

# **ICMI Cyanide Code Gold Mining Recertification Audit**

## **Summary Audit Report**

**Minera Penmont S. de R.L. de C.V –  
La Herradura Mine**

**Sonora, Mexico**

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

***2024 Audit Cycle***



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LA HERRADURA MINE  
ICMC SUMMARY AUDIT REPORT

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**Mining Operation:** La Herradura Mine

**Mine Owner:** Fresnillo Plc

**Mine Operator:** Minera Penmont S. de R.L de C.V


**Name of Responsible Manager:** Martin Gerardo Rochin, General Manager

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**Location and description of the operation**

The location of the La Herradura mine is presented in the picture below.



La Herradura is operated by Penmont which is a wholly-owned subsidiary of Fresnillo. La Herradura is located in the Altar Desert approximately 80 kilometers (km) northwest of the city of Caborca and 20 km from the coast of the Gulf of California in the state of Sonora, Mexico. The nearest village (Ejido Juan Alvarez) is located approximately 5 km to the northeast of La Herradura. The Altar Desert is extremely arid and there is no surface water.

Exploration at La Herradura dates back to 1987. La Herradura began construction in 1997 and began operation in 1998. The reserves were found to reach 50 million tons with a gold grade of 1 gram of gold per ton, amounting to 1.15 million recoverable ounces.

La Herradura is an open pit gold mine with a heap leach pad, Merrill Crowe Plant, two pregnant solution ponds, three contingency ponds, and associated pipework. A new underground mine along with a Dynamic Leaching Plant, Tailings Impoundment and Merrill Crowe Plant have been

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constructed and added to Penmont's operations. However, these facilities are not connected to La Herradura Merrill Crowe Plant and heap leach facilities, and therefore, are outside of the scope of this audit.

The run-of-mine mineral from the open pit is sent directly to the heap leach pad. The mine has one heap leach pad which has been sub divided into 13 phases. The leach pad was constructed with a composite liner of compacted clay and geomembrane. Once in the leach pad, a cyanide solution is applied by drip irrigation.

The pipelines between the leach pad and plant are contained within a geomembrane liner. The pump stations are constructed of concrete with leak detection sumps. There are two pregnant solution ponds and three contingency ponds (i.e., Contingency Pond 1, Contingency Pond 6, and the Megapond). The pregnant ponds are double lined (geomembrane) with leak detection, collection, and recovery systems. The contingency ponds are single lined (geomembrane).

The pregnant solution from the pad is processed in a Merrill Crowe plant. This plant has an isotainer system for preparing cyanide. The isotainer facility has a dilution tank, storage tank, and distribution tank within a single secondary containment. The Merrill Crowe Plant also has a pregnant solution column, filter wash tanks, clarifiers, a deoxygenation tank, a zinc cone, and barren tank. There is no barren pond and no carbon in leach is required due to the composition of the ore. The barren tank is within a separate secondary containment along with the clarifiers and pressure filters. The plant, including all areas with tanks, is lined with reinforced concrete. The process facilities also include two concrete sedimentation ponds to manage the washdown solution and sediments from the clarifiers.

As part of the re-leach project of the leach pads in the La Herradura, Minera Penmont has constructed a carbon in column (CIC) plant. The initial objective of the plant is to process the solution derived from the re-leach from the leach pads to recover contents still available by adsorption on activated carbon. The re-leach takes advantage of the existing re-pumping system both to feed the CIC plant and for irrigation of pads number 1, 2, 3, 4, 6, 8 and 12 during re-leach with the solution processed at the CIC plant. Activated carbon can be used to extract gold from gold cyanide solutions, including leach pad leaching solutions, thickener overflow solutions, unclarified filtrates, and tailings recovery solutions.

The scope of the recertification audit includes the following cyanide facilities: The heap leach pad (phases 1-14), solution channels, two process solution ponds and three contingency ponds, the Carbon in Column (CIC) circuit, the Merrill Crowe plant, the barren solution tank, and the cyanide preparation area consisting of a dilution tank, a storage tank, and a distribution tank. There is no cyanide treated water discharges at La Herradura. There are no tailings facilities included in the scope of this audit.

New facilities constructed since the 2021 recertification audit include the Carbon in Column (CIC) circuit, which is located next to the Merrill Crowe plant.

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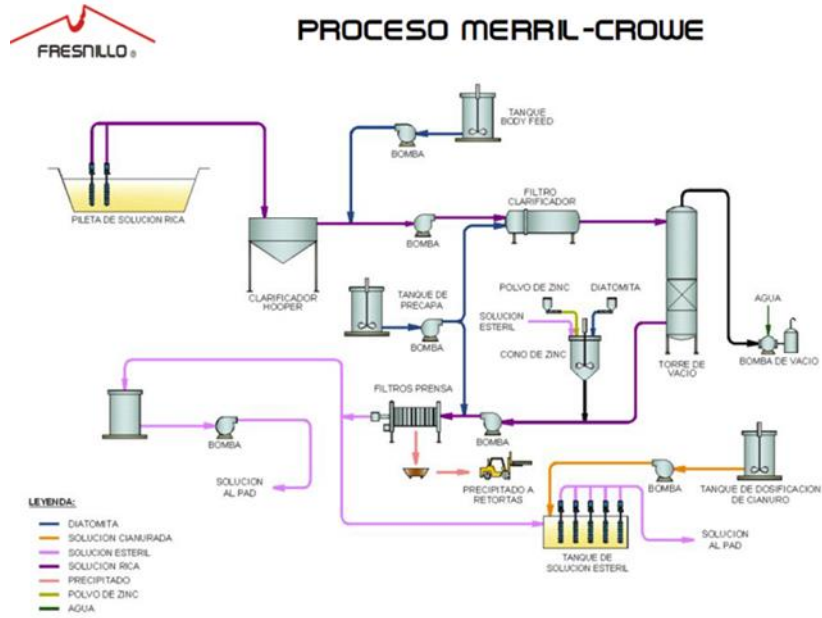
  
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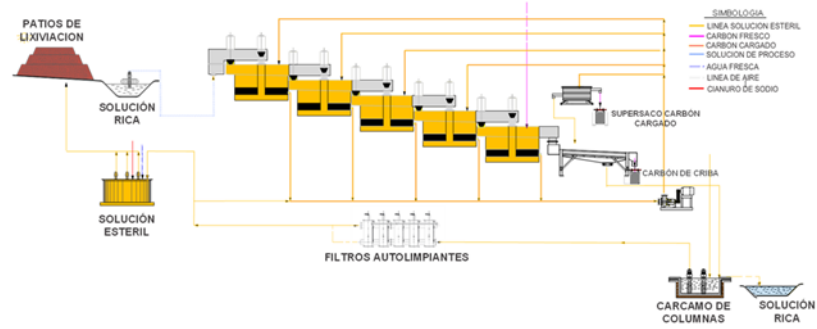
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Sodium cyanide is transported to La Herradura in solid briquettes in an 18-ton isotainer truck. The isotainer is connected to the cyanide mixing tanks, freshwater is added, and recirculated between the isotainer and the tank until the solid cyanide is completely dissolved.

The La Herradura ore processing flowsheets are presented below:



**COLUMNAS DE CARBON**  
**TREN DE COLUMNAS**



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## Auditor's Finding

The International Cyanide Management Institute (ICMI) approved Audit Team verified that La Herradura mine operation is in **FULL COMPLIANCE** with ICMI Cyanide Code requirements for Gold Mining operations.

**This operation has not experienced any compliance issues during the previous three-year audit cycle.**

**La Herradura mine has experienced zero significant cyanide incidents during this 3-year recertification audit cycle.**

**This operation was determined to be in FULL COMPLIANCE with the International Cyanide Management Code.**


## Auditor's Attestation

Audit Company:	SmartAccEss Socio Environmental Consulting, LLC	
Lead Auditor:	Luis (Tito) Campos E-mail: <a href="mailto:titocampos@smartaccess.us">titocampos@smartaccess.us</a>	
Mining Technical Auditor:	Bruno Pizzorni E-mail: <a href="mailto:bpizzorni73@gmail.com">bpizzorni73@gmail.com</a>	
Date(s) of Audit:	June 11 <sup>th</sup> – 14 <sup>th</sup> , 2024	

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


I attest that this 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 Institute for Mining Operations Verification Protocol and using standard and accepted practices for health, safety and environmental audits.

La Herradura Mine  
Name of Operations

  
Signature of Lead Auditor

October 29<sup>th</sup>, 2024  
Date

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## SUMMARY AUDIT REPORT

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

### **Standard of Practice**

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

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

### *Discuss the basis for this Finding/Deficiencies Identified:*

La Herradura purchases cyanide from Covoro Mining Solution Mexicana, S de R.L. de C.V. that is a subsidiary of the cyanide producer Draslovka Mining Solutions (former The Chemours Company). During this recertification period the mine only used sodium cyanide from this producer. The purchases are made under an agreement between Draslovka and Minera Penmont S. de R.L. de C.V., the operator of La Herradura. Draslovka Mining Solutions acquired Chemours Mining Solutions on December 1, 2021. Therefore, most of the audit reports found on the cyanide code page within the Draslovka section still retain the name Chemours, which will gradually change to Draslovka with the new recertifications. The contract for the supply and transportation of cyanide is current. The Draslovka US Production and Packaging Operations in Memphis was last recertified in full compliance on 24 May 2023, as indicated on the Cyanide Code website.. The auditors reviewed the purchasing contract with Draslovka, the purchase orders and shipping records covering the re-certification audit period, finding all in conformance.

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

### **Standards of Practice**

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2.1 Require that cyanide is safely managed through the entire transportation and delivery process from the production facility to the mine by use of certified transport with clear lines of responsibility for safety, security, release prevention, training and emergency response.

