



**TEXAS BUNKERING SUPPLY & SERVICES  
SUMMARY AUDIT REPORT**



**ICMI Cyanide Code Transportation  
TEXAS BUNKERING SUPPLY & SERVICES  
SUMMARY AUDIT REPORT**

**Cyanide Supply Chain Recertification Audit  
San Pedro Sula, Cortés – Honduras**

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

**2018 Three year Cycled Audit**



Geosoluciones Panamá, S.A.  
Avenida Héctor Santacoloma-Verdún  
Santiago, Panamá



**TEXAS BUNKERING SUPPLY & SERVICES**  
Name of Facility

*[Handwritten Signature]*  
Signature of Lead Auditor

**January 29-30<sup>th</sup>, 2018**  
Dates



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

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

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**C- “INVERSIONES Y TRANSPORTES TERRESTRES” ROLE AS CYANIDE  
TRANSPORTATION**

**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.*

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.*

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

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

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sea and air.*

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

**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.*

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

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

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**A- GENERAL SUMMARY**

**A.1 Information of the Audited Operation**

Name of Cyanide Transportation Facility: Texas Bunkering Supply & Services  
Name of Facility Owner: Luis Alonzo Prudoth  
Name of Facility Operator: Texas Bunkering Supply & Services  
Name of Responsible Manager: Luis Alonzo Prudoth  
Address: 1 Kmt CA-5, La Posona Puerto Cortes, Republic of Honduras  
State/Province: Cortés Country: Honduras.  
Telephone +504 9995 2068 Fax: N/A E-Mail: psmasac@yahoo.com

**(RECERTIFICATION AUDIT)**

Location detail and description of operation:

TBSS is located at Kilometer #1 of the four lanes highway CA-5, in Port of Puerto Cortes, Cortes Department, in the Republic of Honduras. It is a Supply Chain that offers cyanide transport service from the Port of Puerto Cortes to its mining customers through its transport company (Inversiones y Transportes Terrestres de R.L. de C.V.(ITT).

Texas Bunkering Supply was established on April 19, 2005.

Since 2008 TBSS has been providing coordination, reception, supervision and cyanide containers transport services to the Dupont Company, mines of La Libertad (Dismenic), Triton and HEMCO from the Port of Puerto Cortes in Honduras to the Republic of Nicaragua.

Since 2013 TBSS has been providing to Compañia Minerales de Occidente (MINOSA) coordination services and supervising the sodium cyanide containers transportation from the Port of Puerto Cortes to other facilities in San Andres, Copan Department, Honduras.

TBSS uses certified trailers and chassis units in their weight-bearing capacity and drag through calculation report performed by a professional mechanical engineer.

The routes have slopes of up to 30 degrees. The units are driven by certified drivers whom are also trained in cyanide exposure hazards and defensive training.

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Cyanide is transported to the Republic of Honduras by ship and its main arrival destination is the Port of Puerto Cortes. Then, it is transported to its final destination, San Andres Mine in the Copan Department.

**The Port of Puerto Cortes**

Cyanide is packaged by the manufacturer (Cyanco) in a polypropylene maxi-bag with approx.1000 Kg. within a polyethylene liner. This is then placed in a wooden box. 20 units of these boxes are loaded into each standard twenty feet equivalent unit dry-van container.

Prior to shipping, the manufacturer (Cyanco) seals the container with a numbered seal at the production facility to prevent a breach in the chain of custody. The container remains sealed until delivery and discharge at the Mine's storage facility.

All the ship-side operations (discharge) at the Port of Puerto Cortes are performed by Empresa Nacional Portuaria. It is responsible of transferring the containers to **ITT** vehicles in order to deliver them to the mine in Copan department, located at 269 Km from Puerto Cortés.

**TBSS** transports the cyanide containers directly from the port to the client's site, using authorized and suitable vehicles for the mission without the need of temporary storage facilities.

This audit will cover the ground transportation operations from the moment the National Port Agency "Empresa Nacional Portuaria" and all relevant authorities release the cyanide containers from the container terminal until their arrival to the mine.

The main transportation route from the Port of Puerto Cortes to San Andres mine has an approximate distance of 269 km. It was modified from 03:00 a.m. to 6:00 p.m. to make the transport process safer due to the intense traffic that originates in the vicinity of Puerto Cortés between 06:00 a.m. and 09:00 a.m.

Up to 6 containers may be transported on each convoy, more than that must be organized in another convoy which may be transported alternately with different escort and supervision.

Between 6:00 a.m. and at 07:00 a.m., the drivers make a rest stop.

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**A.2 Overall Auditor's Finding**

This operation is

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

with the International Cyanide Management Code.

This operation has maintained full compliance with the International Cyanide Management Code throughout the previous three-year audit cycle.

Audit Company: Geosoluciones Panamá, S.A.  
Audit Team Leader: Jorge Efrén Chong Pérez

Email: [geosoluciones@cwpanama.net](mailto:geosoluciones@cwpanama.net)

Dates of Audit: January 29-30<sup>th</sup>, 2018

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

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

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**B- TBSS ROLE AS CYANIDE TRANSPORTATION**

- 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.

This operation is

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

Summarize the basis for this Finding/Deficiencies Identified:

TBSS has updated on August 18, 2017, the route evaluation procedure which includes a route risk assessment. The assessment includes three route sections with independent features which are highlighted on the Honduras trip report maps. All of that is part of the transportation procedure.

The route evaluation procedure revision 2017, in section 5.1 of the Transportation Procedure, underwent modifications by including one-way bridges and registering the ten (10) school zones, in which the convoy must maintain speed in 20 km / h. The school zones considered are:

1. Barrio el Porvenir Puerto Cortés.
2. Chameleconcito
3. Quebrada Seca, Choloma.
4. Colonia Fesitranh San Pedro Sula.
5. El Virrey, Santa Bárbara.
6. Achotal, Copan
7. Ajagual, Copan.
8. La Unión, Copan.
9. Gualjoco, Copan.
10. San Andrés, Copan.

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The Transportation Procedure always takes into consideration the physical condition of the bridges within the transport route, whether bridges on the route are straight or curved, as well as the environmentally sensitive areas.

TBSS and the San Andres Mine have agreed to avoid any convoy movement when there is news of adverse conditions on the route, and monitoring for any warning alerts from the Permanent Contingency Commission of Honduras, COPECO, meteorology and other national authorities regarding any hurricane or tropical storm. (After any of those events pass, the route should be assessed before any convoy movement may start).

Route assessment considers the traffic of pedestrians on the road, water bodies or rivers and a lake that is close to the port.

The transportation process also considers other conditions such as earthquakes, overflowing rivers along the route, bridges falling down. Social disruption (archive roads or bridges for people in strikes on the route or in the mine. Undermining the road streams.

The assessment of the route between the Port of Puerto Cortes and San Andrés Mine takes into consideration three aspects of the road in order to prevent potential accidents and spills: *Heavy traffic and high pedestrians' density (workers), water bodies around the port area, the bay and Alvarado Lagoon "Laguna de Alvarado" at Cortés Port.*

The route to the mine at the date of the 2018 audit remains the same, without undergoing changes in terms of trajectory, however the road called CA-4 is under reconstruction and expansion in a section of 58 km distance between Km 115 and 173, in which there are some segments in which there is transit through only one way. In these sections, the corresponding authority places signaling personnel, in order to control the right of way. Due to the stretch under reconstruction, the travel time between Puerto Cortés and the mine has increased from 4 hours to 7 hours.

From the Port of Puerto Cortes to San Pedro Sula (SPS): 66 Km of concrete road .There is Heavy traffic and high population density to cross Puerto Cortes, San Pedro Sula and Choloma on Highway CA-5 during rush hours due to the industrial zones such as clothing factories ("maquilas") alongside the road from Rio Nance, Choloma to San Pedro Sula. The convoy will take the second peripheral ring to cross the city of SPS because the population density is lower, transiting at 30km/h or less around populated areas. From Puerto Cortes to San Pedro Sula the road is flat. (Total of bridges in curves: 1.)

