a temporary/short-term basis).

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

3. Emergency Response: Protect communities and the environment through the development of emergency response strategies and capabilities.

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

The operation is: in full compliance with **Transport Practice 3.1**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor has witnessed the Emergency response plan. The plan is generic in nature and provides procedures for a number of different emergency response scenarios involving cyanide. The plan is generic and is equally applicable to transport by rail or road.
- A contact number and role of SETIQ is supplied within the Emergency Response Plan. The Mexican Civil Defence Authorities will take control emergency situations, this includes coordination of response providers and media liaison.
- It is mentioned within the emergency response procedure that the cyanide being transported is in a solid (briquette) form.
- Cyanide transported by Peña is contained within wooden boxes inside sealed shipping containers. Peña use skeleton trailers with container locking devices. The auditor undertook random spot checks of trailer condition during the site visit.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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 **Transport Practice 3.2**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor has witnessed certificates stating that staff have received training on “the safe management of sodium cyanide”. An extensive list of the PPE required during cyanide transported has been supplied within the ERP.
- The auditor has been informed that procedures state the need to review/inspect PPE and ensure its availability prior to departure.
- Peña does not sub-contract cyanide transport.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 3.3**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Contact information for the company's legal representative and SETIQ is provided within the ERP.
- All incidents/accidents are report to the MCD Authorities who coordinate response actions. All drivers have been advised of the correct procedures and have been given the correct contact details.
- Each vehicle has ER equipment to initiate the emergency response until the MCD Authorities are on the scene.
- The ERP is updated every 6 months when any alterations to the notification and reporting procedures can be amended if required.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

Transport Practice 3.4: Develop procedures for remediation and recognise the additional hazards of cyanide treatment chemicals.

The operation is: in full compliance with
 in substantial compliance **Transport Practice 3.4**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Initial response (neutralisation/containment) is provided by Peña but remediation, recovery of solids etc. is sub-contracted to Peña's insurance contractor.
- All containers used to transport cyanide are decontaminated at the Port of Manzanillo after use as part of Peña's contract with GSL.
- The ERP states that sodium hypochlorite, ferrous sulphate and hydrogen peroxide must not be used to treat cyanide that has been released into surface/groundwater.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 3.5**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- It is stated within the ERP that the plan will be evaluated every 6 months. The date of last/next review is also given in advance.
- Drivers currently undertake generic transport safety drills for a number of different loads.
- Drivers currently undertake generic transport safety drills for a number of different loads in addition to a cyanide specific safety drill.

Peña Transportes, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

4 TRANS KAIFAL S.A. DE C.V.

Name of Cyanide Transportation Facility:	Trans Kaifal S.A. de C.V.
Name of Facility Owner:	Israel Canterras
Name of Facility Operator:	Israel Canterras
Name of Responsible Manager:	Israel Canterras
Address:	Central Oriente No. 6 Parque Industrial Fondepport C.P. 28219
State/Province:	Colima
Country:	Mexico
Telephone:	+52 314 336 6400
Fax:	N/A
Email:	N/A

Location detail and description of operation:

Trans Kaifal S.A de C.V are sub-contracted by Green Supply and Logistics S.A. de C.V. (GSL) to transport cyanide from its point of entry into Mexico (Port of Manzanillo, Colima) to one of two interim storage facilities within Manzanillo (TAE Almacenes y Maniobras S.A de C.V 'TAE' and Centro de Distribucion Galeon S.A de C.V).

Trans Kaifal may also be sub-contracted to distribute cyanide shipments from their port of entry to various mine sites across Mexico.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

Auditor's Finding

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

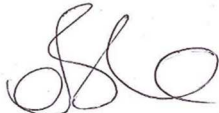
**The International Cyanide
Management code**

Audit Company: Wardell Armstrong International

Audit Team Leader: Christine Blackmore

E-mail: cblackmore@wardell-armstrong.com

Names and Signatures of Other Auditors:

Name	Position	Signature	Date
Christine Blackmore	Lead Auditor		16/02/2016

Date(s) of Audit: 10 – 21 September 2015

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 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.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

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

The operation is: in full compliance with **Transport Practice 1.1**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor has been supplied with a “procedure for the selection of transport routes”. The following factors are taken into consideration when assessing cyanide transport routes:
 - Condition of the transport unit
 - Physical condition of the driver
 - Road condition
 - Climatological conditions
 - Population density along the proposed route
 - Type and classification of roadway
 - Peak hours of congestion
 - Required transport distance
 - Crime
 - Suitable stopping points (for rest, refreshments etc.)
- Where possible main roads are used, except for smaller roads used to access mine sites. Smaller roads are assessed on an individual basis (weight limit, road condition) in order to ascertain which type of transport vehicle would be most appropriate.
- Routes are evaluated via a driver feedback form and from telephone communications. The information is collated and supplied to the next driver due to take that route.
- The Mexican Civil Defence (MCD) Authorities will coordinate cyanide responses, this includes notification of external responders and stakeholders. Trans Kaifal does not have any influence over this aspect.
- Shipments are tracked in transit using GPS tracking technology. Training certificates have been provided to the auditor showing that employees are competent in the use of the online tracking system. The auditor was given a demonstration of the GPS functionality during the site visit. The system is able to remotely switch off the vehicles engine and sends email alerts in the case of deviations from the planned route. The driver follows the route using an in-cab GPS which is linked to the vehicle’s tracking system.
- Procedures state that Trans Kaifal will supply additional security should the transport route require it.
- Trans Kaifal does not sub-contract cyanide transport.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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 **Transport Practice 1.2**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditors has been supplied with Mexican “Class E” driving licenses for the drivers used to transport cyanide (Class E covers dangerous goods).
- Certificates have been provided to the auditor showing that drivers have been provided with training on the handling of sodium cyanide and relevant first aid procedures.
- The auditor has been provided with an annual training program for 2015. Scheduled training includes:
 - Use of fire extinguishers
 - Fire fighting
 - General transport emergencies
 - Emergencies involving sodium cyanide
 - Risks within the workplace
 - Mock Sodium cyanide emergency drills
 - Basics of First Aid
- Trans Kaifal do not sub-contract cyanide transport.