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

*Discuss the basis for the Finding/Deficiencies Identified:*

The operation maintains the chain of custody records identifying all transporters and supply chains responsible transporting cyanide from the producer to the operation. The contract, purchase orders and shipping records for this recertification period were reviewed. Draslovka is the only supplier to the mine which is produced at the Draslovka's Memphis plant and is then transported by rail and truck to Draslovka Hermosillo Bag to Bulk Transloading Facility, and then to La Herradura.

Chain of custody records were reviewed identifying each transporter and supply chain component that participate in transporting cyanide on the route from the producer to the operation, confirming that each of these parties is certified or is part of a certified supply chain. The auditors reviewed the Chain of Custody from the Memphis, TN, USA Plant to Penmont in Caborca, Sonora, Mexico, which includes La Herradura cyanide supply in isotankers. Draslovka's sodium cyanide chain of custody for La Herradura is as follows. Draslovka Flobins® and Ecopaks® are filled with sodium cyanide at Draslovka's plant in Memphis, Tennessee. These are accommodated inside the railway boxes and then their doors are closed and sealed. This filling operation is included in the certification of the cyanide code "Draslovka North American Solution Cyanide Production & Packaging Operation Re-Certification Audit". The re-certification audit can be found on the official cyanide code page. In the Draslovka Memphis Plant section. <https://cyanidecode.org/sig-directory-type/draslovka-mining-solutions/>. The Canadian National Railway (CN) takes custody of the railroad boxes at the Memphis plant and moves them to the main terminal where they are transferred to the Union Pacific Railroad (UP). The Canadian Railway was audited by an approved cyanide code auditor and is in full compliance. See the Draslovka US/Canada Rail & Barge Supply Chain section. <https://cyanidecode.org/sig-directory-type/draslovka-mining-solutions-czech-republic-transportation-operations/>. The Union Pacific Railroad (UP) transports the railroad boxes to the U.S./Mexico border of Nogales, Arizona. At the border, these are transferred to the Mexican railway company Ferromex. The Union Pacific Railroad was audited by an approved cyanide code auditor and is in full compliance. See the Draslovka US/Canada Rail & Barge Supply Chain section. <https://cyanidecode.org/sig-directory-type/draslovka-mining-solutions-czech-republic-transportation-operations/>. Ferromex transports the railroad boxes from Nogales to Draslovka's warehouse in Hermosillo, Sonora, Mexico. Ferromex has been audited in the cyanide code by an approved auditor, being in full compliance. See the Draslovka Mexico Supply Chain section. <https://cyanidecode.org/sig-directory-type/draslovka-mining-solutions-czech-republic-transportation-operations/>. Once in Hermosillo the Flobins® and Ecopaks® are used to fill the isotankers that will later be sent to the mine. The

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Draslovka plant in Hermosillo was audited by an approved cyanide code auditor and is in full compliance. See the Draslovka Hermosillo Bag to Bulk Transloading Facility section. <https://cyanidecode.org/sig-directory-type/draslovka-mining-solutions/>. Transportes Especializados Segutal S.A. de C.V. is the carrier that collects the isotankers from the Draslovka terminal and takes them to the mine. Segutal was audited by an approved cyanide code auditor, being in full compliance with it. See the Draslovka Mexico Supply Chain section. <https://cyanidecode.org/sig-directory-type/draslovka-mining-solutions-czech-republic-transportation-operations/>. This confirms that the Chain of Custody to La Herradura mine is in full compliance with the Cyanide Code.

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

#### **Standards of Practice**

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

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

#### *Discuss the basis for this Finding/Deficiencies Identified:*

La Herradura has an isotanker offloading facility and a flobin system. The isotanker system is the actual cyanide offloading system as the mine only purchased cyanide in isotanker during this recertification period. The flobin system remains as a backup system only. The isotanker offloading facility consists of below-grade concrete truck ramp with a sump, an at-grade concrete containment facility with a sump, and three cyanide tanks within the concrete containment (i.e., a dilution tank, a storage tank, and a distribution tank). No changes in the cyanide unloading, storage and mixing facilities have occurred since the previous recertification audit. The isotanker offloading facility was evaluated and found fully compliant during the 2014 recertification audit. At that time, the auditors reviewed the engineering and QA/QC documentation for electrical, mechanical, and civil drawings, welding inspections, concrete testing result sheets for the isotanker facility, and construction of Phase 9B of the Heap Leach Pad which includes earthwork testing for the isotanker facility, among others. At that time, the auditors also reviewed the as-built drawings for the cyanide storage warehouse (not in use in occasion of this audit), the mixing, storage, and feed tanks.

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The isotanker unloading system is within the area of the Merrill Crowe Plant. It is located away from people, the nearest office where people congregate is the Control Room, which is about 50 m. from the unloading and mixing facility and the potential for exposure is negligible. The nearest village (Ejido Juan Alvarez) is located approximately 5 km to the northeast of La Herradura, well outside the mine perimeter fence and upstream and upgradient of the mine. The city of Caborca is approximately 80 kilometers northwest of the mine site. The mine is located in the Altar Desert and 20 km from the coast of the Gulf of California in the state of Sonora, Mexico. The Altar Desert is extremely arid and there is no surface water.

La Herradura offloads the isotankers on a concrete ramp that minimizes the potential for seepage to the subsurface. The concrete surfaces for the offloading and high-strength tanks have not changed since the initial certification audit and therefore those findings are still valid. The entire cyanide offload area is constructed of reinforced concrete slab-on-grade (i.e., pad, curbs, parapets, footings and tank foundations), which provides a competent barrier to seepage. The concrete area was in good condition at the time of this onsite verification audit. The discharge ramp on which the isotainer is positioned ends in a gutter that discharges into a sump provided with a submersible pump that would return any spilled solution to the secondary containment of the cyanide mixing and storage tanks.

La Herradura has installed level indicators and high-level alarms to prevent the overfilling of the cyanide tanks. Both the isotanker offloading facility and the flobin system use the same mix, storage, and distribution tanks, which are equipped with level sensors to prevent overfilling. The levels sensors report to the control room and are set for a high level at 70-80% and a high-high level at 90%, above this level the pump will shut off. The dilution, storage, and distribution tanks at the isotanker facility are also equipped with level sensors to prevent overfilling. These sensors report to the plant control room and are set at a high level of 85% and a high-high level of 90%. While visiting the control room in the Merrill Crowe Plant, the auditors observed that all level sensors and their corresponding audible alarms were functioning. La Herradura provided monthly maintenance records for the recertification period for the level sensors in the cyanide tanks to confirm that the levels have been maintained.

All cyanide tanks at the cyanide mixing area facility are located on reinforced concrete pads that are adequate barriers to prevent seepage to the subsurface. During the field inspection, the containment area was noted to be in good condition, with no significant damage, spalling or cracking evident.

La Herradura has constructed the secondary containments for all of the cyanide mixing and storage tanks of the cyanide mixing area of reinforced concrete and are covered by an industrial sealant. No changes or modifications have been made to the secondary containments since the last recertification audit. The auditors observed that the secondary containments were in good condition.

La Herradura does not store solid sodium cyanide. During this recertification period La Herradura only purchased cyanide in isotanker. No solid cyanide is stored in the mine site as on the

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isotanker arrival to the mine, it goes to the sparging process, to store cyanide in solution. Liquid cyanide is stored in a fully enclosed storage tank. On arrival to the mine site, steel isotankers minimizes the potential for contact of solid cyanide with water. The cyanide storage tank is in the open air, thus providing adequate ventilation, located in a secure area within two layers of fencing around the plant, thus effectively preventing public access. The cyanide storage tank is located in an area with no other materials stored in the vicinity, thus eliminating the potential for mixing of incompatible materials.

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

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

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

Empty isotankers are returned to the manufacturer to prevent re-use for any purpose other than holding cyanide, and therefore there is no need for disposal of empty containers to the environment. La Herradura has implemented the Operating Procedure PO-PL 19 Cyanide Discharge from Isotanker, requiring that the upper part of the isotanker be rinsed with water after an offload is complete, also the valves to be closed followed by a check to ensure the isotanker is no longer pressurized. The auditors confirmed this is being done by field interviews with personnel responsible for performing this task. The auditors observed the initial portion of an offload event at the reagent area. A copy of the completed checklist was obtained and reviewed following the offload to verify that the checklists were completed according to the procedure.

For unloading and mixing activities La Herradura has written procedures as well as evidence that these procedures are being implemented. Procedures for these tasks are Standard Operating Procedures, training documents and checklists. The implementation of these procedures was verified by observation and interviews with the personnel responsible for performing these tasks. The procedure for cyanide preparation (PO-PL-19) prescribes the measures for safe operation of tank levels and valves during an isotanker offload, also address the maintenance of the valves and couplings used for sparging and offloading cyanide. The procedure is accompanied by a checklist that is co-signed by the isotank driver and the mine operator. The auditors reviewed examples of the completed checklist and observed an offload during the site visit to verify compliance. There is no handling of cyanide containers. The isotankers are not stacked, on arrival to the mine site they go to the sparge process to transfer the cyanide to the process plant. The procedure for attention to cyanide spills (PO-PL-17) prescribes the measures for safe and timely clean-up of spills of cyanide solutions. The procedure for cyanide preparation requires the use of personal protective equipment (PPE) consisting of face shield over safety glasses, hard hat, respirator, Tychem suit, steel-toe rubber boots, and rubber gloves. Other required equipment

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includes a harness for working at heights, a radio, and portable HCN monitor. The isotanker offloads are observed by a second operator from inside an adjacent observation room. Draslovka adds red dye to the isotanker at the time briquettes are loaded into the isotanker. La Herradura has therefore adopted the practice of dyeing the cyanide solution for ease of identification. The resultant high-strength cyanide solution contains colorant dye at a concentration which provides for clear visual identification and clear differentiation from other solutions or rainwater that may be present. This requirement was visually verified by the auditors during the field visit.