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*Detouring west to S.P.S. and then to La Union Copan CA-4 Highway 178 Km: Asphalt road. Heavy traffic and high population density to cross La Entrada Copan, Santa Rosa and Cucuyagua, passing through environmentally sensitive regions such as agricultural and livestock areas, and rivers near the road. During rainy season all the areas from Naco to Chiquila become misty zones. The road has a variety of closed and opened curves, with slopes and grades of 10 and 15 degrees after the town of Chiquila, before arriving to Santa Rosa de Copan and after Santa Rosa de Copan, and driving down to Cucuyagua. (Four curved bridges).*

The route from La Union Copan to ADR gate in MINOSA, 18 Km: (Dirt road). The cities within this route have low population density and traffic. There is some risk when the convoy encounters heavy equipment driving on opposite direction of the road because some sections of the road are a bit narrow. The convoy needs to pass sensitive regions such as agricultural and livestock areas and parts of the road have opened and closed curves, slopes and grades before arriving San Andrés and the Mine, which can be risky during rainy season. (Total of bridges in curves: 4.)

**GENERAL CONDITION OF THE ROUTE:** The route evaluated for cyanide transport from the Port of Puerto Cortes to San Andrés Mine (MINOSA) facilities, is performed by Investment Land Transport (ITT) units, and this company is required to assign drivers qualified and trained in defensive driving and risk of cyanide as it is indicated by the International Cyanide Management Code.

The route evaluated from the Port of Puerto Cortes to Santa Rosa de Copán, is the only way to access MINOSA with signs along the route. The only unpaved section of 18 Km to reach Mina is permanently maintained by MINOSA, which contributes to the safety of convoys.

It may also indicate that along the route there are security check points and highway patrol to ensure traffic flow on the road.

Transportation Procedure to evaluate the risks of the selected cyanide transport has not changed. In the 2018 audit it remains the same, however, the condition and degree of risk in CA-4 from San Pedro Sula to the deviation of the Copan union in Cucuyagua had variations due to construction works carried out between Km 115 and 153.

In Section 5.7: **CONDITION AND DEGREE OF RISK OF THE MOST CRITICAL POINTS OF THE ROUTE.** This section shows the likelihood of incidents occurring during

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the transit of the different pavement types and conditions such as nearby water sources and population centers.

Risks that may arise in the route are evaluated on every transport process and registered in a RISK REPORT.

Drivers Carlos Corrales and Walther Chávez were interviewed regarding the measures they take in the face of risks presented by the route and that include the chain of communication established in case of incidents. Both document the final travel report individually, in which they indicate recommendations for changes to the risk matrix of the route.

Texas Bunkering Supply Services is responsible for maintaining, before every trip, updated information of the physical and safety conditions of the roads, asphalt and dirt roads where the cyanide unit containers will travel.

The travel report of each convoy is the documentation tool in which the drivers, escort personnel, and safety leader provide necessary information to make changes in the risk analysis of the routes and procedures. From the documented observations, it has been incorporated some measures to take into account, for example, update the schools that have been built in the vicinity of the route.

The measures taken to identify the risks in the selected route are documented in the Transportation Procedure, which consists of 28 pages. Since its initial version on January 3, 2014, it has been updated on March 13, 2015, May 4, 2016, and the current version is August 18, 2017.

Before the cargo leaves Puerto Cortés, it is inspected by the drivers and documented, in order to verify any substandard conditions. If any deficiency is identified, it is repaired under the supervision of the hazardous materials personnel of the port and in the presence of the driver.

Upon arrival at the ITT container yard as soon as it leaves the port, the cargo is subjected to a second inspection that includes detailed review of the upper part of the container in order to identify any dent, mechanical condition of the chassis; It is also verified if they have holes or fissures and added to the above, it must indicate that the cyanide gas test is done.

In the last three years on average, three monthly shipments of cyanide have been made to the mine, from the facilities of Puerto Cortés to MINOSA.

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During transportation TBSS documents the risks encountered all through the route, providing recommendations to control these risks.

In all travel reports, the risk observations identified by the drivers and the safety leader are consolidated, to then make the necessary modifications to the procedures, including the possible emergency scenarios.

TBSS maintains constant communication with emergency response agencies such as the Permanent Commission for Contingencies (COPECO) and the Red Cross, with whom has conducted briefings and received feedback about the risks of transporting sodium cyanide; and has delivered letters and held meetings indicating the type of transport operation and associated risks, as well as the updated MSDS safety sheets.

All the drivers of ITT / TBSS transport vehicles are affiliated to the National Chamber of Cargo Transportation of Honduras, among which there is communication exchange regarding the selection of routes and risk analysis. Additionally, there is close communication between the Convoy Leader and the security staff of MINOSA, in which they interact to know the opinions of the community.

TBSS established in Section 6.10 of the Transportation Procedure the mandatory use of escort vehicles which must be driving in front of the convoy in order to detect any abnormalities in the road and communicate it by radio to the drivers.

During the 2018 audit, the two escort vehicles used (pick up double cab) were observed under acceptable operating conditions, which during the transport process carry the spill and emergency cleaning equipment. Additionally, ITT, TBSS transport company, carries another vehicle with tools, fundamental parts and a mechanic for any repairs during the journey.

TBSS maintains communication with Honduras Red Cross and several centers for emergency response along the route: Puerto Cortés, Choloma, San Pedro Sula, Cofradía and Santa Rosa. It also maintains ongoing communication with the mine (MINOSA), which would offer support in case of an emergency. Letters have been delivered to hospitals and external emergency centers in order to update existing information.

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TBSS supply Chain Company uses "INVERSIONES Y TRANSPORTES TERRESTRES" (ITT), with an address in "Aldea El Chile, Sector La Posona, 300 meters, after the toll to Puerto Cortés, road to San Pedro Sula", as Transport Company.

To ensure compliance between elements 1 and 7 of Transport Practice 1.1, three times a month TBSS Keren Acosta, Administrative Assistant visits the facilities of the ITT contractor to meet with ITT maintenance and operations manager; review the documentation prior to each cargo transport, with regard to the status of the route for transport, weather forecast, state of the vehicles, assigned drivers; as well as review and update the records.

TBSS from the audit of September 25-26, 2014 employs ITT as a subcontractor company, from the date when the TBSS Manager and the Administrative Assistant were interviewed, they claim to have very good experience of the services provided.

TBSS agreed with its supply chain company to implement methods such as route selection, driver training, appropriate vehicle units to operate the load in a safe manner to ensure its subcontractors meet the requirements 1 through 7 of this Transport Practice 1.1

TBSS and ITT renew each year a service contract. Currently, in 2018 an agreement of intent to contract is in force in which safety and environmental clauses related to the handling of cyanide are agreed, and good practices are carried out in the maintenance workshops of heavy equipment and according to the System Integrated Management requested by MINOSA.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS designed an annual training program for drivers, administrative personnel and supervisors and it was implemented by ITT.

The training programs for the years 2016 and 2017 were reviewed, as well as records of training attendees in 2015, 2016 and 2017 on the use of fire extinguishers (theory and practice), defensive driving, hazardous materials and emergency response.

Two drivers were interviewed, which confirmed the effectiveness of these training.

All freight transport drivers must be affiliated with the Cargo Transportation Chamber of Honduras, where they receive compulsory training in Defensive Management and First Aid, this is a regional program of several Central American countries.

Updated list of certified personnel to drive vehicles loaded with cyanide was reviewed.

All personnel handling cyanide and operating the transport equipment have been trained to perform their jobs in a safe manner. TBSS managers certify the drivers included in the list of trainings approved for cyanide transportation including hazardous material.

A list of training programs, as well as records of assistants to the training for the years 2015, 2016 and 2017, was shown. Prior to each simulation, the personnel were trained on how to act in the event of spills or cyanide exposures.

Each ITT driver must receive training based on "SMITH" system defensive driving and pass a written examination set by TBSS.

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Texas Bunkering Supply & Services (TBSS) supply chain have a procedure to ensure its subcontractors meets elements 1, 2 and 3 of this Transport Practice 1.2; and uses "INVERSIONES Y TRANSPORTES TERRESTRES" (ITT), with an address in "Aldea El Chile, Sector La Posona, 300 meters, after the toll to Puerto Cortés, road to San Pedro Sula", as Transport Company.

TBSS provides direct training to its ITT contractor and keeps records of annual training programs. Additionally, ITT, in accordance with contract specifications, is obliged to provide its own training on issues related to safe handling of cyanide.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS requires documenting the load-bearing capacities. All ITT chassis are certified by calculation report prepared by a mechanical engineer registered in Honduras.

In the 2018 audit, the standard procedure to perform load calculations every 3 years was reviewed, considering the structural elements of the chassis and that the vehicles are between 4 and 13 years old.