Trans Kaifal, S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 1.3**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Vehicle registration documentation has been provided to the auditor which states the make/model and capacity of the transport vehicle.
- Use of double trailers linked to one transport unit is normal for this type of transportation (e.g. 2 x 40'). A smaller single articulated vehicle is used for smaller deliveries depending on an assessment of road conditions.
- The majority of Trans Kaifal's fleet is relatively new and some brand new vehicles have just been entered service. The auditor was informed that it is company policy to only use the newest vehicles for the transport of dangerous goods.
- Maintenance checklists have been provided to the auditor (tyre checks and general vehicle maintenance).
- Procedures state that the receiver/shipper is solely responsible for loading and unloading. The auditor chose a vehicle at random during the site visit and witnessed the entire inspection process including vehicle registration checks, tyre checks, dangerous goods placards, lights etc. Upon loading all trucks are cross checked with the load they are capable of handling. All documentation with regard to shipment weights is administered at the port.
- Cyanide shipments are weighed by customs at the Port of Manzanillo upon entry to Mexico; weights are recorded by GSL and passed onto Trans Kaifal.
- Trans Kaifal do not sub-contract cyanide transport.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 1.4**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Procedures state that the driver must check that cyanide shipments are correctly identified and sealed during loading. Feedback forms must be filled out upon arrival and departure by both the shipper and receiver. The feedback forms require that the shipment is correctly identified with the relevant placards. UN1689 and marine pollutant placards have been made available and designated attachment points are on each vehicle.
- Maintenance checklists for both trucks and trailers have been provided to the auditor and are conducted prior to the vehicle leaving the depot; a further check is undertaken by the facility upon departure. The auditor undertook some random trailer checks on container locking devices to spot check maintenance and up-keep.
- The GPS tracking system is also linked to the vehicle management system allowing vehicle faults to be automatically reported to Trans Kaifal. Alerts are sent to several key staff within Trans Kaifal so that immediate action can be taken. In addition the GPS tracking system also acts as a log of driver's hours. A hard copy of all driving logs are submitted to the Mexican Authorities. Trans Kaifal stipulate that drivers can travel for up to 8 hours with short breaks before they must then stop for 2-3 hours before further driving.
- Procedures state that all loading/unloading must be carried out by authorised personnel from the companies sending and receiving the shipment.
- The route is continuously monitored by Trans Kaifal's central operations centre, which is in continuous contact with its vehicles.
- The GPS tracking system also monitors weather conditions along the route and Mexico's seasonal weather systems are taken into considerations.
- Random drug testing for drugs and alcohol is undertaken by an outside contractor on a daily basis. Evidence of testing has been provided to the auditor.
- Where possible documents showing that the above tasks have been completed have been retained by Trans Kaifal. Evidence regarding the above requirements was presented to the auditor upon request.
- Trans Kaifal does not sub-contract cyanide transport.

Trans Kaifal, S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.5

Summarize the basis for this Finding/Deficiencies Identified:

- Trans Kaifal does not transport cyanide by sea.
- Trans Kaifal does not transport cyanide by air.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance **Transport Practice 1.6**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Trans Kaifal has purchased 38 mobile phones which have been distributed to their drivers.
- Shipments are tracked in transit using GPS tracking technology. Training certificates have been provided to the auditor showing that employees are competent in the use of the online tracking system. The auditor was given a demonstration of the GPS functionality during the site visit. The system is able to remotely switch off the vehicle's engine and send email alerts in the case of a deviation from the planned route.
- A random vehicle was selected as part of a spot check in order to confirm its' location.
- The driver follows in an in-cab navigation system that is linked to Trans Kaifal's GPS vehicle tracker.
- Contact details for all parties concerned with cyanide transport are contained within the emergency response plan.
- Trans Kaifal has informed the auditor that it has never suffered any communication blackouts with GPS system used.
- Procedures state that the driver of the transport vehicle must count the number of units being loaded/unloaded from the transport vehicle and ensure that boxes/trailers are securely sealed.
- GSL provide the Trans Kaifal with unique security bolts for container/trailer doors.
- Full chain of custody documentation is maintained by Trans Kaifal and also provided to each interim storage facility within the supply chain; this includes digital and hard copies.
- The relevant materials safety data sheets (MSDS) have been witnessed by the auditor and are present within consignment notes given to drivers.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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.