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

##### **Standards of Practice**

4.1 Implement management and operating systems designed to protect human health and the environment including contingency planning and inspection and preventive maintenance procedures.

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

##### *Discuss the basis for the Finding/Deficiencies Identified:*

The scope of this recertification audit includes the following cyanide facilities: The heap leach pad (phases 1-14), solution channels, two process solution ponds and three contingency ponds, the Carbon in Column (CIC) circuit, the Merrill Crowe plant, the barren solution tank, and the cyanide preparation area consisting of a dilution tank, a storage tank, and a distribution tank. There is no cyanide treated water discharges at La Herradura. There are no tailings facilities included in the scope of this audit. La Herradura has developed and implemented written management plans and procedures for their cyanide facilities: heap leach pad; process ponds; pregnant solution ponds (Pregnant Pond 1 and Pregnant Pond 2); contingency ponds (i.e., Contingency Pond 1, Contingency Pond 6, and the Megapond); primary reagent cyanide system including an isotanker offloading facility with a dilution tank, storage tank, and distribution tank; Merrill Crowe Plant, including a barren tank, zinc cone, deoxygenation tower, clarifiers, sedimentation cells, and filter presses; booster stations, associated pipelines, pumps, valves, and related accessories. The perimeter berms around the leach pad are elevated above the surrounding ground surface, and consequently, run-on diversions are not needed. The procedures and plans cover the safe operation of the entire cyanide system. The procedures include process descriptions and critical control parameters, operating tasks, inspection requirements, PPE requirements, safety and environmental considerations and others. The

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procedures have been updated as needed, verification included review of the procedures and plans, as well as interviews.

La Herradura has developed plans and procedures that identify the design and operating criteria for safe management of cyanide. The operating procedures describes the design and operating criteria. The procedure for management of cyanide and cyanide solution (PO-PL-02) specifies a target of 30 to 60 ppm free cyanide for solution passing the press filters. The procedure for contingency pond emergency (PO-PL-02) indicates that the process ponds should be operated up to 3/4 of their volume capacity during normal conditions. The procedure for leach pad irrigation (PO-PL-07) specifies the targets for application on the pad surface: a pH target of greater or equal to 10.0 standard units (su), an application rate of 6-10 liters per hour per square meter, and a free cyanide concentration of 180 to 230 parts per million (ppm). The procedure for mixing cyanide (isotankers) (PO-PL-19) specifies a pH of greater than 10.2 standard units for offloading. The procedure for environmental aspects, dangers, and risks lists the generally applicable Mexican regulations.

La Herradura has developed procedures describing the standard of practice necessary for the safe and environmentally sound operation of the cyanide facilities, including the specific measures needed for compliance with the Code and regulatory requirements. The mine has developed and implemented inspection and preventive maintenance programs for all the cyanide facilities including cyanide unloading, mixing and storage facilities; the plant, the heap leach pad, the process ponds, and the booster stations. Inspections are conducted on a daily to weekly basis depending on the facility and type of inspection. La Herradura uses the MAXIMO system for identifying, assigning responsibility, scheduling and tracking the completion of the preventive maintenance activities and repairs. Specific preventive maintenance programs have been developed for the key cyanide elements. The auditors reviewed the procedures and completed inspection and preventive maintenance records to verify compliance. La Herradura reviews and updates its SOPs every two years. The auditors reviewed the following set of SOPs and plans to verify compliance. PO PL 02 Emergency in Contingency Ponds; PO PL 03 Isotank Solid NaCN Spill Cleaning; PO-PL-06-Dosing-Handling-Reagents (1); PO PL 07 Leach Pad Irrigation ; PO PL 09 Preparation and Cleaning of Cyanide Installations for Maintenance; PO PL 11 Leak Prevention in Leaching Yards; PO PL 12 Cyanide and Cyanide Solution Management; PO PL 13 pH Monitoring in Leaching Yard Runoff; PO PL 14 Sampling and Determination of Free Cyanide in Leaching Plant and Yards; PO PL 15 Inspections for Various Monitoring in Plant and Animal Mortality; PO-PL-16 Stop and startup of plant and leaching-yards; PO PL 17 Cyanide Solution Spill Care; PO-PL-18 Procedure for Entering or Performing Work in Confined Spaces; PO PL 19 NaCN Discharge in Isotank; PO-PL-20-Filter Washer Clarifiers; PO PL 37 Filtration of Carbon Fines in Columns; PO PL 39 Transfer of Coal to Super Sacks; PO PL 40 CIC Circuit Start, Stop and Operation; PO PL 41 Operational Sampling in Coal Columns; PS-HE-07 Procedure for preparation and response to emergencies.

La Herradura has prepared and implemented a written procedure for managing changes in facilities or practices. The procedure covers environmental and safety aspects and includes a form (PS-HE-01-R03) that must be filled out and signed by the initiator of the requested change

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and the environmental/safety manager. The auditors reviewed a management of change (MOC) register for the carbon columns performed in August 2022 where risks were evaluated and was signed by health and safety and environmental supervisors. The operation maintains a list of all MOC records in the intranet shared folder, including not cyanide related MOC records. . Examples of completed management of change records were reviewed for the last 3 years, finding it in conformance.

La Herradura has developed and implemented procedures that address upset conditions, contingencies and temporary shutdown of the plant. La Herradura has included the contingency procedures in the operating procedures. The procedure for contingency pond emergencies (PO-PL-02) addresses the measures to be taken when the pregnant pond overflows to the contingency ponds, and if the contingency ponds spill to natural ground. The procedure for leach pad irrigation (PO-PL-07) contains a section that addresses upset conditions such as slope failure, pipeline breaks, and spills from pipeline secondary containment. The procedure for stopping and starting the plant and pad addresses scheduled and unscheduled shutdowns at the plant, as well as equipment failures (e.g., pumps, valves, pipelines). Section 6.3 of this procedure also addresses the temporary shutdown of the plant, ponds, and pads. This procedure also addresses situations when a temporary closure or cessation of operations may be necessary. The procedure for responding to cyanide solution spills (PO-PL-17) addresses the immediate response to a spill (e.g., berms to contain the spill), cleanup measures for impacted soil, confirmation sampling, and completion reporting. The procedure for preparation and response to emergencies (PS-HE-07) includes contingency procedures for non-standard operating situations as scenarios of the operations temporary closure or cessation due to situations of work stoppages, civil unrest, or regulatory actions. Also, the procedures PO-PL-16 Stop and startup of plant and leaching-yards and PO PL 40 CIC Circuit Start, Stop and Operation consider scenarios of unscheduled stops and starts in the plant and cyanide installations, addressing the necessary safe measures to avoid a potential for cyanide exposures and releases.

La Herradura has a written procedure to inspect the cyanide facilities regularly. The auditors reviewed the procedure and examples of completed forms from throughout the recertification period to verify compliance. La Herradura inspects the mixing and process areas as follows. Daily tank inspections are conducted to tanks holding cyanide solutions for signs of corrosion, deterioration, leaks, or salts. La Herradura also conducts tank integrity testing annually. The Non-Destructive Tests (NDT) program used ultrasonic methods and included all cyanide-related tanks and vessels. The testing was conducted by *Servicios Administrativos Peñoles* using ASTM A-435. The auditors reviewed the tanks NDT records covering the recertification period. The results concluded that all of the cyanide-related tanks and vessels were suitable for continued use. Secondary containments are inspected daily, and findings recorded using form R01. This form specifically lists inspection for signs of solution or precipitates in the secondary containment, as well as inspection for signs of poor integrity such as cracks. Weekly inspections are held to the leak detection systems for the pregnant pond and booster pump stations using Form R05. Inspections of the leak detection and collection systems in the rich solution pools found no liquid in the last 3 years. Pipelines, pumps, and valves at the plant and pad are inspected and findings

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recorded using Form R01. This form specifically requires inspection for signs of corrosion, deterioration, leakage, salts, and spills from pipes, pumps, and valves. It also lists inspection requirements for valves in their correct position with locks. Pipelines, pumps, and valves associated with the leach pad are inspected and recorded using Form R02. This form specifically lists inspection details for the condition of the pipelines, secondary containment liner, and accessories (e.g., valves). Ponds are inspected, and findings recorded using Form R04. This form specifically lists inspection requirements for the condition of the liner and water levels. The auditors reviewed completed examples of the above forms from throughout the recertification period to verify compliance.

La Herradura has a written procedure to inspect the cyanide facilities regularly. The auditors reviewed the procedure and examples of completed forms from throughout the recertification period to verify compliance. The inspection frequencies are daily to weekly, as well as per event, which the auditors consider adequate to assure and document that equipment and facilities are functioning as intended. The inspection frequencies and the responsible parties are summarized as follows: Daily inspection are for tanks and associated secondary containments, pipes, and pumps, using the Form R01; the leach, pipelines, perimeter berms, channels, liner condition, pond in the area, and irrigation system using Form R02, wildlife mortality is also monitored using this form; showers and eyewashes using Form R03; ponds and plant for condition and wildlife mortality using also Form R04. Per event inspections are performed to the isotanker offloading facility using a checklist.

The auditors reviewed completed inspection forms and checklists for the recertification period to verify compliance, finding in general, consistency on the inspection's frequency. Any observed deficiencies during the inspections have to be communicated to the maintenance department, where they are entered into the MAXIMO database and work orders generated. Completion of the corrective actions is noted in MAXIMO. The operation inspections are conducted frequently enough to identify potential problems before they present a risk of cyanide release or exposure; any occurrence is being recorded in the inspection logs. The nature and date of corrective actions documented, and records area retained.