Recent certification records of three chassis were reviewed, under acceptable conditions. The transport of cyanide is carried out in six trucks per trip, however, there are always three units available at all times for backup.

Section 6.8 of the TBSS Transportation Procedure states that a preventive maintenance program is required for every unit and chassis. The maintenance documents must be kept at ITT offices as it is required by the International Cyanide Management Code and also for audits.

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Samples were verified from inspection records of three convoy travel reports, not finding evidence of significant findings, which as soon as they are identified, corrections are made immediately, before the vehicle leaves.

**Periodic Inspection**

The periodic inspection will be conducted using a checklist before every transportation process. The truck driver will verify the following:

- Tire pressure, condition and screws
- Lights
- Back up alarm
- Safety belt condition
- Lights
- House keeping
- At least ¾ tank fuel
- Chock blocks
- Engine oil level.
- Hydraulic fluid level.
- Fuel level.
- Cooling fluid level.
- Check brake system.
- State and belt tension.
- Operation of lights and electrical components.
- Radio communication system and / or cellphone with ongoing radio check
- Fire extinguisher

Juan Carlos Cosanza Maintenance Manager confirmed that the preventive maintenance and corrective actions are made whenever the equipment needs it, and in a documented interview described the process of visual inspection and chassis certification.

In accordance to its preventive maintenance procedure, every 5,000 Km TBSS verifies if the equipment is suitable for the load to be transported.

We verified random records of maintenance records made in 2015, 2016 and 2017, which comply with the manufacturer's recommendations, not evidencing any symptoms of structural stress in the equipment.

Each transport unit maintains a historical record of preventive maintenance.

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Section 6.0 of the Sodium Cyanide Transportation Procedure stated the criteria related to the chassis load capacity. The chassis must be able to carry up to 23 tons.

The 2018 audit, it is still kept a procedure for container cyanide delivery to MINOSA mine “*Procedimiento para entrega de Contenedores con Cianuro a MINOSA*”. This procedure verifies all the documentation required for the containers extraction from Customs (cargo customs declaration, commercial invoices and guides). This documentation must match the number of containers discharged from the ship, in order to avoid any legal inconveniences when picking up the containers from the port premises. The previous documentation indicates the number of cyanide boxes and weight to be transported.

Upon request from the mine, each TBSS/ITT truck that enters with cyanide cargo must be weighed before and after the unloading process in the presence of the driver of each truck. This process is documented in all travel reports and collated with the cargo manifest.

Texas Bunkering Supply & Services (TBSS) supply chain have a procedure to ensure its subcontractors meets elements 1, 2 and 3 of this Transport Practice 1.3; and uses “INVERSIONES Y TRANSPORTES TERRESTRES” (ITT), with an address in "Aldea El Chile, Sector La Posona, 300 meters, after the toll to Puerto Cortés, road to San Pedro Sula", as Transport Company.

At all times, TBSS personnel is present in the ITT transport process, including visual inspection of the equipment, review of the calculation reports for verification of the load capacity of the equipment and exchange information related to cargo manifests.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

During the audit carried out in 2018, it is kept a procedure to Delivery Cyanide to MINOSA “Procedimiento de Entrega de Cianuro a MINOSA” to ensure that the cyanide transported maintains its integrity during loading, transport and unloading.

The convoy travel reports records for 2015, 2016 and 2017 were verified, evidencing that the procedure that ensures the integrity of the cargo during transport is effective. Since the initial audit, there has been no incident involving the packaging. The exit stamps of the port agree with those of arrival at the mine.

Drivers should ensure that each container number matches the one indicated in the documentation issued by the customs agency.

To avoid the load to move during transportation, each container should be ensured with wooden boards.

In the 2018 audit, TBSS maintains the use of placards to identify the cyanide shipments. Placing placards is part of the previous inspection of transport and Traffic Law requirement, Chapter IV and Article 40 of the Republic of Honduras for vehicles engaged in the transportation of hazardous substances and materials. The Honduras Traffic Law remain without modifications. The auditor inspected the placards available in the escort vehicles and images recorded in the travel reports of the convoys.

In the 2018 audit, convoy travel records for 2015, 2016 and 2017 were reviewed. Before each transport process, inspections are carried out by ITT drivers and the TBSS safety leader. If a disagreement is identified, it is corrected immediately.

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The September 20<sup>th</sup>, 2017 pre-trip check list records were reviewed. The nonconformities found were identified and corrected. The pre-trip inspections are recorded in the Travel Report of each Convoy.

TBSS has implemented a maintenance program under its safety program, which is mandatory. Each vehicle has a file in which the programming of preventive maintenance is indicated and the work carried out is recorded.

In the 2018 audit, TBSS convoy's Safety Leader or Convoy Safety Assistant together with the driver of each unit and an ITT transport Supervisor should conduct an inspection of the units and chassis, before picking up the containers, as well as verification that the maintenance of the equipment has been carried out.

TBSS has established a driving policy and fatigue control which states that all drivers must rest at least 8 hours before transporting the cargo and will drive no more than eight hours per day. In the 2018 audit, it was verified that drivers have been conditioned rooms and sanitary facilities near the port so that the night before the cyanide transport process can have more rest time.

TBSS during the 2018 audit maintains the practice of following. In addition to each container horizontal wooden members are placed in order to prevent the load from moving.

Drivers must not make sharp turns at high speed because the centrifugal force may cause the load to shift and make the container fall off.

Trucks should not incline in gutters while driving with the containers because that may unbalance the load and make the containers fall off.

In audit 2018, TBSS maintains agreement with MINOSA Mine to contact the relevant authorities and COPECO (Permanent Committee of Contingencies) prior to transportation in order to get information about the weather, any adverse operations as civil commotion or any other measures that may affect the integrity of drivers, cargo or equipment. In case an adverse situation is taken place the transportation will be suspended.

TBSS has established the level of alcohol, drugs, or any other substance consumption that may impair or reduce the function of the driver or a member of the convoy. Prior to the convoy departure, all drivers must pass a breathalyzer test performed by the safety Leader and the result should be 0.0% alcohol, if someone has a higher result cannot make the trip and must be replaced.

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During the 2018 audit, the new current alcohol and drug abuse policy were revised.

Before the transportation process, alcohol tests are conducted on all vehicle drivers, which are documented in the travel report of each convoy.

The tests to detect drugs are carried out in cases of pre-admission, post-accident and for reasonable doubt.

On section 7.1 of the Transportation Procedure TBSS has established these procedures must be recorded in the trip report that is filled out on every operation, and all data pertaining to the transportation be archived for at least three years.

All documentation pertaining to the transportation services provided by TBSS, from the port to the mine, must remain filed for a minimum of three years or more.

During the 2018 audit, it was verified that there are records of convoy travel reports in compliance with the established procedure of maintaining them for at least three years.

The documentation is the following:

- a) Final report of every convoy journey.
- b) Unit and chassis pre-trip inspection sheet.
- c) Bill of lading
- d) Emergency kit check list
- e) Containers delivery (to the mine) control sheet.
- f) Copy of the commercial invoice indicating the number of containers delivered to the mine and accurate net weight of product in each container.

The Transportation procedure during the 2018 audit incorporates aspects g and h, which includes physical inspection of containers and GPS tracking.

Texas Bunkering Supply & Services (TBSS) supply chain have a procedure to ensure its subcontractors meets elements 1, 2 and 3 of this Transport Practice 1.4; and uses "INVERSIONES Y TRANSPORTES TERRESTRES" (ITT), with an address in "Aldea El Chile, Sector La Posona, 300 meters, after the toll to Puerto Cortés, road to San Pedro Sula", as Transport Company.

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TBSS ensures that ITT complies with elements 1, 2 and 3 of Transportation Practice 1.4, performing the same control processes that the carrier performs in a double verification manner.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

*The scope of this audit is only for ground transportation operations performed by TBSS from Port to client's site.*

Texas Bunkering Supply & Services (TBSS) does not transport by sea or air.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS has requested a Communication Evaluation procedure “Procedimiento evaluación de Comunicaciones”. This document establishes that radio communication and cell phones must be made available and should be checked before each trip.

During the 2018 audit, the procedure for evaluation of communications is maintained. The monthly tests carried out on the radios are documented in the convoy travel records.

The emergency system in Honduras has a unique emergency number.

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During the audit, a test call was made to number 911, which was answered immediately.

Both TBSS safety leader as ITT supervisors have the list of cell phones and each of the drivers. This list is available for each transport vehicle.