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 2.1

Summarize the basis for this Finding/Deficiencies Identified:

- Trans Kaifal does not make use of trans-shipping depots.
- Trans Kaifal does not store cyanide, even on an interim basis.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

3. Emergency Response: *Protect communities and the environment through the development of emergency response strategies and capabilities.*

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 3.1

Summarize the basis for this Finding/Deficiencies Identified:

- Trans Kaifal has supplied the auditor with an emergency response plan, this has been audited in accordance with the cyanide code. The plan includes a number of generic emergency scenarios applicable to transport of cyanide by road.
- MSDS's within the emergency response plan state that cyanide is in a solid (briquette) form.
- All aspects of transport infrastructure along the route have been taken in to consideration.
- Procedures for the following emergency response scenarios have been included within the ERP:
 - Mechanical problems
 - Vehicle rollover
 - Vehicle rollover with a cyanide spillage
 - Fire within the transport unit.
- The ERP contains contact information for the following:
 - SETIQ
 - Green Supply & Logistics
 - Managing Director – Trans Kaifal
 - Green Supply and Logistics
 - Various Mining Companies
- The plan details the response required by employees of Trans Kaifal, in addition to that expected by outside responders.
- The plan considers transport of cyanide by via road within a standard intermodal shipping container.
- The Mexican Civil Defence (MCD) Authorities will take control of and provide emergency response actions for incidents involving cyanide. This includes coordination of outside responders, facilities and hospitals.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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
 Not in full compliance with

Transport Practice 3.2

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor has been provided with certificates showing that staff have completed training on the safe management of cyanide and relevant first aid procedures. Trans Kaifal only use one driver for cyanide deliveries as this is not a regular shipment. His driving license and training certificate have been witnessed by the auditor. The ERP gives the required response duties and responsibilities of personnel for a number of cyanide emergency scenarios.
- The emergency response plan requires that the following basic PPE be used:
 - Long-sleeved shirt
 - Industrial shoes
 - Safety glasses
 - Safety helmet
- The ERP states that all required PPE must be available.
- A spot check of ER equipment was undertaken during the site visit; basic equipment was available e.g. PPE, respirator, cordon tape, fire extinguisher etc.
- The auditor has been provided with an annual training program for 2015. Scheduled training includes:
 - Use of fire extinguishers
 - Fire fighting
 - General transport emergencies
 - Transport emergencies involving sodium cyanide
 - Risks within the workplace
 - Mock sodium cyanide emergency drill
 - Basics of First Aid
- Trans Kaifal does not sub-contract cyanide transport

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 3.3

Summarize the basis for this Finding/Deficiencies Identified:

- The ERP contains contact information for the following:
 - SETIQ
 - Mexican Civil Defence
 - Green Supply & Logistics
 - Managing Director – Trans Kaifal
 - Green Supply and Logistics
 - Mining companies to which cyanide is transported.
- Trans Kaifal regularly review contact details and produce a copy to drivers before they leave their operations centre.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

Transport Practice 3.4: Develop procedures for remediation and recognise the additional hazards of cyanide treatment chemicals.

The operation is: in full compliance with
 in substantial compliance **Transport Practice 3.4**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Procedures for the neutralisation of cyanide spillages are included within the emergency response plan.
- The MCD Authorities will coordinate any cyanide emergency response activities. This includes notification of the relevant stakeholders and emergency response providers.
- Used containers are taken to a facility within the Port of Manzanillo to be decontaminated regardless of emergencies. This is funded by GSL as part of their contract with Trans Kaifal.
- Procedures state that sodium hypochlorite, ferrous sulphate and hydrogen peroxide must not be used to treat cyanide that has entered ground or surface waters.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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
 Not in full compliance with

Transport Practice 3.5

Summarize the basis for this Finding/Deficiencies Identified:

- Trans Kaifal operate an annual review of their documentation, however, should vital changes need to be made key staff will be notified and an extraordinary review shall be undertaken.
- A training plan has been provided to the auditor and includes the provision for a mock drill for incident involving sodium cyanide.
- The ERP is reviewed annually unless there are any extraordinary circumstances that need to be addressed.

Trans Kaifal, S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

5 ENLACE LOGISTICO INDUSTRIAL S.A DE C.V.

Name of Cyanide Transportation Facility:	Enlace Logistico Industrial S.A de C.V.
Name of Facility Owner:	Enrique Soto Chavez
Name of Facility Operator:	Enrique Soto Chavez
Name of Responsible Manager:	Enrique Soto Chavez
Address:	Via Florencia 91, Residencial Senderos, Torreón
State/Province:	Coahuila
Country:	Mexico
Telephone:	(871) 204-0871
Fax:	N/A
Email:	direccion@enlacelogisticoindustrial.com.mx

Location detail and description of operation:

Green Supply and Logistics S.A. de C.V. (GSL) sub-contract Enlace Logistico Industrial S.A de C.V (Enlace) to act as an interim storage facility as part of the 'Mexico Supply Chain'.

Cyanide is transported from its point of entry into Mexico to the interim storage facility by Trans Kaifal S.A de C.V (Trans Kaifal) and distributed to mines across Mexico by one of three transport sub-contractors included within this supply chain audit; Peña Transportes S.A de C.V (Peña), Trans Kaifal S.A de C.V (Trans Kaifal) and Enlace Logistico Industrial S.A de C.V (Enlace).