La Herradura has implemented a maintenance program via the MAXIMO software that includes both preventative and corrective maintenance. The preventive maintenance program includes the elements necessary for cyanide safety management including: 1) fixed HCN monitors (calibrated monthly); 2) pH meters (inspected and calibrated monthly), 3) NDT on cyanide solution tanks (performed annually), 4) tank level indicators and alarms (checked monthly), 5) sump floating level (calibrated monthly), and 6) tanks and pumps (checked daily). The auditors reviewed examples of completed maintenance records from MAXIMO covering the recertification period to verify that the preventive and corrective maintenance programs were implemented. The auditors reviewed maintenance records of the transfer pump in the sparge system for cyanide solution preparation with monthly maintenance. The maintenance area makes weekly programs where they indicate in detail what is going to be done and who is going to do it. They keep the physical records that are stored in the maintenance office for 2 years. The auditors saw examples of the weekly work plans in Excel. On the other hand, they have backup equipment

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and for spare parts they have a large stock in the warehouse such as pump seals, impellers and bearings, among others.

La Herradura does not maintain backup power at the site. They have constructed one large pond (the Megapond) and two smaller ponds (Contingency Pond 1 and 6) that provide up to 22 hours of capacity under contingency conditions (i.e., if the 24-hour, 100 year storm event occurs at the same time than a power failure). That amount of time is considered adequate to either restore power or bring in portable generators, given the mine's proximity to vendors in the United States. In addition, La Herradura has the ability to obtain power from another public power source from the Mexican Federal Commission (with a capacity of 34.5 KW) in case of a failure of their primary Mexican Federal Commission power source. With 34.5 KW, La Herradura could operate the critical equipment, including the pond pumps.

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

- The operation is:  in full compliance  
 in substantial compliance  
 not in compliance with Standard of Practice 4.2

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

La Herradura does not have a mill or tailings storage facility.

4.3 Implement a comprehensive water management program to protect against unintentional releases.

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

*Discuss the basis for the Finding/Deficiencies Identified:*

The mine has implemented a comprehensive water balance to track solution storage in the ponds and take into account leaching flows and meteoric events including storms, plus a mechanism to anticipate provision of adequate freeboard. The content and organization of the water balance spreadsheet can be considered comprehensive in that covers a considerable range of operational parameters that govern how the leach pad is managed and thereby the associated inflows and losses, and storage requirements. The water balance can be considered probabilistic because it considers the expected rainfall plus a 100-year, 24-hour storm event superimposed on the facility. The water balance is maintained in the Excel format: Deterministic and

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Probabilistic Water Balance; input data is provided regularly. This tool is used by the mine for the reconciliation of processed or treated flows in the processing plant and in the provision of fresh water to replace losses due to evaporation.

The water balance considers the following in a reasonable manner and as appropriate for the facilities and environment. The leaching application rate of 7.29 L x m x h. The operations staff estimates the irrigation cycle according to the calculation of the retention time of the mineral in leaching. Incorporates an updated 100-year, 24-hour storm events of 100, 500 and 1,000 mm rain. Considers in a reasonable manner and as appropriate for the facilities and environment the quality of existing precipitation and evaporation data representing actual site conditions. Meteorological data is updated from three stations: Quitovac, Sonoyta and Puerto Peñasco. The Quitovac Station is the closest to the site (27 miles to the northeast). A study performed in 2017 by the external contractor *Consultora PH* developed by engineer Patricio Herrera found the estimated 100-yr, 24-hour storm event (185.4 mm) was higher than the storm event (116 mm) used for the design. The updated storm event was introduced into the operational water balance and the results show enough storage capacity of the ponds to contain the 100-yr/24-hr storm event. All upgradient runoff is naturally diverted around the facilities by the raised construction of the pad and ponds which is reflected in the water balance. Freeze-thaw is a non-issue for this site due to local climate conditions. Considers losses due to wetting of the material. Decant, drainage and recycling, seepage and discharge are not applicable to the leaching facilities at La Herradura. Pond sizing, based on the water balance spreadsheet, is assessed in terms of the time required to pump out the ponds following the occurrence of the design storm event imposed on the estimated inventory of the ponds. The pumping time required is variable based on the monthly inventory and is estimated to be 22 hours. Treat and discharge systems are not used at La Herradura. Phreatic surface is not considered because of the significant depth to groundwater in this desert area.

A level sensor is used to measure the pregnant pond storage level on an hourly basis. The mine provided graphs that show the solution level for each pregnant solution pond and compared against the overflow pond invert elevation, thus indicating this is monitored and efforts are applied to maintain required freeboard limits. Data from the monitoring software Delta V shows the history of the stored volume versus the overflow, which is more than 1.50 m of freeboard. The contingency ponds are also monitored visually.

Ponds are operated maintaining adequate freeboard. The solution levels in the solution ponds were reported more than 90 percent of the time below the invert elevations of their spillways. According to the process personnel, any solution that overflowed into Contingency Pond 1 was removed. It was also reported that solution did not reach the mega-pond. Any water in this pond was reported as accumulation from direct precipitation. The La Herradura Mine has 3 contingency ponds and they were designed with 0.5 m of freeboard. Contingency ponds 1 and 2 are used during plant maintenance shutdowns or prolonged power outages. They have level sensors and there are daily visual plant walk inspections. The mega-pond has not been used to date.

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The operation measures rainfall at the site and routinely compare it to the design assumptions used to develop the water balance model. Precipitation data from the weather station at the site identified as "LH" has been processed and average precipitation per month has been computed. A comparison of site values versus design values exists in the form of a graph presenting data for the past 3 years. The graph shows precipitation values for the recertification period. The operation monitors on-site precipitation. The operation provided monitoring records for the auditor's review. No additional information was required to find this question in compliance with the Code. La Herradura has commissioned the external contractor Consultora PH to periodically review precipitation records and compare them to the design assumptions and to characterize climatic conditions with hydrological studies, since prior to 2017 there was no meteorological information available. In 2020, a new study was carried out and the water balance came out with the same design storm. As reported the external contractor to the auditor, the water balance model does not work as a predictive tool due to the desert climate, since it can rain three times the total annual rate in one event.

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

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

*Discuss the basis for the Finding/Deficiencies Identified:*

La Herradura has implemented the following measures to restrict wildlife and livestock access to the pad, ponds, and plant: The northeast perimeter of the mine property adjacent to Ejido Juan Álvarez and El Bajío property, is fenced by barbed wire and 6 x 6-inch wire mesh four-foot-high fence to prevent access by large wildlife and livestock. La Herradura staff stated that motion sensors are installed along this fence to alert security of human, wildlife, or livestock incursions. All ponds (pregnant and contingency) are surrounded by a chain link fence built on a concrete curb to prevent burrowing by animals. The fence has a tighter weave near ground level to prevent small animal access. The process plant is surrounded by chain link fences to prevent human, wildlife, and livestock access. Pregnant solution is conveyed in piping between the leach pad and pregnant pond to prevent wildlife access. The headworks (upstream of the pregnant pond) that collect pregnant solution are screened to prevent wildlife access. Pregnant Pond 1 and 2 are covered with netting, although the concentration of WAD (Weak Acid Dissociable) cyanide in all ponds was less than 50 mg/l. The auditors observed all of these measures to be in good condition during the site visit.

La Herradura provided a complete set of analytical data for WAD cyanide from the pregnant and contingency ponds for the recertification period. Samples were collected periodically for analysis by external laboratory ALS. Analytical data showed WAD cyanide concentrations were

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maintained below 50 mg/l throughout the recertification period. Pregnant ponds: WAD cyanide concentrations varied from 3.78 mg/l (September 2021) to 9.51 mg/l (February 2024). Contingency ponds: The ponds were dry during the recertification with a few exceptions associated with maintenance conditions. Sedimentation ponds: during the recertification period, concentrations were between 1.23 and 7.07 mg/l. The mine staff also collects water samples weekly for analysis of WAD cyanide by titration tests in the mine internal laboratory. Both sets of data consistently showed WAD cyanide concentrations bellow 50 mg/l.

La Herradura inspects for wildlife mortalities daily. The leader of the security and ecology department stated that there have been no wildlife mortalities attributable to cyanide intoxication in the past three years. Based on daily inspections completed according to a written procedure, there were no wildlife mortalities during the recertification period. This was confirmed by reviewing the monthly summaries of safety and environmental incidents for that same period. The auditors concluded that the measures to restrict wildlife, cattle, and birds are effective in preventing mortalities.

La Herradura has developed and implemented a written procedure (PO-PL-07) to control and reduce the potential for significant ponding on the top of the leach pads. The procedure includes cell cleaning, ripping, and levelling to enhance infiltration and prevent ponding. The procedure also includes operational measures to reduce the potential for ponding or to reduce the risk to wildlife, such as modifying the application rate, solution pH, and WAD cyanide concentration. La Herradura uses drip irrigation, which eliminates the potential for overspray. The auditors observed no significant areas of ponding in the active cells during the site visit. Therefore, the auditors conclude that La Herradura is effectively implementing the above procedures.

#### 4.5 Implement measures to protect fish and wildlife from direct and indirect discharges of cyanide process solutions to surface water.

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

#### *Discuss the basis for the Finding/Deficiencies Identified:*

Not applicable because La Herradura does not have any direct or indirect discharges to surface water due to the extreme aridity at the site. According to the La Herradura Project Environmental Impact Manifest (MIA), the climate of the site is very dry desert with an average annual rainfall close to 100 mm. The main watercourse of the region corresponds to the Arroyo El Coyote (approximately 20 km to the south) and the Gulf of California to the west (approx. 36 km). All runoff from the region and the site corresponds to seasonal, ephemeral streams that only present a measurable flow during rainfall events. In the project area, located within the Altar Desert basin, there are no bodies of water that can be contaminated. Given the conditions of high

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permeability (sandy soils), all the rainwater infiltrates the subsoil. Virtually all water captured by the site is infiltrated in situ and ex situ runoff is reduced due to high soil permeability, short periods of rainfall and low rainfall from the desert environment. The hydrographic network is represented by a group of intermittent streams of small and not well-defined channels, due firstly to the low annual rainfall in the region and for another reason because rapid evaporation occurs in addition to the influence of permeable surface materials that favor the infiltration into the lower strata. (Geohydrological Study at Minera Penmont, February 2013, by Geoservices and Groundwater Studies). The operation has monitoring wells on the periphery of the leach pad and monitors groundwater quality, before, during and after activities in the pad.