The Communication Evaluation procedure remains the same during the 2018 audit: “Procedimiento evaluación de Comunicaciones” requires that the radios and GPS system be tested within 48 hours during transport. Weekly checks of the radios are also required and prior to transportation. The GPS system should be checked every six months by the company providing the service.

According to the route assessment, during the 2018 audit, there are no blackout areas in the route, it is confirmed, Mr. Chávez and Walther during the audit.

TBSS transportation procedure “Procedimiento para el Transporte de Contenedores de Cianuro” requires to provide GPS tracking to all cyanide shipments and keep records to track the progress of the shipments.

The GPS records are included in the revised convoy travel reports for 2015, 2016 and 2017.

TBSS has established a cyanide delivering procedure to MINOSA which remains the same during the 2018 audit: after the containers have been delivered by ship to transportation units, the drivers must check the containers are closed and have the original seals without any signs of violations.

As soon as the containers have been discharged from the ship, the TBSS convoy’s Safety Leader must inform Minosa Mine via Internet the number of containers received and physical conditions in which they were received. If any of them is damaged, it will be reported to the Shipping Agency operator and Customs to file the damage report prior to leaving port premises.

For safety reasons during the entire convoy journey, beginning at The Port of Puerto Cortes facilities until its arrival to MINOSA, all containers will be supervised by the Safety leader of Texas Bunkering Supply and Services and escorted in the back by ITT. The leader must be in constant communication via Internet with MINOSA staff, reporting the convoy’s location, weather conditions and vehicle traffic density of the area.

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At the moment of delivery of the containers, mine authorized employees, sign the sheet receipt of containers thus giving the Vo. Bo. Having received under, the number of containers specified in the documentation provided by the Customs Agency, documentation must be submitted by each driver.

The fulfillment of chain of custody of cyanide loads was verified in convoy travel reports for 2015, 2016 and 2017. It was verified that in the trip reports the security seals are registered in the ITT facilities at the exit of the port and at the entrance to the mine.

In the 2018 audit, TBSS keeps current established a shipping recordkeeping requirement and trip report that include the product name, amount of cyanide, code number of the Union Nations (UN), and Material Safety Data Sheets requested on Transportation Procedure section 6.12.

Additionally they give each driver on each trip a acknowledge of bill of lading, together with the MSDS of cyanide. This document describes the steps to take in case of spills and people exposure as necessary handling precautions.

The MSDS supplied by the cyanide manufacturer Cyanco was updated on January 25, 2016, which includes the use of Hydroxocobalamin as an antidote for cyanide poisoning. This product is stored according to the manufacturer's instructions.

Texas Bunkering Supply & Services (TBSS) supply chain have a procedure to ensure its subcontractors meets elements 1 thru 6 of this Transport Practice 1.6; and uses "INVERSIONES DE TRANSPORTES TERRESTRES" (ITT), with an address in "Aldea El Chile, Sector La Posona, 300 meters, after the toll to Puerto Cortés, road to San Pedro Sula", as Transport Company.

Contractually, ITT must comply with the provisions of the Code for the Management of Cyanide. TBSS accompanies the entire transport process carried out.

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

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

*This operation is:*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

As per port facility requirement, as soon as the cargo arrives must be moved immediately. If the load comes at night is carried to ITT facility, located 3.5 Km from Port Puerto Cortés. The cyanide containers remain parked for no more than twelve hours. The operations do not involve interim storage.

ITT facilities have perimeter fencing and security personnel 24 hours a day, and an area specially assigned for the parking of vehicles in transit.

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

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS Emergency Plan was updated in October of 2017, in which the following modifications were made:

- 1- Cyanco MSDS sheet, page-6 updated version of Jan 25th, 2016 was replaced.
- 2- Page 31 to 32 telephone numbers were updated.
- 3- Updated emergency kit list, page-38
- 4- Annex in point 14.21 of Page-41,
- 5- Annex in point 26.5 of page-58

The Plan seeks to avoid possible damage to human life, health, environment and material losses, contains the procedure to inform the staff of the various companies involved in the transportation, receipt, handling and storage of hazardous materials, and contains basic to comply with an incident procedures and responsibilities during cyanide transportation.

The Emergency Response Plan section 2.1 to 2.6 has considered the proper way to respond to incidents of maximum probability scenarios and establishes risk perimeters in case of incidents:

- Failure of a maneuver during unloading a truck in the mine, spilling the product on the site, it may result in a cyanide accident 1 ton of product.
- Failure of a port maneuver during unloading of containers from a ship, to the receiving transport units, spilling the product on the port site, it may result in an accident cyanide 2 tons or more.

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- Catastrophic failure resulting in the cyanide boxes collapse while the truck is in motion, spreading an undetermined distance cyanide container; it may result in a cyanide accident with of 5 tons or more.
- Traffic accident involving falling container on the road from transporter platform without spilling cyanide, it may result in a cyanide accident involving a container without spilling for 20 tons of cyanide.
- Drop a container within a watercourse; it may result in an accident with cyanide 20 tons and eventually the appearance of hydrogen cyanide gas.
- Vehicle fire, chassis and container exposing the cyanide.

The updated version 2017 of TBSS Emergency Response Plan Section 5.1 provides the physical properties of cyanide and product description, and Section 6.0 MSDS is included which includes chemical properties, the properties of the packing, so it can be transported and stored.

TBSS has established and maintains in its audit of 2018 its Emergency Plan the method of transport for all emergency scenarios developed for ground transportation. The incidents that occur outside of mining facilities or other industries including port facilities are under the jurisdiction of public authorities; however, it is company policy to make effort to support public emergency services in order to reduce injury, damage, environmental pollution and adverse publicity.

The aspects of transport infrastructure are addressed in section 8.1 has been established considered risk parameters such as bridges and road conditions. Taking special care since at this moment improvements are being made on a stretch of road between Kilometer 115 and 153. They are considered elevations above sea level, detours and factors such as curves, nearby water bodies. It develops a risk analysis on the route between Puerto Cortes and MINOSA Mine.

In section 8.3, a table indicates risk assessment according to different road intervals on the route, the location of important locations and the identified risk conditions.

TBSS transport vehicles that are certified for transporting, considers the use of certificates chassis. Not allowed dragging two containers by a same vehicle.

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All the chassis used to transport cyanide are of the retractable type, in order to give greater protection to the containers in the rear part of the vehicle.

TBSS Emergency Response Plan, section 13, has established the description of actions to respond to emergencies, which serves as a reference model. The responsible parties and the communication sequence are considered.

Section 14. considers scenarios incident without injury, mechanical problems, overturning the vehicle in rainy and dry environment without tipping spill, fire truck collision with injuries and no injuries. In ordinal 14.1 aspects of remediation of soil contaminated with cyanide and handling of material contaminated with cyanide have been added

Section 13 of the Emergency Response Plan has identified the roles of firefighters, health centers, and Red Cross who respond to emergencies. Additionally Minerales de Occidente, S.A. (MINOSA) is committed towards TBSS, to provide emergency response during transportation. In the 2018 audit, the Emergency Plan includes the Police as another additional institution to respond to emergencies.

TBSS sent letters to firefighters, COPECO (Permanent Contingency Commission), transit police about its activities in the transport of cyanide. These letters include product information, toxicological characteristics and MSDS. This establishes a communication channel in an emergency.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS has established in Section 26.2 of the Emergency Response Plan that should provide training to personnel involved in the transport of cyanide in aspects:

- a) The properties of cyanide
- b) Personal safety
- c) Safe handling
- d) Safe transport of sodium cyanide
- e) Fire near sodium cyanide
- f) Medical Emergencies
- g) Environmental Emergencies

Training records for 2016 and 2017 were reviewed.

Every time a simulation is carried out, prior and subsequent training is imparted, in order to clarify the scope of the simulation and, having finished, a talk is given about the findings found and the opportunities for improvement.

Everyone involved in the training programs are the first choice in an emergency:

a) Group of people forming the first response in emergencies. Eleven (11) people make up the initial emergency brigade: (6 drivers, 1 ITT Transport Supervisor, 1 ITT Mechanic and 3 TBSS Supervisors).

b) Authorities require this training, depending on the needs of the mining company.

c) Employees and contractors mining company involved in routine operations and emergencies.

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Section 10 of the Emergency Response Plan establishes categorizing cyanide incidents by setting them first response incident as those involving spills and dry up to 20 tons. And second response incident more than 20 tons or water bodies.