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

Auditor's Finding

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

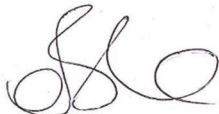
**The International Cyanide
 Management code**

Audit Company: Wardell Armstrong International

Audit Team Leader: Christine Blackmore

E-mail: cblackmore@wardell-armstrong.com

Names and Signatures of Other Auditors:

Name	Position	Signature	Date
Christine Blackmore	Lead Auditor		16/02/2016

Date(s) of Audit: 10 – 21 September 2015

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 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.

Enlace Logistico Industrial
 S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

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

The operation is: in full compliance with **Transport Practice 1.1**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Plans for route allocation have been witnessed by the auditor . Risk assessments take into account population density, infrastructure construction and condition, pitch and grade, infrastructure weight limits and the prevalence and proximity of water bodies and fog. Highways/toll roads are used where possible and smaller roads are only use when necessary during the run up to the mine. Double trailers are only used if the transport route is adequate.
- A route planning system at Enlace’s head office is connected to each transport vehicle and allows route plans to be sent directly to the vehicle where it can be followed using the in-cab GPS. The auditor has been informed that any feedback on route condition is collected by the driver and passed on to any other driver that may be using the route. The auditor confirmed this during the site visit.
- ENLACE comply with official Mexican Standards with relation to the transport of dangerous goods.
- Route allocation procedures state the need to implement additional measures (i.e. convoys) if a route presents special safety or security concerns. Escort vehicles are required by law in the state of Chihuahua.
- The Mexican Civil Defence (MCD) authorities have been made aware of Enlace’s operation. It is stated that the MCD are responsible for alerting hospital and medical facilities of cyanide emergencies. Representatives from Enlace and the recipient of the cyanide would also provide assistance to the MCD.
- ENLACE do not use subcontractors to transport cyanide.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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 **Transport Practice 1.2**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor has witnessed licensing documentation for all drivers (Category E Federal License) as well as certificates stating that cyanide specific transport training has been completed, the auditor has reviewed the training presentation.
- First aid training has been completed as part of the training process
- Staff have been provided with training in relation to the handling of cyanide during transport. The auditor was provided with the instructor's certification and employee certificates.
- Each truck used for cyanide transport carries emergency response equipment. The auditor conducted a random spot check during the site visit to confirm this.
- ENLACE do not use subcontractors to transport cyanide.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 1.3**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Registration documents have been provided to the auditor for each vehicle (stating make/model, weight etc.).
- Company policy dictates that transport units must be recent models and conform to Mexican Regulations with regard to weight, dimensions and capacity in order to travel on public roads and bridges. Shipment weights are verified by the Port Authority upon entrance to Mexico. This data is received by Enlace in order to ensure vehicles used for cyanide transport are not overloaded.
- The auditor conducted spot checks on transport vehicles during the site visit; all vehicles were relatively new and were in correct working order (lights working, no cosmetic damage). Enlace were able to produce registration documentation and service histories for each vehicle.
- Shipment weights are provided to Enlace by GSL in order to ensure vehicles used for cyanide transport are not overloaded.
- When only a single container is used to transport cyanide it is loaded centrally upon the trailer in order to ensure the shipment weight is evenly distributed across both axles.
- ENLACE do not use subcontractors to transport cyanide.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 1.4**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Procedures state that the driver must inspect the cargo for damage upon collection and delivery; the driver's signature is required, this was verified during the site visit.
- Transport procedures witnessed by the auditor state that cyanide in transport must be identified according to Mexican Regulations on the transport of hazardous materials and waste (which require use of the UN 1689 designation). A sample placard is displayed within the procedures. The correct placards were on display during the site visit.
- Inspection procedures have been provided to the auditor for trucks and trailers before departure; it is stated that vehicles also undergo visual inspections after loading. Mechanical failures which occur during transit can also be recorded. Repairs are by Enlace themselves or at repair shops authorised by management. The auditor reviewed inspection procedures which state the need to check tyres and that services must be carried out at set mileages.
- Company procedures witnessed by the auditor impose the following limitations on driver operating hours:
 - No more than 12 hours of driving per day.
 - No more than 8 hours of continuous driving.
 - For every 6 hours of working there must be two hours of rest.
 - Drivers keep a daily log of their driving hours; this is then supplied to both Enlace Logistico and the highways authority. The GPS system attached to transport vehicles can also be used to monitor driver's hours.
- Transport procedures witnessed by the auditor state that the load must be secured in order to prevent loads from shifting during transport.
- Procedures state that transport can be suspended in the event of severe weather conditions. A site will be designated for the transporter to remain until the journey can be resumed.
- All drivers have been tested for drug abuse twice yearly (in addition to random tetsing) and results have been witnessed by the auditor.
- Written evidence has been provided to the auditor for all of the above activities.
- ENLACE do not use subcontractors to transport cyanide.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 1.5**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Cyanide shipments by sea from Korea (Tongsuh/Hyosung) are the responsibility of the producer.
- Enlace does not transport cyanide by sea.
- Enlace does not transport cyanide by air.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.6

Summarize the basis for this Finding/Deficiencies Identified:

- Procedures witnessed by the auditor state that mobile phones must be provided to drivers during transport. The auditor has been provided with evidence showing that vehicles owned by ENLACE are subject to satellite tracking; tracking is provided 'Mètrica Móvil'. The location of the transport vehicle refreshes every 5 minutes. The auditor has been informed that in cases where the vehicle makes unauthorised stops or detours efforts are made to contact the driver.
- It is stated that mobile phones are checked prior to every shipment.
- Blackout areas have been recorded on some routes and procedures have been provided to mitigate the risks. Estimated times of arrivals are given prior to arrival and telephone calls are made to clients to confirm delivery, allowing for a pre-calculated travel time.
- Serialised security bolts are attached to each shipment and checked against chain of custody documentation on arrival. The driver is not permitted to open the container during transit.
- Example chain of custody documentation has been supplied (issued with each shipment). Documentation states the amount of cargo in transit, destination, initial loading location, security bolt no. and driver names.
- Example chain of custody documentation has been supplied (issued with each shipment). Documentation states the amount of cargo in transit. The auditor has been informed that Material Safety Data Sheets are provided by the distributor although it is noted that MSDS are also included within ENLACE's Emergency Response Plan (ERP).
- ENLACE do not use subcontractors to transport cyanide.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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.

The operation is: in full compliance with
 in substantial compliance **Transport Practice 2.1**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Enlace does not store cyanide (even on a temporary/short-term basis).

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

3. Emergency Response: *Protect communities and the environment through the development of emergency response strategies and capabilities.*

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

The operation is: in full compliance with **Transport Practice 3.1**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor has been provided with generic ERP's in addition to cyanide specific procedures. Procedures are specific to sodium cyanide and response scenarios for different scenarios have been provided. All procedures are applicable to road transport.
- It is stated in MSDS within the ERP that cyanide is in a solid (briquette) form.
- The weight restrictions of Mexican roads are taken into account during route allocation, highways are used predominantly and smaller roads are only used at the end of the journey to access the mine site.
- The exact vehicle type used during transport is determined based upon the route it needs to take to the mine site. Where possible Enlace uses a double trailer system, however, smaller single trailer systems are used if road conditions require it.
- The cyanide specific ERP's witnessed by the auditor include descriptions of response actions as appropriate for emergencies involving sodium cyanide.
- Mexican Civil Defence (MCD) authorities take control of all emergency response scenarios involving cyanide and is responsible for emergency management, media coverage/liason and communication with hospitals. The MCD have advised Enlace Logistico that it would not be in the interests of the general population to alert them to cyanide transports.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 3.2**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Certificates evidencing emergency response training specific to sodium cyanide have been provided to the auditor. During the site visit a spot check was conducted at random; Enlace was able to produce all the required documentation relating to that particular driver (driving licenses, renewal dates, a full training history and drug/alcohol testing).
- The auditor was provided with a 'rolling' programme for refresher training relating to cyanide.
- Reponses procedures have been witnessed by the auditor showing the required chain of command.
- A list of required emergency response equipment is detailed within the ERP. The auditor carried out a random spot check during the site visit in order to confirm that equipment was available within in each transport vehicle.
- A random check of documentation was conducted during the site visit; Enlace was able to supply all the required training documentation for specific employees. This included a complete training history.
- A vehicle checklist has been provided to the auditor, in addition to pre-shipment maintenance checks it includes a check for ER equipment.
- ENLACE do not use subcontractors to transport cyanide.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 3.3**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Contact details for the shipper, receiver/consignee and outside response providers such as SETIQ (Emergency Transportation System for the Chemical Industry; Mexico) are provided within the emergency response plan. The MCD authorities coordinate response actions in the case of an emergency involving cyanide. This includes notification of external responders and liaison with stakeholder and the media. The auditor is informed that a telephone directory is updated on a monthly basis and a copy is kept within each transport vehicle.
- Documents provided to the auditor show the number of times a document has been altered and the date of its last revision.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

Transport Practice 3.4: Develop procedures for remediation and recognise the additional hazards of cyanide treatment chemicals.

The operation is: in full compliance with **Transport Practice 3.4**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Procedures for spill neutralisation and decontamination have been provided within the ERP.
- The MCD Authorities will coordinate any emergency response in the case of an incident involving cyanide; this includes notification of emergency response providers and liaison with the media.
- The auditor is aware of an agreement with an external company (ISALI) to provide soil remediation/spill clean-up services in the case of an emergency. ISALI is aware of requirements included within Enlace's ERP regarding cyanide spills.
- Containers used for cyanide transport are returned to the Port of Manzanillo where they are decontaminated. This service is a requirement of GSL's contract with Enlace Logistico. Cleaning facilities are provided by:
 - TIMSA Patio Exterro de Vacios (container care).
 - Operation SSA Palio External de vacios.
 - Operaadora Contecon Recinto Fiscal Portoario.
- Enlace's emergency response plan explicitly prohibits the use of sodium hypochlorite, ferrous sulphate and hydrogen peroxide to treat cyanide that has been released into surface water.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 3.5**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Documents provided to the auditor show the number of times a document has been altered and the date of its last revision.
- Procedures have been provided stating who is responsible for organising drills and the dates at which at which drills are conducted. Formats have been provided which allow details to be recorded about emergency drills and feedback to be given.
- The auditor has been informed that Enlace is currently in the process of implementing a review of all its standard operating procedures, as part of a wider management review.