The operation annually inspects the diversions through and around the site for the presence of seeps into these normally dry channels.

#### 4.6 Implement measures designed to manage seepage from cyanide facilities to protect the beneficial uses of groundwater.

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

*Discuss the basis for the Finding/Deficiencies Identified:*

To reduce the potential for seepage to groundwater, La Herradura has implemented the following measures. The leach pad was constructed with a composite liner of compacted clay and geomembrane. The pipelines between the leach pad and plant are contained within a geomembrane liner. The plant floor is constructed of concrete, as are the floors of the cyanide mixing area. Secondary containments of the cyanide tanks have a sump pump to return any spilled solution to the process circuit. The pregnant ponds are double lined (geomembrane) with leak detection and collection system. The sedimentation ponds are concrete lined with concrete secondary containment for the pipelines. The contingency ponds are single lined (geomembrane).

The operation monitors for cyanide in groundwater downgradient of the site; concentrations of WAD cyanide are below levels of identified beneficial use of the groundwater. The groundwater standard promulgated by the Mexican authorities *Procuraduría Federal de Protección al Ambiente* (PROFEPA) is 0.02 mg/l total cyanide for irrigation use, as indicated on the annual groundwater monitoring tables that La Herradura submits to the regulators and the Environmental Manifest approved by *Secretaría de Medio Ambiente y Recursos Naturales* (SEMARNAT). The operation has installed eight monitoring wells around the leach pad, plant, and ponds, of which four are located downgradient (wells 3, 4, 7 and 8). Analytical results for the recertification period showed total cyanide concentrations less than the 0.02 mg/l. In general, values were below lab detection limit of 0.012 mg/l and/or the wells were dry for well 7 and 8. Analytical results showed total cyanide concentrations less than the 0.02 mg/l for well 3 and 4.

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Most of the values were below lab detection limit of 0.012 mg/l and/or the wells were dry. Cyanide concentrations are reported to the regulators annually.

La Herradura does not use mill tailings as underground backfill.

La Herradura does not have seepage that has caused cyanide concentration of groundwater to rise about levels protective of beneficial use and therefore no remedial activity is currently required.

4.7 Provide spill prevention or containment measures for process tanks and pipelines.

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

*Discuss the basis for the Finding/Deficiencies Identified:*

La Herradura has provided spill containment measures for all cyanide unloading, storage, mixing and process solution tanks. The dilution, storage and distribution tanks of the isotanker system are within the same concrete secondary containment. These tanks are installed on concrete floor inside a concrete ring. A sump returns any solutions to the process circuit. The auditors found the concrete secondary containment for the isotanker system to be in good condition and without visible cracks. In addition, La Herradura has provided spill containment measures for the barren tank, zinc cone, clarifiers, and all the other vessels at the Merrill Crowe Plant. In addition to the concrete wall, the secondary containment system for the process tanks and vessels also consists of concrete floors sloping to an interconnected series of grated concrete channels throughout the plant. The process tanks and vessels have pipes extending to these grated concrete channels to direct overflows such that solutions do not accumulate on the plant floor. The operation constructed the carbon-in-column (CIC) plant during this ICMC recertification period. All process tanks located at CIC plant are located within a secondary containment system. These tanks are supported by metal columns that rest on reinforced concrete pedestals located within a concrete slab which functions as secondary containment in the event of any spillage of cyanide solution from the process. None of the tanks are installed on ring beam foundations. The joints between the pedestals and the concrete slab is sealed with waterproof material. The concrete floor is new and is in very good condition, providing a competent surface against any infiltration to the ground. The slab has a slope of approximately 1.5% and a gutter system that allows drainage of any solution spillage or rainwater to sumps provided with submersible pumps that are activated automatically, returning any solution to the process.

All secondary containments have adequate capacity to hold the volume of the largest tank within the containment as well as solution from any piping that would drain back to the tank and additional capacity for the design storm event. The dedicated pumps in the secondary containment sumps that collect cyanide-contaminated water are automated. The capacity of

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secondary containments of the Merrill Crowe Plant and the isotanker system tanks were evaluated during the 2011 and 2014 ICMI audits respectively and found fully compliant. There have been no changes to the capacity of these secondary containments during the recertification period and therefore the original findings still hold. The secondary containment at the CIC plant constitutes an active system that, due to its conformation of slopes, channels, drains and automatic pumping returning solutions to the process tanks, does not allow the accumulation of solutions in the drains, providing sufficient containment in the event of any spill.

To prevent discharge to the environment of any cyanide solution or cyanide-contaminated water that is collected in a secondary containment area, La Herradura has installed sumps at the isotanker facility to return solutions to the process circuit. The below-grade offload ramp has a small sump with a dedicated pump. Any collected solution will be pumped to the secondary containment of the dilution, storage, and distribution tanks. This secondary containment has its own, larger sump, also with a dedicated pump. Any collected solution will be pumped to the barren tank. The auditors observed these sumps to be in good condition. The barren tank and all other area where cyanide is present, is housed within the secondary containment for the clarifiers and pressure filters, and this area drains by a series of grated ditches to the main sump with a dedicated pump. Given that all solutions are contained within secondary containments and sumps for return to the process circuit, no written procedures are necessary. All secondary containment and sump are inspected regularly, and the pump run as needed. The system is subject to inspections and preventive maintenance. All liquids in the containments are considered process solutions and are returned to the process circuits. The auditors observed and confirmed the secondary containments to be in good condition and free of solutions and debris. The CIC plant secondary containment is a closed circuit not connected to any discharge to the environment. As the sump pumps are automatically activated, no procedure to operate the system is in place. The auditors reviewed inspection records for the elements of this containment system as the condition of the pavement, the cleanliness of the gutters and sumps, the sumps level sensors and preventive maintenance of pumps, as well as the condition of the pipes and return valves to the system.

All cyanide process tanks at La Herradura have concrete secondary containment.

La Herradura has constructed all cyanide solution pipelines between the Merrill Crowe Plant, process ponds, and heap leach pad with containment measures to collect leaks and prevent releases. The pipelines are constructed within concrete secondary containments, geomembrane lined ditches/areas, or outer HDPE pipe sleeves. The auditors observed these pipeline secondary containments and found them to be in good condition.

There are no areas where cyanide pipelines present a risk to surface water because no natural surface water is in the vicinity of the mine due to the extreme aridity.

La Herradura has constructed tanks and pipelines with stainless steel and High-Density Polyethylene (HDPE). In addition to these two materials, the cyanide feed lines from the isotanker system to the addition points at the plant are made of Chlorinated Polyvinyl Chloride

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(CPVC) that is also a material compatible with cyanide and high pH conditions of the isotanker facility. The auditors did not observe any materials incompatible with cyanide and high pH. These installations generally have not changed since the initial audit and any changes or expansions have used the same types of materials. The pipelines were constructed of HDPE, CPVC, stainless steel and mild steel with industrial coatings, depending on the pressure inside the pipes. The auditors observed these materials to be in good condition.

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

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

*Describe the basis for the Finding/Deficiencies Identified:*

Quality assurance and quality control (QA/QC) programs were implemented during construction and substantial modification of all cyanide facilities. In the previous audits the QA/QC programs were evaluated for the existing facilities in occasion of the audits: the isotanker facility, the Merrill Crowe Plant, Phases 1 to 13 of the heap leach pad, all the pregnant and contingency ponds. As required by ICMI, the auditors verified that the mine maintains the QA/QC files for these facilities. For this recertification period, the auditors reviewed the QA/QC program implemented by external contractor *sei tetra S.A. de C.V.* for the construction of the Carbon in Column Train cyanide facility. The construction period was between July 2021 to May 2023.

The QA/QC program included quality control plan; inspection and testing plan; quality of materials; tensile strength tests on reinforcing steel rods; block quality; soil compaction results; results of concrete tests to compression; as-built drawings; welding inspections: visual, liquid penetrants and x-rays; inspection of dry paint coatings and adhesions; visual and mechanical inspection of bolts; and geotechnics. The auditors reviewed *sei tetra*'s quality dossier, inspectors' certificates from *sei tetra* in their respective specialty, examples of materials technical specifications, materials quality certificates, as built drawings and fixed HCN monitors accreditations, among others.

QA/QC dossiers address the suitability of materials and adequacy of soil compaction for earthworks such as tank foundations and earthen liners, the installation of synthetic membrane liners used in ponds and leach pads, and for construction of cyanide storage and process tanks for all La Herradura cyanide installations, including the Carbon in Column Train construction corresponding to this audit cycle. The Carbon in Column Train QA/QC program includes the project specifications, address the requirements and procedures for material selection, handling, installation/construction and testing. The QA/QC plan adequately addresses testing frequency, methodology and required minimum results for all significant earthwork, piping, valves tanks and steel plates installation components. The QA/QC completion reports contain weekly construction

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reports, construction photographic records, laboratory testing reports for the materials utilized during the construction and field testing of the materials installation.

La Herradura retains hard and electronic copies of the QA/QC records associated with the previous audits cycles as well as for the Carbon in Column Train new cyanide facility in the mine's Project and Construction Office and in the intranet servers. The auditors visited the mine's Project and Construction Office checking that the information is kept in an orderly manner on shelves and files that are properly catalogued. They also had access to the mine's intranet server where this information is stored electronically. The files in electronic format continue to be implemented on the Oracle Aconex platform to maintain all the information on the construction of the operation in electronic format.