In each levels of incidents are considered the duties and responsibilities involved in the response, level 1: TBSS and ITT staff, local contractors and consultants and level 2 by civil defense / firefighter and outside contractors.

From Section 11.1 on page 33 of the Emergency Response Plan, through Section 11.12 on page 37, details of assignments and responsibilities are established. Responsibilities and assignments remain valid in 2018 audit.

**TBSS Convoy leader**

Is a primary responsible to secure the area of the accident, identify risks and notify the appropriate response.

**TBSS**

Assist in the logistical requirements and resources that are requested by MINOSA, including calling rescue agencies and transport company, etc., stay in the emergency area assisting On Scene Commander (OSC) of MINOSA until the incident is to the satisfaction of MINOSA and the place has been cleaned and secured.

**CYANCO**

Provides specialized group (if necessary) assistance, coordinates and implement corrective actions to contain, recover the spilled cyanide (when possible) actions. Clean the area of the incident.

**MINOSA**

Send to the site On Scene Commander to coordinate the activities of the emergency response, provide support to TBSS and CYANCO by sending Brigade Emergency Mina San Andrés, providing resources and coordinating information activities to the authorities and to the public.

**On Scene Commander**

This is an employee of MINOSA who will assume full control of the response to the accident scene, replacing the Convoy Safety Leader at the incident scene, leaving them as assistant of the OSC functioning to control the incident.

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- Establish a place outside the area of the accident to be used as a meeting point and issuing press releases.
- Ensure that everything has been advised government regulatory body and inform them of the fact.
- It is the main and only contact link with government agencies, for disclosure and to obtain requirements, policies and necessary regulations.
- Direct observation tours to the scene with cyanide, where safety permits for representatives of government agencies.
- Act as spokesperson with the public, the media and government agencies.
- Authorize the publication of any relevant information to the operation.

Is responsible for:

- Link with government agencies
- Public Affairs
- Proper timely care of demands

**Supervision received**

Is responsible to the On Scene Commander for the link with the corresponding government agencies.

On the emergency response plan indicates checklist of the equipment a convoy must have which includes: oxygen, personal protective equipment, signaling elements, spill cleanup equipment and neutralization.

In the 2018 audit, it was verified the functionality of the emergency response teams, which are carried in the escort vehicles during the transportation process.

The emergency response, health, and safety equipment are carried by the convoy safety escort. In the 2018 audit, the emergency response safety equipment were reviewed and found to be compliant according to the checklist in the escort vehicles themselves, and those that work with energy, such as flash light, and a cyanide gas monitoring instrument were tested.

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Two employees were interviewed regarding the availability of equipment, in which knowledge was corroborated regarding the use of personal protective equipment.

In section 26.4 corresponding to Training and drills on emergencies it indicates that: "the characteristics of the cyanide are unique and do not suffer modifications in the time, but the training must be repeated once a year, including the personnel of the transporting company and escorts; and at each convoy departure there is talk box training, which is documented in the travel reports ".

Formal training for new employees, as well as signatures of employees attending 2015, 2016 and 2017, were reviewed.

In Section 12. on page 38, TBSS has established an inventory of response equipment upon emergencies, in order to be available when required.

Before each transport process, it is verified that the emergency response teams are available, the verification records of this machinery are part of the trip report. One of the drivers of the escort vehicle was interviewed, who corroborated the existence of the equipment and is familiar with its use.

Texas Bunkering Supply & Services (TBSS) supply chain "INVERSIONES DE TRANSPORTES TERRESTRES" (ITT), with an address in "Aldea El Chile, Sector La Posona, 300 meters, after the toll to Puerto Cortés, road to San Pedro Sula", as Transport Company.

TBSS has clearly delineated its roles and responsibilities of ITT during and emergency response as part elements in the emergency plan and accompanies the entire transport process from the start in Puerto Cortes, supervising each process carried out by ITT.

Contractually, TBSS agreed with ITT to comply with the Cyanide Code in the transportation process.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS has established a sketched procedure in Section 9.1 which consists of the Safety Leader, the emergency health center, MINOSA, CYANCO-DUPONT and authorities.

During the 2018 audit, it was verified that the emergency notification flow has not changed.

The management of activities in the incident scene is described in section 11.1 and outlined in section 9.2

Phone numbers to contact for emergencies are established in Section 9.3.

TBSS established in section 9.3 that emergency contacts should be updated every four months and let the respective records in the sheet updates. This requirement remains in force during the 2018 audit. Additionally, telephone numbers are verified before each convoy departure.

The government of Honduras created a unique number for emergencies (911), during the audit a test call was made, being attended in less than 10 seconds.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS established in Section 16. and 18. The initial response actions would be performed by members of the convoy. The incident attention sequence considers secure the site, assist people requiring help; make contacts with MINOSA, CYANCO, police, firefighters, Red Cross and COPECO.

Also consider the following steps for recovery or solutions neutralization, treatment to the contaminated area, cleaning and decontamination for dry or wet spills.

The Emergency Plan, version of October of 2017 in relation to remediation or neutralization added in section 14.21 that will alkalize the area where there was the dry spill and adding calcium hypochlorite, removing contaminated soil up to 4 " deep, alkalizing the area again where the earth was removed, and then clean soil will be placed, the contaminated soil will be placed in plastic bags and then transferred to the leaching areas of La Mina.

Since the last initial certification audit in 2014 to date, there has been no incident of spillage or intoxication.

The Emergency Response Plan, section 18. Ordinal 24 prohibit the use of chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide to treat cyanide that has been released into surface water. This prohibition remains in the TBSS documentation during the 2018 audit.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS Emergency Plan section 27, establishes that the document be reviewed annually in terms of procedures, people, phone numbers, equipment, methods, or any other consideration to allow us more effectively and efficiently.

The version of the Emergency Plan of October 2017 section 27 specifies the modifications made to the Plan.

TBSS Emergency Response Plan section 26.5 states that must perform theoretical or practical drill yearly

Since the last audit in 2014, TBSS conducted two simulations.

August 16, 2015:

The scenario consisted of dry cyanide spillage due to the collision of the transport vehicle.

1. Performance in the placement of personal protective equipment was verified.
2. Actions for drivers involved in the collision.
3. Neutralization of cyanide

The drill observations considered a supposed means of communication entering the risk area without personal protective equipment and measures to prevent unauthorized personnel.

September 22, 2017

The scenario consisted of spillage of cyanide from the breakage of a box, by the vehicular collision.

1. Initial training was given about responsibilities during the drill.
2. Water canalization was carried out to avoid contact with the spilled substance.

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3. People injured in the accident were treated.

At the end of the drill, a meeting was held to address issues of strengths and weaknesses.

TBSS established procedure to evaluate the Emergency Response Plan’s performance, through conclusions report that consider the strengths and weaknesses observed during drills.

Section 26.5 of the Emergency Plan, version October, 2017, extends drills objectives including training, drivers actions during incidents as well considerations to measure the effectiveness.

**C- “INVERSIONES Y TRANSPORTES TERRESTRES” ROLE AS CYANIDE TRANSPORTATION**

**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.*

This operation is

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

Summarize the basis for this Finding/Deficiencies Identified:

ITT has implemented a route evaluation procedure updated on August 18, 2017, which includes a route risk assessment. The assessment includes three route sections with independent features which are highlighted on the Honduras trip report maps. All of that is part of the transportation procedure.

The route evaluation procedure revision 2017, in section 5.1 of the Transportation Procedure, underwent modifications by including one-way bridges and registering the ten (10) school zones, in which the convoy must maintain speed in 20 km / h.

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As indicated in the Transportation Procedure, section 5.1, ITT always takes into consideration the physical condition of the bridges within the transport route, whether bridges on the route are straight or curved, as well as the environmentally sensitive areas.

The transportation process also considers other conditions such as earthquakes, overflowing rivers along the route, bridges falling down. Social disruption (archive roads or bridges for people in strikes on the route or in the mine. Undermining the road streams.