Enlace Logistico Industrial
S.A de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

6 CENTRO DE DISTRIBUCIÓN GALEÓN S.A. DE C.V.

Name of Cyanide Transportation/Interim Storage Facility:	Centro de Distribución Galeón S.A. de C.V.
Name of Facility Owner:	Marco Vega
Name of Facility Operator:	Marco Vega
Name of Responsible Manager:	Marco Vega
Address:	Carr. Manzanillo – mina km, 16 Col., Tapeixties, CP 28239, Manzanillo
State/Province:	Colima
Country:	Mexico
Telephone:	(314) 114 03 90
Fax:	N/A
Email:	mvega@cedigalleon.com

Location detail and description of operation:

Green Supply and Logistics S.A. de C.V. (GSL) sub-contract Centro de Distribución Galeón S.A. de C.V. to act as an interim storage facility as part of the 'Mexico Supply Chain'.

Cyanide is transported from its point of entry into Mexico to the interim storage facility by Trans Kaifal S.A de C.V (Trans Kaifal) and distributed to mines across Mexico by one of three transport sub-contractors included within this supply chain audit; Peña Transportes S.A de C.V (Peña), Trans Kaifal S.A de C.V (Trans Kaifal) and Enlace Logistico Industrial S.A de C.V (Enlace).

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

Auditor's Finding

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

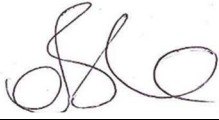
**The International Cyanide
 Management code**

Audit Company: Wardell Armstrong International

Audit Team Leader: Christine Blackmore

E-mail: cblackmore@wardell-armstrong.com

Names and Signatures of Other Auditors:

Name	Position	Signature	Date
Christine Blackmore	Lead Auditor		16/02/2016

Date(s) of Audit: 10 – 21 September 2015

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 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.

Centro de Distribución
 Galeón S.A. de C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

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
 Not in full compliance with

Transport Practice 1.1

Summarize the basis for this Finding/Deficiencies Identified:

Cedi Galeon do not transport cyanide.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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
 Not in full compliance with

Transport Practice 1.2

Summarize the basis for this Finding/Deficiencies Identified:

- Cedi Galeon do not transport cyanide.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.3

Summarize the basis for this Finding/Deficiencies Identified:

- Cedi Galeon do not transport cyanide.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.4

Summarize the basis for this Finding/Deficiencies Identified:

- Cedi Galeon do not transport cyanide.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.5

Summarize the basis for this Finding/Deficiencies Identified:

- Cedi Galeon do not transport cyanide.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.6

Summarize the basis for this Finding/Deficiencies Identified:

- Cedi Galeon does not transport cyanide.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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.

The operation is: in full compliance with **Transport Practice 2.1**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Prominent warning signs are displayed throughout the facility and are in good condition. The auditor witnessed PPE being worn by operatives both loading and unloading cyanide. Procedures require a minimum of two operatives when handling cyanide.
- The facility is surrounded by a perimeter fence and has a 24/7 security presence; entry to the site is controlled by a locked gate. CCTV is in operation both inside and outside of the facility containing cyanide and the auditor witnessed CCTV monitors within the site office.
- Staff are on site between 7am and 8pm weekdays and 7am till 2pm on Saturday. No operational staff are on site on Sundays, however the outside security contractor's staff are present 7 days a week (CCTV is operational).
- Cyanide is stored in a designated area within the facility and separated from other goods by fork lift truck roadways and pedestrian walkways. Wood is the only other product stored within the facility.
- Cyanide is stacked four boxes high. A ventilation system is incorporated within the roof, ample air circulation is available.
- The floor is composed of a smooth concrete (in good condition) and does not provide an obstruction to cyanide transport vehicles or points of ingress for contaminated liquids.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility


Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

3. Emergency Response: *Protect communities and the environment through the development of emergency response strategies and capabilities.*