Appropriately qualified persons from La Herradura and from external contractor Sei Tetra reviewed the cyanide facility construction and provided documentation that the facility has been built as proposed and approved. The project management was in charge of la Herradura corporative Construction Area of Peñoles and Fresnillo Penmont, who performed the prefeasibility studies and detailed engineering. The company in charge of the QA/QC program was sei tetra, a recognized company with duly qualified professionals; the auditors reviewed their inspectors' professional certificates. The quality dossier is endorsed and signed by sei tetra general director as well as a qualified level one inspector and certified engineers. A series of formally constituted companies participated in the construction of each corresponding part, for example, Desert Projects and Consultancies, did the power line, SIMSA did the electromechanical part, metallic structures and equipment installation, also piping and electrical work, then instrumentation was in charge of Emerson; the civil works were in charge of JBML who did the soil compaction, slabs, foundations, beams and columns.

La Herradura has as-built drawings/certification for all cyanide facilities which are properly stamped by qualified engineers.

#### 4.9 Implement monitoring programs to evaluate the effects of cyanide use on wildlife, and surface and groundwater quality.

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

*Describe the basis for the Finding/Deficiencies Identified:*

La Herradura has developed and implemented the written standard procedure for monitoring activities PO-PL-15. The mine has also prepared and implemented a written procedure that includes wildlife monitoring and steps for reporting wildlife mortalities. External contractor ALS-Indequim S.A. de C.V. with analytical laboratory in Monterrey, a subsidiary of ALS Laboratory Group (ALS), is in charge for monitoring activities. ALS has developed a written procedure for

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monitoring various types of water, including those applicable to the site groundwater. Because of the extreme aridity at the site, there is no monitoring program for surface water.

Sampling procedures have been developed by appropriately qualified mine's operational professionals and by external parties with specific reference to preparing environmental monitoring and analysis plans, holding a degree in an appropriate scientific discipline and experience with sampling and analytical techniques. ALS prepared the sampling plan. ALS is a reputable laboratory with qualified professionals accredited by the Mexican Accreditation Entity (EMA). ALS's Procedure for Sampling Water and Wastewater Sampling was developed by ALS's sampling Coordinator a registered professional bachelor's degree in industrial chemistry with years of experience. The ALS Quality Manager is endorsing the document, a registered professional with a Pharmaceutical Chemist Biologist degree.

The sampling procedures and sample handling procedures developed by contracted laboratory ALS prescribe the sampling equipment, methods, containerization, preservation, and shipping instructions. The procedures specify quality assurance and quality control requirements for cyanide analyses. ALS's Procedure for Sampling of Water and Wastewater PT-40-01 revision 14, states in section 17, that at least once a month Quality Control will be carried out on the collection of samples. The laboratory will define the analyses to be performed at the time of scheduling. The sequence of the analytical control specifies the type of control, the procedure to be followed and the acceptance criteria, which include the detection limits and the maximum permissible limits. It also contains blank field forms and a blank chain-of-custody form. The laboratory staff conduct the sampling and transport the samples to the laboratory. The procedure specifies analysis for total and WAD cyanide. ALS collects ground water samples with supervision from the mine personnel. The auditors reviewed examples of completed chain-of-custody forms and field forms showing proper use of the forms for the period of this recertification audit. The auditors also reviewed a map showing the groundwater monitoring wells' locations around the mine site.

The operation has field reports where sampling conditions that may affect the analysis are recorded, such as weather, livestock/wildlife activity, anthropogenic influences. The ALS samplers document weather and other conditions on field data sheets that are filled out at the time of sampling. The field forms document request for services, the chain-of-custody, the containers, preservatives, sampling equipment, calibration of field instruments, field parameters during purging, wellhead conditions, weather conditions, the list of constituents, and observations of other conditions that may affect the sample integrity. The auditors reviewed completed field forms for groundwater sampling verifying that the operation actually records this information.

La Herradura has a signed agreement between Penmont Mining Company and ALS laboratory to provide sample analysis services for la Herradura mine. The contract term is for one year, starting on April 1, 2024, through March 31, 2025, for services including water sample analysis, among others. The auditors also reviewed La Herradura Monitoring Program established and the water monitoring reports performed by ALS corresponding to February, April and June 2024.

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La Herradura conducts monitoring at appropriate frequencies for each medium. Groundwater monitoring is conducted every 6 months, and the results are submitted annually to Mexican regulators. La Herradura does not discharge to surface water, and because of the extreme aridity of the region, there is an absence of natural surface water.

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

**Standards of Practice**

5.1 Plan and implement procedures for effective decommissioning of cyanide facilities to protect human health, wildlife, livestock, and the environment.

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

*Describe the basis for the Finding/Deficiencies Identified:*

La Herradura has a conceptual closure plan that includes decommissioning of cyanide facilities. The latest closure plan was updated in 2023 by SRK Consulting. The Mexican government does not require mining companies to present a closure plan for approval until 2 years prior to closure. This conceptual plan is presented by La Herradura to the authorities as part of its annual environmental report. The conceptual closure plan includes a section for decommissioning of cyanide facilities such as the Merrill Crowe plant, pipes and tanks, refinery, leach pads and solution ponds. The CIC circuit is not included in the closure plan as it was commissioned in 2024 after the release of the 2023 closure plan. Decommissioning activities include decontamination of equipment. Rinsing of heap leach pads with water is not included in the closure strategy; the heap leach pad will just be reshaped and reclaimed. There is no cyanide storage at La Herradura and as such, it is not considered as a reclamation item in the closure plan. No water treatment needs for cyanide facilities are considered for the post closure phase. Residual process water will be eliminated through evaporation. Decommissioning activities include all the necessary steps to bring the facility's components to a safe, chemically stable condition, such that they do not present a risk to people, wildlife or the environment due to their cyanide content.

The conceptual closure plan includes a general implementation schedule. It details the closure schedule in generic years, with three years of pre-closure activities, three years for closure activities and post closure activities from year 4 to year 20. Decommissioning activities and final closure are expected to last 3 years, considering dismantlement and demolition of the Merrill

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Crowe plant equipment, structures and foundations; and draindown of leach pad solution. This schedule will be refined in subsequent years as La Herradura gets closer to the closure phase. A more detailed closure plan will be submitted to the authorities for approval 2 years prior to closure.

La Herradura conducts reviews of the conceptual closure plan and associated costs every 3 years to conform to Fresnillo plc internal financial requirements. Local regulations do not require mining companies to conduct a periodic review of their closure plans. The plan is updated to reflect concurrent reclamation of certain areas of the mine and the addition of new mining areas, and revision of unit cost rates. The auditors reviewed the 2020 version of the closure plan and the most recent version which is dated 2023 confirming that the current plan addresses all expansions and modifications to the operation that materially affect the plan and its estimated cost. As mentioned above, the CIC circuit is not included in the 2023 closure plan as it was commissioned in early 2024 after the release of the final version of the plan.

5.2 Establish a financial assurance mechanism capable of fully funding cyanide-related decommissioning activities.

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

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

La Herradura develops and updates every three years a closure cost estimate as part of Fresnillo plc Asset Retirement Obligation (ARO) requirements. The auditors reviewed the 2023 conceptual closure plan developed by SRK Consulting, which includes in Appendix A a total closure cost estimate of US\$ 167 million (MM). For 2020, the closure cost estimate was US\$ 135 MM. Main changes in the closure cost estimate between the 2020 and 2023 figures are related to adjusted unit cost rates. The cost to fully fund the closure plan is the cost for a third-party contractor to mobilize, conduct the planned activities, and demobilize from the site. The cost estimate includes line items for site cyanide-related decommissioning activities and corresponding costs. The costs were estimated using third-party rates from SRK consultants and CAVI de Sombrerete S.A. de C.V, who is a contractor that is currently working at La Herradura. The conceptual closure plan includes a complete list of closure tasks, including decontamination, dismantlement and demolition of facilities with unit rates.

According to Fresnillo plc requirements, La Herradura reviews and updates every three years its closure costs, including decommissioning costs for cyanide facilities, as part of the Asset Retirement Obligation (ARO) cost estimation exercise. The current closure cost estimate is US\$167 MM, which is higher than the previous amount of US\$ 135 MM due to the use of adjusted unit rates. The auditors reviewed updated cost estimates for 2020 and 2023.

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The local government jurisdiction does not require financial guarantees. As such, La Herradura has established self-insurance or self-guarantee as a financial assurance mechanism to cover closure costs.

La Herradura has established self-insurance as a financial assurance mechanism for closure activities, which includes decommissioning of cyanide related facilities. The 2023 closure cost estimate was reviewed by external qualified financial auditor Ernst & Young. The auditors reviewed a letter from Ernst and Young dated June 10th, 2024, verifying its conformance with the financial tests for a self-guarantee mechanism to cover the estimated costs for cyanide-related decommissioning activities. This letter considers the closure cost estimate of US\$ 167 MM, corresponding to end of year 2023. The self-guarantee amount for closure covers the estimated costs for decommissioning the cyanide facilities. The letter from Ernst and Young (EY) states that Fresnillo plc has sufficient financial strength to fulfill this obligation. The financial evaluation was prepared in the context of their compliance with the financial reasons required in section 40 CFR 264.143(f) of the "Code of Federal Regulation" of the United States of America with accountable data from December 31, 2023. The auditors reviewed the statement from Ernst & Young and confirmed that the self-insurance was calculated including the estimated decommissioning cost and that the operation has sufficient financial strength to fulfill the self-insurance obligation. The auditors also verified the professional certification of the financial auditor.