The assessment of the route between the Port of Puerto Cortes and San Andrés Mine takes into consideration three aspects of the road in order to prevent potential accidents and spills:

*Port Property (Port of Puerto Cortes): Heavy traffic and high pedestrians' density (workers), water bodies around the port area, the bay and Alvarado Lagoon "Laguna de Alvarado" at Cortés Port.*

From the Port of Puerto Cortes to San Pedro Sula (SPS): 66 Km of concrete road .There is Heavy traffic and high population density to cross Puerto Cortes, San Pedro Sula and Choloma on Highway CA-5 during rush hours due to the industrial zones such as clothing factories ("maquilas") alongside the road from Rio Nance, Choloma to San Pedro Sula. The convoy will take the second peripheral ring to cross the city of SPS because the population density is lower, transiting at 30km/h or less around populated areas. From Puerto Cortes to San Pedro Sula the road is flat. (Total of bridges in curves: 1.)

*Detouring west to S.P.S. and then to La Union Copan CA-4 Highway 178 Km: Asphalt road. Heavy traffic and high population density to cross La Entrada Copan, Santa Rosa and Cucuyagua, passing through environmentally sensitive regions such as agricultural and livestock areas, and rivers near the road. During rainy season all the areas from Naco to Chiquila become misty zones. The road has a variety of closed and opened curves, with slopes and grades of 10 and 15 degrees after the town of Chiquila, before arriving to Santa Rosa de Copan and after Santa Rosa de Copan, and driving down to Cucuyagua. (Four curved bridges).*

*The route from La Union Copan to ADR gate in MINOSA, 18 Km: (Dirt road). The cities within this route have low population density and traffic. There is some risk when the convoy encounters heavy equipment driving on opposite direction of the road because some sections of the road are a bit narrow. The convoy needs to pass sensitive regions such as*

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*agricultural and livestock areas and parts of the road have opened and closed curves, slopes and grades before arriving San Andrés and the Mine, which can be risky during rainy season. (Total of bridges in curves: 4.)*

**GENERAL CONDITION OF THE ROUTE:** The route evaluated for cyanide transport from the Port of Puerto Cortes to San Andrés Mine (MINOSA) facilities, is performed by Investment Land Transport (ITT) units, and this company is required to assign drivers qualified and trained in defensive driving and risk of cyanide as it is indicated by the International Cyanide Management Code.

The route evaluated from the Port of Puerto Cortes to Santa Rosa de Copán, is the only way to access MINOSA with signs along the route. The road is periodically maintained due some problems with the concrete or asphalt layers, the only unpaved section of 18 Km to reach Mina is permanently maintained by MINOSA, which contributes to the safety of convoys.

It may also indicate that along the route there are security check points and highway patrol to ensure traffic flow on the road.

Transportation Procedure to evaluate the risks of the selected cyanide transport has not changed. In the 2018 audit it remains the same, however, the condition and degree of risk in CA-4 from San Pedro Sula to the deviation of the Copan union in Cucuyagua had variations due to construction works carried out between Km 115 and 153.

ITT has implemented on its Transportation Procedure Section 5.7: **CONDITION AND DEGREE OF RISK OF THE MOST CRITICAL POINTS OF THE ROUTE.** This section shows the likelihood of incidents occurring during the transit of the different pavement types and conditions such as nearby water sources and population centers.

Risks that may arise in the route are evaluated on every transport process and registered in a **RISK REPORT.**

Two ITT drivers, Carlos Corrales and Walther Chávez were interviewed regarding the measures they take in the face of risks presented by the route and that include the chain of communication established in case of incidents. Both document the final travel report individually, in which they indicate recommendations for changes to the risk matrix of the route.

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Texas Bunkering Supply Services is responsible for maintaining, before every trip, updated information of the physical and safety conditions of the roads, asphalt and dirt roads where the cyanide unit containers will travel. The physical conditions need to be reported to ITT.

ITT implement to keeps records of the assessments made before and after every trip; this information provides instructions to drivers. After every trip, the trip report provides valuable information and describes the different risk scenarios founded. From the documented observations, it has been incorporated some measures to take into account, for example, update the schools that have been built in the vicinity of the route.

ITT implement and document the measures taken to address risks in the selected route, following the Transportation Procedure, which consists of 28 pages. Since its initial version on January 3, 2014, it has been updated on March 13, 2015, May 4, 2016, and the current version is August 18, 2017.

Before the cargo leaves Puerto Cortés, it is inspected by the ITT drivers and documented, in order to verify any substandard conditions. If any deficiency is identified, it is repaired under the supervision of the hazardous materials personnel of the port and in the presence of the driver.

Upon arrival at the ITT container yard as soon as it leaves the port, the cargo is subjected to a second documented inspection that includes detailed review of the upper part of the container in order to identify any dent, mechanical condition of the chassis; It is also verified if they have holes or fissures and added to the above, it must indicate that the cyanide gas test is done.


In all travel reports, the risk observations identified by the drivers and the safety leader are consolidated, to then make the necessary modifications to the procedures, including the possible emergency scenarios.

TBSS interacting with ITT maintains constant communication with emergency response agencies such as the Permanent Commission for Contingencies (COPECO) and the Red Cross, with whom has conducted briefings and received feedback about the risks of transporting sodium cyanide.

All the drivers of ITT / TBSS transport vehicles are affiliated to the National Chamber of Cargo Transportation of Honduras, among which there is communication exchange regarding the selection of routes and risk analysis. Additionally, there is close

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communication between the Convoy Leader and the security staff of MINOSA, in which they interact to know the opinions of the community.

During the 2018 audit, the two TBSS/ITT escort vehicles used (pick up double cab) were observed under acceptable operating conditions, which during the transport process carry the spill and emergency cleaning equipment. Additionally, ITT transport company, carries another vehicle with tools, fundamental parts and a mechanic for any repairs during the journey.

TBSS maintains communication with Honduras Red Cross and several centers for emergency response along the route: Puerto Cortés, Choloma, San Pedro Sula, Cofradía and Santa Rosa. It also maintains ongoing communication with the mine (MINOSA), which would offer support in case of an emergency. Letters have been delivered to hospitals and external emergency centers in order to update existing information.

“INVERSIONES Y TRANSPORTES TERRESTRES” (ITT), does not subcontract any cyanide handling or transport company.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS designed an annual training program for drivers, administrative personnel and supervisors and it was implemented by ITT.

The training programs for the years 2016 and 2017 were reviewed, as well as records of training attendees in 2015, 2016 and 2017 on the use of fire extinguishers (theory and practice), defensive driving, hazardous materials and emergency response.

Two drivers were interviewed, which confirmed the effectiveness of these training.

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All freight transport drivers must be affiliated with the Cargo Transportation Chamber of Honduras, where they receive compulsory training in Defensive Management and First Aid, this is a regional program of several Central American countries.

Updated list of ITT certified personnel to drive vehicles loaded with cyanide was reviewed.

All personnel handling cyanide and operating the transport equipment have been trained to perform their jobs in a safe manner. TBSS managers certify the drivers included in the list of trainings approved for cyanide transportation including hazardous material.

A list of training programs, as well as records of assistants to the training for the years 2015, 2016 and 2017, was shown. Prior to each simulation, the personnel were trained on how to act in the event of spills or cyanide exposures.

“INVERSIONES Y TRANSPORTES TERRESTRES” (ITT), does not subcontract any cyanide handling or transport company.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

In the 2018 audit, the standard procedure to perform load calculations every 3 years was reviewed, considering the structural elements of the chassis and that the vehicles are between 4 and 13 years old.

Recent certification records of three chassis were reviewed, under acceptable conditions. The transport of cyanide is carried out in six trucks per trip, however, there are always three units available at all times for backup.

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**Periodic Inspection**

The periodic inspection will be conducted using a checklist before every transportation process. The truck driver will verify the following:

- Tire pressure, condition and screws
- Lights
- Back up alarm
- Safety belt condition
- Lights
- House keeping
- At least ¾ tank fuel
- Chock blocks
- Engine oil level.
- Hydraulic fluid level.
- Fuel level.
- Cooling fluid level.
- Check brake system.
- State and belt tension.
- Operation of lights and electrical components.
- Radio communication system and / or cellphone with ongoing radio check
- Fire extinguisher

Samples were verified from inspection records of three convoy travel reports, not finding evidence of significant findings, which as soon as they are identified, corrections are made immediately, before the vehicle leaves.

We verified random records of maintenance records made in 2015, 2016 and 2017, which comply with the manufacturer's recommendations, not evidencing any symptoms of structural stress in the equipment.

Each transport unit maintains a historical record of preventive maintenance.