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

The operation is: in full compliance with **Transport Practice 3.1**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor has reviewed a copy of the current Emergency Response Plan (ERP) for incidents involving cyanide; this document has been audited against the ICMC for compliance.
- The ERP is appropriate for the indoor storage of cyanide and considers the form of cyanide being transported (briquette). Coordination of emergency responses falls upon the Mexican civil defence Authorities who will alert responders and act as liaison with the media and stakeholders.
- Initial response actions by Cedi Galeon staff are included within the ERP for a number of different emergency scenarios involving cyanide (spills, leaks, fires etc.) and emergency response equipment is available within the building. This was confirmed during the site visit.
- The auditor has been informed that the plan takes into account additional support from the Port of Manzanillo which has a team of firefighters and medical professionals which are trained to deal with cyanide emergencies.
- Risks analyses for transporting cyanide take the following factors into consideration:
 - Condition of the transport unit when loading cyanide
 - Condition of the driver – Cedi Galeon test drivers from all transport sub-contractors for drugs and alcohol before the cyanide is released for transport.
 - Cedi Galeon undertake vehicle placard checks (UN1689 etc.)
 - Using a security bolt to secure the container or vehicle (the bolt is marked with a unique security number which matches consignment documentation.
 - Preparation of consignment documentation including MSDS, consignment notes, drug/alcohol testing etc.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 3.2**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Staff have been informed that the Mexican Civil Defence Authorities (MCD) will provide an emergency response in the case of an emergency involving cyanide. The MCD will coordinate the emergency response; this includes notification of the responders and liaison with the media etc.
- Cedi Galeon also provides initial emergency response procedures for a number of scenarios and the actions that should be carried out in the event that the scenario occurs.
- Although Mexican law does not require Cedi Galeon to provide emergency response equipment to employees, Cedi Galeon have made the decision to provide equipment regardless. An extensive list of required PPE is given within the ERP.
- The auditor has been provided with certificates showing that all staff have been provided with training on the 'safe handling of sodium cyanide', in addition, a notice at the entrance of the building shows basic emergency response procedures. Refresher training is given every six months. Evidence of this was provided during the site visit.
- The auditor has witnessed staff loading and unloading cyanide whilst wearing the correct PPE. Two persons were in attendance at all times during cyanide handling; an extensive list of the required PPE is also given within the ERP.
- A fork lift truck driver was chosen at random during the site visit and was able to produce the correct training documentation (cyanide awareness, fork lift truck driver training etc.).

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 3.3**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Contact details for Sistema de Emergencia para la Transportacion de la Industria Quimica (SETIQ) and internal representatives are supplied within the ERP. Procedures for contacting (and contact numbers for) outside response providers, medical facilities and potentially affected communities are provided also.
- Incident response and coordination is provided by the Mexican Civil Defence (MCD) Authorities who will take over in the event of an incident relating to cyanide.
- The ERP is required to be updated on a six monthly basis. Evidence for this was provided during the site visit and dates for forthcoming revisions were also provided to the auditor.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

Transport Practice 3.4: Develop procedures for remediation and recognise the additional hazards of cyanide treatment chemicals.

The operation is: in full compliance with
 in substantial compliance **Transport Practice 3.4**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The ERP includes procedures for spill clean-up and neutralisation. Additional remediation and clean-up is provided by Cedi Galeon's insurance company.
- De-contamination of used containers and neutralisation of residual cyanide after transport is undertaken by an outside contractor within the Port of Manzanillo. This is insisted upon and paid for by GSL and forms part of Cedi Galeon's contract with GSL.
- Procedures prohibit the use of sodium hypochlorite, ferrous sulphate and hydrogen peroxide to treat cyanide that has been released into surface waters.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 3.5**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- It is stated that the ERP is reviewed updated every 6 months. Previous and upcoming revision dates were provided.
- The auditor confirms that documentation relating to mock emergency drills, including feedback reports, was examined during the site visit.

Centro de Distribución
Galeón S.A. de C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

7 TAE ALMACENAJES Y MANIOBRAS, S.A. DE C.V.

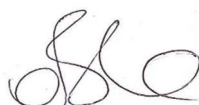
Name of Cyanide Transportation/Interim Storage Facility:	TAE Almacenes Y Maniobras, S.A. De C.V.
Name of Facility Owner:	Hector Cueras
Name of Facility Operator:	Hector Cueras
Name of Responsible Manager:	Daniel Perulta
Address:	Minatitlan, 28876 Manzanillo, Col., Mexico
State/Province:	Colima
Country:	Mexico
Telephone:	+52 314 331 2100
Fax:	N/A
Email:	N/A

Location detail and description of operation:

Green Supply and Logistics S.A. de C.V. (GSL) sub-contract TAE Almacenes Y Maniobras, S.A. De C.V. to act as an interim storage facility as part of the 'Mexico Supply Chain'.

Cyanide is transported from its point of entry into Mexico to the interim storage facility by Trans Kaifal S.A de C.V (Trans Kaifal) and distributed to mines across Mexico by one of three transport sub-contractors included within this supply chain audit; Peña Transportes S.A de C.V (Peña), Trans Kaifal S.A de C.V (Trans Kaifal) and Enlace Logistico Industrial S.A de C.V (Enlace).

TAE Almacenes Y
Maniobras, S.A. De C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

Auditor's Finding

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

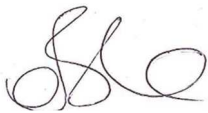
**The International Cyanide
 Management code**

Audit Company: Wardell Armstrong International

Audit Team Leader: Christine Blackmore

E-mail: cblackmore@wardell-armstrong.com

Names and Signatures of Other Auditors:

Name	Position	Signature	Date
Christine Blackmore	Lead Auditor		16/02/2016

Date(s) of Audit: 10 – 21 September 2015

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 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.

TAE Almacenes Y
 Maniobras, S.A. De C.V.

Name of Facility



Signature of Lead Auditor

16/02/2016

Date

SUMMARY AUDIT REPORT

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

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
 Not in full compliance with

Transport Practice 1.1

Summarize the basis for this Finding/Deficiencies Identified:

- TAE does not transport cyanide.

TAE Almacenes Y
Maniobras, S.A. De C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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 **Transport Practice 1.2**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- TAE does not transport cyanide.

TAE Almacenes Y
Maniobras, S.A. De C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.3

Summarize the basis for this Finding/Deficiencies Identified:

- TAE does not transport cyanide.