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

### **Standards of Practice**

6.1 Identify potential cyanide exposure scenarios and take measures as necessary to eliminate, reduce and control them.

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

*Describe the basis for the Finding/Deficiencies Identified:*

La Herradura has developed operating procedures that describe the steps, controls and precautions to be taken in facilities where cyanide is used, that are aimed at minimizing worker exposure to cyanide. These procedures provide detailed information on risks involved with each task and adequately describe safe work practices. Documented procedures have been prepared for mixing of cyanide solutions; operation of the heap leach pads and ponds; entry into confined spaces; equipment decontamination prior to conducting maintenance activities; stoppage and

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startup of the Merrill Crowe plant; startup, stoppage and operation of the CIC circuit, among others. There are approximately 25 procedures related to cyanide management. In addition, in October 2022 La Herradura achieved ISO14001:2015 certification of its environmental management system and ISO45001 certification for its safety management system which assures that document control practices are in place. Both certifications are valid for three years. All procedures include a section related to PPE requirements, considerations of safety hazards, potential impacts to worker exposure and the environment, permits needed to conduct the task and a reaction plan in case activities fall outside of normal operating parameters.

La Herradura has standardized the development of procedures including a section with the required personal protective equipment (PPE) for each activity. La Herradura developed a risk matrix to define the required PPE for each activity. This risk matrix, dated September 2019 and updated in February 2024 was developed in-house, meets local requirements, and is updated every two years. The procedures include the following sections: Objectives, scope, definitions, responsibilities, tools/equipment to perform the task, personal protective equipment (PPE) required for each task, considerations of safety and health risks and environmental aspects, description of the tasks, registers, reaction plan and log of changes to the procedure. Prior to conducting a routine activity, a pre-work inspection is completed using the IPER (Identification of Hazards and Risk Evaluation) tool to help identify PPE needed for that activity. The auditors verified that a pre-work inspection and a checklist were completed prior to the cyanide unloading event. Pre-work inspection and checklists for cyanide unloading were reviewed for the recertification period and were found to be complete. Examples of permits for working in confined spaces were also reviewed. In addition to the use of general PPE, such as hard-hat, steel toes shoes, and safety glasses throughout the mine site, areas and/or tasks where personnel may encounter cyanide have additional PPE requirements. It was verified during the audit that several procedures require the use of special PPE in activities or tasks where personnel may come into contact with cyanide. For example, it was confirmed that hard hat, hearing protection, rubber boots, rubber gloves, chemical suits, approved full-face respirator and HCN gas monitors were in use for tasks that were performed at the cyanide mixing area. The auditors reviewed records of pre-work inspections and checklists for the recertification period and found them to be complete.

La Herradura has implemented several mechanisms that consider workers input for the development of health and safety procedures. Among those, the ones to highlight are: i) Beginning of Shift Meeting (Reunion de Inicio de Turno - RIT), which consists of 5-minute safety talks, where safety and occupational health matters are discussed with the workforce prior to starting daily activities. ii) Safety weekly meetings, where workers have the opportunity to provide opinions about safe work practices and procedures. iii) Review/training on procedures, where the supervisor discusses the procedures with workers and operators, and they have the opportunity to provide feedback before the procedure is finally approved. Procedures are reviewed every two years. iv) Monthly safety meetings with union and non-union workers, where results of the company are presented by management including safety issues and workers have the opportunity to raise questions and concerns. The auditors reviewed evidence of these

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mechanisms and found them to be acceptable to promote participation of workers in safety matters.

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

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

*Describe the basis for the Finding/Deficiencies Identified:*

La Herradura has determined the appropriate pH for limiting the generation of HCN gas during cyanide mixing and other production activities. Specifically for the cyanide mixing activity, the procedure PO-PL-19 “Cyanide unloading from isotainer” indicates that during cyanide offload the pH should be in the range of 10.2 – 11 to avoid generation of HCN gas. Observation of the cyanide mixing event confirmed that pH in the cyanide mix tank was checked prior to initiating the activity. The pH values are monitored in the Delta V screen and from the control room. Procedure PO-PL-07 “Heap leaching” indicates that solutions during leaching activities require that pH is to be at a minimum of 10 to maintain cyanide in alkaline solution and limit the generation of HCN. Lime is added to the ore to maintain the required pH levels during leaching.

Procedure PO-PL-13 “Monitoring of pH on leach solution from leach pads” indicates that pH values of solution collected at the bottom of the heaps needs to be above 7. Samples are taken daily and analyzed at the mine lab. La Herradura presented the auditors with evidence that generation of HCN levels at the sampling locations were very low and that maintaining a pH > 7 was safe for the operators. At the CIC circuit there are two pH meters that are calibrated periodically and are included in the routine preventive maintenance inspection program in Maximo (maintenance software). The auditors confirmed this through interviews with process personnel, and review of pH logs for cyanide mixing, leaching and during pH monitoring of solutions collected at the bottom of the heap.

La Herradura has identified the areas where workers may be exposed to cyanide in excess of 10 parts per million on an instantaneous basis and 4.7 parts per million continuously over an 8-hour period. La Herradura has conducted risk assessments, most recently in 2022, to identify the areas of potential worker exposure to cyanide and to evaluate the need for installing new stationary HCN monitors and/or relocating the existing monitors. The risk assessments were conducted using ambient air data and HCN concentration values measured with a portable HCN monitor at the areas where cyanide is used. A similar risk assessment for the CIC circuit was also conducted confirming that the current locations of the stationary HCN monitors are adequate. La Herradura has installed stationary HCN monitors at areas where workers may be exposed to HCN gas (cyanide mixing area, barren solution tank, reagents area, clarifier area, precipitation area, and the CIC circuit). Stationary monitors are monitored continuously in the

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process plant control room. In addition, handheld HCN monitors are used by operators and maintenance personnel where HCN gas can be present. The auditors sampled HCN data for stationary monitors for the last 3 years at these locations and verified that values recorded were generally below 4.7 ppm. Procedures for cyanide handling during cyanide mixing and leaching process identify the potential for worker exposure to cyanide and require the use of the handheld HCN monitors as part of the required PPE. Signage listing the PPE requirements to enter a cyanide facility has also been installed at appropriate entrances. Fixed HCN sensor alarms are set at 4.5 ppm (notification alert) and 10 ppm (evacuation alarm). Notification means an alert in the control room and response / attendance by an operator to determine the appropriate actions.

La Herradura has 9 stationary HCN monitors MSA Serie Ultima X located at the cyanide mixing area, barren solution tank, reagents area, clarifier area, precipitation area and CIC circuit. Stationary HCN monitors are checked every shift by process personnel and verified (bump tested) every month to ensure that the equipment is working properly. HCN monitors are calibrated every six months, according to recommendations of the manufacturer. Personal HCN handheld monitors MSA Altair HCN Pro (35 in total) are in use during operations where cyanide is present. 30 monitors are for the use of plant operators, and the other 5 are for use by the emergency brigade and the clinic. The Instrumentation area is in charge of maintaining and calibrating these handheld monitors. Personal protection equipment (PPE) requirements defined in cyanide handling procedures and maintenance procedures call for the use of a personal HCN monitor during specific operations where there is a potential for exposure to HCN gas. Operators and maintenance personnel were observed using these monitors throughout the audit. Stationary and handheld HCN monitors are set up to produce visual alarms at 4.5 ppm and 10 ppm, respectively, to limit worker exposure to HCN. At 4.5 ppm HCN, workers can remain working in the area for a 15-minute period maximum and leave the area for 10 minutes and return working for additional 15 minutes intervals, as necessary. If the HCN concentrations reaches 10 ppm HCN, then the workers must evacuate the area and notify the supervisors and the Emergency Brigade. The auditors sampled HCN data of stationary monitors for the recertification period and verified that all values recorded were generally below 4.7 ppm, with the exception of some spikes that reached levels above 10 ppm of HCN for a period of 1 to 2 minutes. La Herradura has established a procedure that requires an investigation of these events when they occur. Workers and process supervisors are informed of this requirement. This requirement was verified through review of procedures, interviews with process and maintenance personnel, review of HCN historic data, review of calibration records, and observation of monitors during site inspection.

HCN stationary and handheld monitors are calibrated on a regular basis and records are kept in the maintenance software called Maximo. Stationary cyanide monitors are verified (bump tested) every month to ensure that the equipment is working properly and are calibrated every six months. The Instrumentation area keeps records of calibration for the MSA Serie Ultima X stationary monitors. According to the manufacturer, this monitoring equipment should be calibrated every six months. Handheld HCN monitors are inspected every month to ensure that the alarms at 4.5 and 10 ppm are set and working properly; and calibrated every 3 months. According to the manufacturer, this monitoring equipment should be calibrated every six months.

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At the CIC circuit there are two HCN stationary monitors that are calibrated periodically and are included in the routine preventive maintenance inspection program in Maximo (maintenance software). Calibration records for the stationary and handheld monitors are maintained indefinitely and were available for review. The auditors reviewed maintenance and calibration records for both stationary and handheld monitors and found them to be complete. This requirement was verified through review of calibration records for the recertification period and discussions with Instrumentation personnel.

Warning signs are posted in all areas where cyanide is present advising workers that cyanide is present and that smoking, open flames and eating and drinking are not allowed, and that, if necessary, suitable personal protective equipment must be worn. The signs are in Spanish, which is the language of the workforce. The PPE requirements are also posted in each area with pictograms indicating the required PPE. The auditors completed visual inspections of signage at the cyanide mixing area, Merrill Crowe Plant, CIC circuit, heap leach operations and solution ponds, and found that signage was adequate. There are signs at the entrance of the leach pad alerting workers of the presence of cyanide and reminding them of the various prohibitions regarding its use. Induction training for employees includes information on typical warning signage used at La Herradura for cyanide. Verification was through visual inspection of the signs located in areas where cyanide is unloaded, processed, and used.

High strength cyanide solution is dyed in red color for clear identification. La Herradura uses sodium cyanide from Draslovka. Draslovka sends the dye mix inside the isotainers together with the cyanide briquettes so that during the mixing operation, the high strength (>20%) cyanide solution turn into a red color solution. This requirement was visually verified by the auditors during the field visit.