The 2018 audit, it is still kept a procedure for container cyanide delivery to MINOSA mine "*Procedimiento para entrega de Contenedores con Cianuro a MINOSA*". This procedure verifies all the documentation required for the containers extraction from Customs (cargo customs declaration, commercial invoices and guides). This documentation must match the number of containers discharged from the ship, in order to avoid any legal inconveniences when picking up the containers from the port premises. The previous documentation indicates the number of cyanide boxes and weight to be transported.

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Upon request from the mine, each TBSS/ITT truck that enters with cyanide cargo must be weighed before and after the unloading process in the presence of the driver of each truck. This process is documented in all travel reports and collated with the cargo manifest.

“INVERSIONES Y TRANSPORTES TERRESTRES” (ITT), does not subcontract any cyanide handling or transport company.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

The convoy travel reports records for 2015, 2016 and 2017 were verified, evidencing that the procedure that ensures the integrity of the cargo during transport is effective. Since the initial audit, there has been no incident involving the packaging. The exit stamps of the port agree with those of arrival at the mine.

Drivers should ensure that each container number matches the one indicated in the documentation issued by the customs agency.

To avoid the load to move during transportation, each container should be ensured with wooden boards.

In the 2018 audit, ITT implement the use of placards to identify the cyanide shipments. Placing placards is part of the previous inspection of transport and Traffic Law requirement, Chapter IV and Article 40 of the Republic of Honduras for vehicles engaged in the transportation of hazardous substances and materials. The Honduras Traffic Law remain without modifications. The auditor inspected the placards available in the escort vehicles and images recorded in the travel reports of the convoys.

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In the 2018 audit, convoy travel records for 2015, 2016 and 2017 were reviewed. Before each transport process, inspections are carried out by ITT drivers and the TBSS safety leader. If a disagreement is identified, it is corrected immediately.

The September 20<sup>th</sup>, 2017 pre-trip check list records were reviewed. The nonconformities found were identified and corrected. The pre-trip inspections are recorded in the Travel Report of each Convoy.

ITT has implemented a maintenance program under its safety program, which is mandatory. Each vehicle has a file in which the programming of preventive maintenance is indicated and the work carried out is recorded.

In the 2018 audit, TBSS convoy's Safety Leader or Convoy Safety Assistant together with the driver of each unit and an ITT transport Supervisor should conduct an inspection of the units and chassis, before picking up the containers, as well as verification that the maintenance of the equipment has been carried out.

ITT implement a driving policy and fatigue control which states that all drivers must rest at least 8 hours before transporting the cargo and will drive no more than eight hours per day. In the 2018 audit, it was verified that drivers have been conditioned rooms and sanitary facilities near the port so that the night before the cyanide transport process can have more rest time. In the 2018 audit, GPS travel records for 2015, 2016 and 2017 were reviewed.

ITT during the 2018 audit maintains the practice of following. In addition to each container horizontal wooden members are placed in order to prevent the load from moving.

Drivers will need to follow the commercial invoices instruction by loading 20 boxes per container and not less than that.

Drivers must not make sharp turns at high speed because the centrifugal force may cause the load to shift and make the container fall off.

Trucks should not incline in gutters while driving with the containers because that may unbalance the load and make the containers fall off.

In audit 2018, ITT implemented the TBSS agreement with MINOSA Mine to contact the relevant authorities and COPECO (Permanent Committee of Contingencies) prior to transportation in order to get information about the weather, any adverse operations as civil commotion or any other measures that may affect the integrity of drivers, cargo or

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equipment. In case an adverse situation is taken place the transportation will be suspended or modified.

During the 2018 audit, the new current alcohol and drug abuse policy were revised.

Before the transportation process, alcohol tests are conducted on all vehicle drivers, which are documented in the travel report of each convoy.

The tests to detect drugs are carried out in cases of pre-admission, post-accident and for reasonable doubt.

On section 7.1 of the Transportation Procedure TBSS has established these procedures must be recorded in the trip report that is filled out on every operation, and all data pertaining to the transportation be archived for at least three years.

During the 2018 audit, it was verified that there are records of convoy travel reports in compliance with the established procedure of maintaining them for at least three years.

The documentation is the following:

- a) Final report of every convoy journey.
- b) Unit and chassis pre-trip inspection sheet.
- c) Bill of lading
- d) Emergency kit check list
- e) Containers delivery (to the mine) control sheet.
- f) Copy of the commercial invoice indicating the number of containers delivered to the mine and accurate net weight of product in each container.

The Transportation procedure during the 2018 audit incorporates aspects g and h, which includes physical inspection of containers and GPS tracking.

“INVERSIONES Y TRANSPORTES TERRESTRES” (ITT), does not subcontract any cyanide handling or transport company.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

*The scope of this audit is only for ground transportation operations performed by TBSS from Port to client's site.*

“Inversiones de Transporte Terrestre” (ITT) does not transport by sea or air.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

During the 2018 audit, the procedure for evaluation of communications is maintained. The monthly tests carried out on the radios are documented in the convoy travel records.

The emergency system in Honduras has a unique emergency number.

During the audit, a test call was made to number 911, which was answered immediately.

Both TBSS safety leader as ITT supervisors have the list of cell phones and each of the drivers. This list is available for each transport vehicle.

The Communication Evaluation procedure remains the same during the 2018 audit: “Procedimiento evaluación de Comunicaciones” requires that the radios and GPS system be tested within 48 hours during transport. Weekly checks of the radios are also required and

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prior to transportation. The GPS system should be checked every six months by the company providing the service.

According to the route assessment, during the 2018 audit, there are no blackout areas in the route, it is confirmed, Mr. Chávez and Walther during the audit.

ITT provide GPS tracking to all cyanide shipments and keep records to track the progress of the shipments.

TBSS transportation procedure “Procedimiento para el Transporte de Contenedores de Cianuro” requires ITT to provide GPS tracking to all cyanide shipments and keep records to track the progress of the shipments.

The GPS records are included in the revised convoy travel reports for 2015, 2016 and 2017.

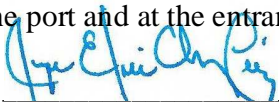
ITT implement a cyanide delivering procedure to MINOSA which remains the same during the 2018 audit: after the containers have been delivered by ship to transportation units, the drivers must check the containers are closed and have the original seals without any signs of violations.

As soon as the containers have been discharged from the ship, the TBSS convoy’s Safety Leader must inform Minosa Mine via Internet the number of containers received and physical conditions in which they were received. If any of them is damaged, it will be reported to the Shipping Agency operator and Customs to file the damage report prior to leaving port premises.

For safety reasons during the entire convoy journey, beginning at The Port of Puerto Cortes facilities until its arrival to MINOSA, all containers will be supervised by the Safety leader of Texas Bunkering Supply and Services and escorted in the back by ITT. The leader must be in constant communication via Internet with MINOSA staff, reporting the convoy’s location, weather conditions and vehicle traffic density of the area.

At the moment of delivery of the containers, mine authorized employees, sign the sheet receipt of containers thus giving the Vo. Bo. Having received under, the number of containers specified in the documentation provided by the Customs Agency, documentation must be submitted by each driver.

The fulfillment of chain of custody of cyanide loads was verified in convoy travel reports for 2015, 2016 and 2017. It was verified that in the trip reports the security seals are registered in the ITT facilities at the exit of the port and at the entrance to the mine.

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In the 2018 audit, ITT implement a shipping recordkeeping requirement and trip report that include the product name, amount of cyanide, code number of the Union Nations (UN), and Material Safety Data Sheets requested on Transportation Procedure section 6.12.

Additionally they give each driver on each trip a acknowledge of bill of lading, together with the MSDS of cyanide. This document describes the steps to take in case of spills and people exposure as necessary handling precautions.

The MSDS supplied by the cyanide manufacturer Cyanco was updated on January 25, 2016, which includes the use of Hydroxocobalamin as an antidote for cyanide poisoning. This product is stored according to the manufacturer's instructions.

“INVERSIONES Y TRANSPORTES TERRESTRES” (ITT), does not subcontract any cyanide handling or transport company.

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

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

*This operation is:*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

As per port facility requirement, as soon as the cargo arrives must be moved immediately. If the load comes at night is carried to ITT facility, located 3.5 Km from Port Puerto Cortés. The cyanide containers remain parked for no more than twelve hours. The operations do not involve interim storage.

ITT facilities have perimeter fencing and security personnel 24 hours a day, and an area specially assigned for the parking of vehicles in transit.