TAE Almacenes Y
Maniobras, S.A. De C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.4

Summarize the basis for this Finding/Deficiencies Identified:

- TAE does not transport cyanide.

TAE Almacenes Y
Maniobras, S.A. De C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.5

Summarize the basis for this Finding/Deficiencies Identified:

- TAE does not transport cyanide.

TAE Almacenes Y
Maniobras, S.A. De C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with
 in substantial compliance
 Not in full compliance with

Transport Practice 1.6

Summarize the basis for this Finding/Deficiencies Identified:

- TAE does not transport cyanide.

TAE Almacenes Y
Maniobras, S.A. De C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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.

The operation is: in full compliance with **Transport Practice 2.1**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Warning signs were present (and in good condition) both inside and outside of the facility (including PPE, No Smoking, No Food etc.). Relevant signs were also situated within the designated cyanide storage area.
- The auditor has been provided with an agreement between TAE and an external security company to provide security to the facility “Sistemas Integrales Tecnologicos ZION”. Security is provided 24 hours a day and the facility is situated within a fenced perimeter.
- Staff are on site between the hours of 7am to 8pm and security check the identity of people entering and leaving the building (at a secure entrance); there is a ‘signing in’ procedure.
- Documentation has been provided to the auditor showing the general arrangement of the building as well as procedures for cyanide storage, which include workflows for different activities and responsibilities allocated to different workers. The building is relatively new (built less than 10 years ago) with a smooth concrete floor.
- During the site visit cyanide was stored 4 boxes high in a designated area with warning signs. MSDS’s are attached to each box.
- Cyanide is stored away from the door and raised from the ground on wooden pallets. The auditor inspected the floor for damage and cracking.
- The cyanide storage facility is constructed of 2m high brick walls with roller doors.
- Cyanide is stored in the manufacturers packaging;

TAE Almacenes Y
Maniobras, S.A. De C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

3. Emergency Response: *Protect communities and the environment through the development of emergency response strategies and capabilities.*

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

The operation is: in full compliance with **Transport Practice 3.1**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The auditor has been provided within an emergency response plan including, but not limited to:
 - Emergency response procedures
 - Evacuation Procedures
 - The correct PPE to be used by employees
 - Emergency Contacts
 - Reporting Procedures
 - First Aid Procedures etc.
- The plan is generic and includes a number of different response scenarios applicable to cyanide storage. Cyanide is supplied in briquette form.
- The plan includes response actions for a number of emergency scenarios.
- The Mexican Civil Defence (MCD) Authority would be called to any cyanide related incident and coordinate the emergency response and clean-up, this includes notification of any external responders and liaison with the media. This is supplemented by TAE's own response equipment and trained responders. All staff are trained in emergency response.
- TAE does not transport cyanide

TAE Almacenes Y
Maniobras, S.A. De C.V.
Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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
 Not in full compliance with

Transport Practice 3.2

Summarize the basis for this Finding/Deficiencies Identified:

- Certificates have been provided to the auditor stating that employees have received training on “Dangerous Materials and Emergency Response”.
- The Mexican Civil Defence (MCD) Authority would be called to any incident involving cyanide and coordinate the emergency response and clean-up, this includes notification of external responders and liaison with the media and concerned stakeholders. This is supplemented by TAE’s own response equipment and trained responders. All staff are trained in emergency response.
- The ERP contains a list of PPE required during an emergency response. Checklists for the necessary emergency response equipment and PPE have been provided to the auditor. The auditor confirmed that equipment was available and in good condition during the site visit. Inspection check-lists have been provided for all PPE required.
- All employees have undertaken cyanide awareness (and emergency response) training and a rolling refresher programme is underway. The auditor has witnessed certificates for random employees.
- It is mentioned within procedures that requirements and procedures are also applicable to sub-contractors. However, there is no plans to use any sub-contractors at this time.

TAE Almacenes Y
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Name of Facility



Signature of Lead Auditor

16/02/2016
Date

SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 3.3**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- The Emergency Response Plan (ERP) contains contact details for SETIQ, local medical facilities, response providers and regulatory agencies. The procedure requires incident reports to be produced.
- It is stated that the ERP will be evaluated every 3 months and/or after an emergency drill has been carried out.

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SUMMARY AUDIT REPORT

Transport Practice 3.4: Develop procedures for remediation and recognise the additional hazards of cyanide treatment chemicals.

The operation is: in full compliance with
 in substantial compliance **Transport Practice 3.4**
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Procedures are in place for the neutralisation, remediation of cyanide spills.
- It is stated within the ERP that chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide must not be used to treat cyanide that has been released into surface or groundwater.

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SUMMARY AUDIT REPORT

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

The operation is: in full compliance with **Transport Practice 3.5**
 in substantial compliance
 Not in full compliance with

Summarize the basis for this Finding/Deficiencies Identified:

- Documentation (including the ERP) contains headers stating when the document was originally created, when it was last reviewed and the number of revisions. A table is included which includes information on the all modification made between revisions.
- It is stated that the plan will be reviewed every 3 months.
- The auditor has been informed that drill procedures are reviewed and reports are compiled for each drill and made available to the participants. A mock drill has recently been undertaken and feedback has been recorded.

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Name of Facility



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16/02/2016
Date