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

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS Emergency Plan was updated in October of 2017, in which the following modifications were made:

- 1- Cyanco MSDS sheet, page-6 updated version of Jan 25th, 2016 was replaced.
- 2- Page 31 to 32 telephone numbers were updated.
- 3- Updated emergency kit list, page-38
- 4- Annex in point 14.21 of Page-41,
- 5- Annex in point 26.5 of page-58

The Emergency Response Plan section 2.1 to 2.6 has considered the proper way to respond to incidents of maximum probability scenarios:

- Failure of a maneuver during unloading a truck in the mine, spilling the product on the site, it may result in a cyanide accident 1 ton of product.
- Failure of a port maneuver during unloading of containers from a ship, to the receiving transport units, spilling the product on the port site, it may result in an accident cyanide 2 tons or more.
- Catastrophic failure resulting in the cyanide boxes collapse while the truck is in motion, spreading an undetermined distance cyanide container; it may result in a cyanide accident with of 5 tons or more.
- Traffic accident involving falling container on the road from transporter platform without spilling cyanide, it may result in a cyanide accident involving a container without spilling for 20 tons of cyanide.

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- Drop a container within a watercourse; it may result in an accident with cyanide 20 tons and eventually the appearance of hydrogen cyanide gas.
- Vehicle fire, chassis and container exposing the cyanide.

The updated version 2017 of TBSS Emergency Response Plan Section 5.1 provides the physical properties of cyanide and product description, and Section 6.0 MSDS is included which includes chemical properties, the properties of the packing, so it can be transported and stored.

ITT maintains in its audit of 2018 its Emergency Plan the method of transport for all emergency scenarios developed for ground transportation. The incidents that occur outside of mining facilities or other industries including port facilities are under the jurisdiction of public authorities; however, it is company policy to make effort to support public emergency services in order to reduce injury, damage, environmental pollution and adverse publicity.

The aspects of transport infrastructure are addressed in section 8.1 has been established considered risk parameters such as bridges and road conditions. Taking special care since at this moment improvements are being made on a stretch of road between Kilometer 115 and 153.

TBSS transport vehicles that are certified for transporting, considers the use of certificates chassis. Not allowed dragging two containers by a same vehicle.

All the chassis used to transport cyanide are of the retractable type, in order to give greater protection to the containers in the rear part of the vehicle.

TBSS/ITT Emergency Response Plan, section 13, has established the description of actions to respond to emergencies, which serves as a reference model. The responsible parties and the communication sequence are considered.

Section 14. considers scenarios incident without injury, mechanical problems, overturning the vehicle in rainy and dry environment without tipping spill, fire truck collision with injuries and no injuries. In ordinal 14.1 aspects of remediation of soil contaminated with cyanide and handling of material contaminated with cyanide have been added

Section 13 of the Emergency Response Plan has identified the roles of firefighters, health centers, and Red Cross who respond to emergencies. Additionally Minerale de Occidente,

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S.A. (MINOSA) is committed towards TBSS, to provide emergency response during transportation. In the 2018 audit, the Emergency Plan includes the Police as another additional institution to respond to emergencies.

TBSS sent letters to firefighters, COPECO (Permanent Contingency Commission), transit police about its activities in the transport of cyanide. These letters include product information, toxicological characteristics and MSDS. This establishes a communication channel in an emergency.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

TBSS has established in Section 26.2 of the Emergency Response Plan that should provide training to personnel involved in the transport of cyanide in aspects:

- a) The properties of cyanide
- b) Personal safety
- c) Safe handling
- d) Safe transport of sodium cyanide
- e) Fire near sodium cyanide
- f) Medical Emergencies
- g) Environmental Emergencies

ITT training records for 2016 and 2017 were reviewed.

Every time a simulation is carried out, prior and subsequent training is imparted, in order to clarify the scope of the simulation and, having finished, a talk is given about the findings found and the opportunities for improvement.

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Everyone involved in the training programs are the first choice in an emergency:

- a) Group of people forming the first response in emergencies. Eleven (11) people make up the initial emergency brigade: (6 drivers, 1 ITT Transport Supervisor, 1 ITT Mechanic and 3 TBSS Supervisors).
- b) Authorities require this training, depending on the needs of the mining company.
- c) Employees and contractors mining company involved in routine operations and emergencies.

From Section 11.1 on page 33 of the Emergency Response Plan, through Section 11.12 on page 37, details of assignments and responsibilities are established. Responsibilities and assignments remain valid in 2018 audit.

On the emergency response plan indicates checklist of the equipment a convoy must have which includes: oxygen, personal protective equipment, signaling elements, spill cleanup equipment and neutralization.

In the 2018 audit, it was verified the functionality of the emergency response teams, which are carried in the escort vehicles during the transportation process.

The emergency response, health, and safety equipment are carried by the convoy safety escort. In the 2018 audit, the emergency response safety equipment were reviewed and found to be compliant according to the checklist in the escort vehicles themselves, and those that work with energy, such as flash light, and a cyanide gas monitoring instrument were tested.

Two employees were interviewed regarding the availability of equipment, in which knowledge was corroborated regarding the use of personal protective equipment.

In section 26.4 corresponding to Training and drills on emergencies it indicates that: "the characteristics of the cyanide are unique and do not suffer modifications in the time, but the training must be repeated once a year, including the personnel of the transporting company and escorts; and at each convoy departure there is talk box training, which is documented in the travel reports ".

Formal training for new employees, as well as signatures of employees attending 2015, 2016 and 2017, were reviewed.

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In Section 12. on page 38, TBSS has established an inventory of response equipment upon emergencies, in order to be available when required.

Before each transport process, it is verified that the emergency response teams are available, the verification records of this machinery are part of the trip report. One of the drivers of the escort vehicle was interviewed, who corroborated the existence of the equipment and is familiar with its use.

“INVERSIONES Y TRANSPORTES TERRESTRES” (ITT), does not subcontract any cyanide handling or transport company.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

ITT has implemented a sketched procedure in Section 9.1 which consists of the Safety Leader, the emergency health center, MINOSA, CYANCO-DUPONT and authorities.

The management of activities in the incident scene is described in section 11.1 and outlined in section 9.2

Phone numbers to contact for emergencies are established in Section 9.3.

During the 2018 audit, it was verified that the emergency notification flow has not changed.

TBSS established in section 9.3 that emergency contacts should be updated every four months and let the respective records in the sheet updates. This requirement remains in force during the 2018 audit. Additionally, telephone numbers are verified before each convoy departure.

The government of Honduras created a unique number for emergencies (911), during the audit a test call was made, being attended in less than 10 seconds.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

The initial response actions would be performed by members of the ITT convoy. The incident attention sequence considers secure the site, assist people requiring help; make contacts with MINOSA, CYANCO, police, firefighters, Red Cross and COPECO.

The Emergency Plan, version of October of 2017 in relation to remediation or neutralization added in section 14.21 that will alkalize the area where there was the dry spell and adding calcium hypochlorite, removing contaminated soil up to 4 " deep, alkalizing the area again where the earth was removed, and then clean soil will be placed, the contaminated soil will be placed in plastic bags and then transferred to the leaching areas of the mine.

Since the last initial certification audit in 2014 to date, there has been no incident of spillage or intoxication.

The Emergency Response Plan, section 18. Ordinal 24 prohibit the use of chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide to treat cyanide that has been released into surface water. This prohibition remains in the ITT documentation during the 2018 audit.

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

*This operation is*

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

*Summarize the basis for this Finding/Deficiencies Identified:*

The version of the Emergency Plan of October 2017 section 27 specifies the modifications made to the Plan.

Since the last audit in 2014, ITT participated two emergency drills.

August 16, 2015:

The scenario consisted of dry cyanide spillage due to the collision of the transport vehicle.

1. Performance in the placement of personal protective equipment was verified.
2. Actions for drivers involved in the collision.
3. Neutralization of cyanide

The simulation observations considered a supposed means of communication entering the risk area without personal protective equipment and measures to prevent unauthorized personnel.

September 22, 2017

The scenario consisted of spillage of cyanide from the breakage of a box, by the vehicular collision.

1. Initial training was given about responsibilities during the drill.
2. Water canalization was carried out to avoid contact with the spilled substance.
3. People injured in the accident were treated.

At the end of the simulation, a meeting was held to address issues of strengths and weaknesses.

Section 26.5 of the Emergency Plan, version October, 2017, extends drills objectives including training, drivers actions during incidents as well considerations to measure the effectiveness.

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