La Herradura has installed showers, eye wash stations and fire extinguishers at strategic locations throughout the operation in all areas where there is a potential for exposure to cyanide. Additionally, portable eye wash solutions were found at certain locations. Showers and eye wash stations are inspected on every shift by process personnel at the Merrill Crowe and weekly at the CIC circuit to ensure that they are operational and that water flows are adequate. The auditors checked showers and eye wash stations during the site tour to verify functionality and verified that they were inspected to ensure they are operational prior to cyanide mixing. The auditors also reviewed records of checklists and inspections of showers and eye wash stations. To protect against fire, dry chemical powder fire extinguishers are used where cyanide is present to prevent generation of HCN gas whilst extinguishing a fire. Fire extinguishers are inspected and tested monthly. Inspection records are kept visible with a check list tag attached to the extinguisher. The auditors randomly checked fire extinguishers to confirm they are an acceptable type for use with cyanide. All extinguishers observed were fitted with inspection tags, which documented monthly inspection checks. Verification was through visual inspection of showers, low-pressure eyewash stations and fire extinguishers in areas where cyanide is used and review of inspection records. The auditors verified that the showers and eyewash stations are functional and that water pressure in the eyewash stations are appropriate. In addition, maintenance and recharge of the fire extinguishers is conducted annually or as needed.

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La Herradura has identified tanks and pipes that contain cyanide solution to alert workers of their contents. Pipes containing cyanide are marked as containing cyanide solution, and flow direction is indicated. Labeling is typically located at places to easily identify its content and track the lines. For pipelines, flow direction arrows for cyanide bearing lines are used to allow personnel to understand the flow and possible exposures and/or response requirements to leaks and/or maintenance work. Cyanide addition points also have warning signs indicating that there is concentrated cyanide in the area and that smoking, open flames, and eating and drinking are not allowed. Cyanide mixing, cyanide storage, cyanide distribution and process tanks are marked as containing cyanide. Signage warning of confined spaces in tanks has also been placed. The auditors followed the cyanide solution circuit from the cyanide mixing area to the heap leach pad facilities. During the visual inspection of the Merrill Crowe plant and interview with operators, there is evidence that workers are aware of the meaning of signage applied in the operation to identify cyanide presence. The auditors consider that signage used to identify cyanide tanks and piping is adequate.

La Herradura has available Safety Data Sheets (SDS) and first aids procedures at critical areas where cyanide is managed. Binders with this information were available at various locations where cyanide is used. The SDS are in Spanish, the workforce language at the site. The SDS was provided by Draslovka, and the auditors verified that it corresponds to the latest version provided by the manufacturer. In addition to the SDS, signage is available to alert personnel of chemicals and emergency response requirements in the high-risk cyanide areas. The auditors found evidence of SDS and first aid procedures located at the observation room by the cyanide mixing area, the control room, and the clinic. Verification was conducted by visual verification of documents included in the binders.

Procedure PS-HE-10 "Incidents" details the process to report, investigate and evaluate all accidents and incidents, including cyanide exposure incidents. This procedure documents the requirements to report and investigate health, safety and environmental related incidents to determine the basic causes of the incident and provide corrective and preventive actions to ensure that a similar incident does not reoccur. Accidents and incidents/near misses are classified according to its severity. Preliminary report forms are used to initially communicate the accident/incident. The accident/incident report is distributed within management staff. The incident investigation procedure was reviewed during the audit and was found to be comprehensive. Examples were available to show that several minor incidents had been appropriately investigated and corrective actions taken and followed up until they are closed. No cyanide related emergencies occurred during this recertification period requiring the implementation of the emergency response procedures, or notification to ICMI.

6.3 Develop and implement emergency response plans and procedures to respond to worker exposure to cyanide.

The operation is:  in full compliance

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- in substantial compliance
- not in compliance with Standard of Practice 6.3

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

La Herradura has made available necessary safety equipment including antidote kits, fresh water, oxygen, resuscitators, radios, telephones, and alarm systems at the observation room by the cyanide mixing area, the clinic, and the metallurgical lab. Cyanide antidote kits consisting of amyl nitrite ampoules with expiry date information are located within small refrigerators fitted with thermometers to ensure that the ampoules are stored within a regulated temperature range between 36° and 46°F. Antidote kits are stored at three key locations: observation room by the cyanide mixing area, the clinic and the metallurgical lab. The kits consist of amyl nitrite, activated charcoal, water, oxygen, masks, and gausses. Operators are required to carry a radio while performing their tasks in the most critical areas where cyanide is handled, such as the cyanide mixing facilities. Emergency notification would be via cellular phone or internal radio frequency and by telephones located within the process facilities. Amyl nitrite, resuscitators, and sodium thiosulfate/sodium nitrate are also available at the clinic. The clinic also has medical oxygen bottles. Two ambulances are also located in the clinic. Automated External Defibrillator (AED) resuscitator equipment is located at the site's clinic and in the ambulances. During the recertification period, La Herradura did not have amyl nitrate available on site as the procurement of this antidote had taken longer than expected; however, the mine had sodium thiosulfate/sodium nitrate available at the clinic for use by medical staff. The first aid procedure consists in the use of oxygen as immediate response and treatment with amyl nitrate, if its is available on site. Procedure PO-SM-03 "Treatment of worker intoxicated with cyanide" considers the use of amyl nitrite and/or sodium thiosulfate/sodium nitrate as cyanide antidotes. The locations of the emergency equipment were deemed to be appropriate for the operation. Verification of compliance against this requirement was by visual inspection of the cyanide antidote kits at the observation room and the clinic, and interview with process personnel and onsite doctors/paramedics to ensure proper training and qualifications.

First aid equipment is inspected daily and monthly by medical personnel to ensure it is operational. This verification includes inspections of cyanide antidote kits (amyl nitrite and sodium thiosulfate/sodium nitrate) and first aid stations. Inspections include checks of expiration dates of cyanide antidote kits and storage at the recommended temperature ranges. The medical area is in charge of replacing cyanide antidotes when required. The sodium thiosulfate/sodium nitrate antidotes were all found to be within expiration date. Amyl nitrite ampoules are stored according to manufacturer specifications in refrigerators at strategic locations throughout the operation to ensure that areas where cyanide exposure may occur have immediate access to the antidote. Amyl nitrite was not available on site as the procurement of this antidote had taken longer than expected. Oxygen tank pressure was checked during the audit. Oxygen tanks were fully pressurized. The auditors reviewed inspection records of first aid equipment for the recertification period and found them to be complete, including the storage temperature for the cyanide antidotes. Cyanide first aid equipment (cyanide antidotes and oxygen) in the process areas is inspected prior to cyanide mixing events. Cyanide antidote kits, oxygen bottles and

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emergency kits are inspected on a daily basis to verify that they are in good condition. Inspection records were available for review during the audit and were found to be complete. This requirement was verified through review of cyanide antidotes expiration dates and storage conditions, review of inspection records, and also with interviews with process and medical personnel.

La Herradura has procedure PO-SM-03 "Treatment of worker intoxicated with cyanide" that describes what is to be done in the event of cyanide exposure. Specific instructions are provided to treat victims who are exposed to sodium cyanide via inhalation, ingestion, and dermal routes. Instructions detail the steps to be taken for first aid using oxygen and ambu bags (if required) and subsequent treatment of the victim with the cyanide antidotes and evaluate the need to evacuate the victim to a local hospital once stabilized. Emergency contact information is also included. Operational procedures and medical procedures at La Herradura indicate actions to be taken when HCN concentrations reach 4.5 ppm (i.e. remove workers from immediate area) and higher than 10 ppm (i.e. evacuate the area and call Emergency Response). Procedure PO-PL-11 "Leak prevention from leach pads" includes instructions on how to evacuate a victim that has been exposed to cyanide at the leach pad area.

La Herradura has its own onsite capability (infrastructure, equipment and medical resources) to provide first aid and medical assistance to workers exposed to cyanide. The site has a complete medical facility (clinic) located at the mine site. Medical staff for each shift include a doctor, two paramedics and first aid personnel. The paramedics are at the clinic 24 hours, while the doctors sleep at the mine and are on-call in case of emergencies. The clinic is well-equipped for dealing with many types of medical emergencies, including cyanide exposure. The clinic has two ambulances in case victims need to be evacuated to local hospitals. Procedures are in place for treatment of cyanide exposure, for determining the need to evacuate a victim to a local hospital, and for evacuating victims using ambulances. Compliance with this requirement was verified by conducting interviews with medical staff and through the inspection of the clinic and training records.

Cyanide treatment is provided on-site by company medical staff at the clinic. It is expected that any victim will be treated for cyanide on-site, and once it has been stabilized, the doctor will decide if transfer to the Santa Fe Clinic in the city of Caborca is required to provide additional medical care. Two ambulances are maintained at the clinic to transfer victims if needed. Procedure PO-SM-03 "Treatment of worker intoxicated with cyanide" describes what is to be done in the event of a cyanide exposure, including determination of the need to evacuate a victim to Santa Fe Clinic (located approximately 1.5-hour drive from the mine site), and procedures to evacuate victims using the ambulances. The cyanide antidote will be transported along with the patient to the clinic. For life, critical scenarios that exceed the Santa Fe Clinic capabilities, victims would be transferred to the Hermosillo hospital.

Cyanide treatment is provided on-site by company medical staff in the medical clinic. La Herradura would manage any cyanide exposures without involving offsite facilities. It is expected that any victim will be treated for cyanide on-site, and once it has been stabilized, the doctor will

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decide if transfer to the Santa Fe Clinic in Caborca is required to provide additional medical care. Therefore, the offsite facilities do not necessarily treat victims directly for cyanide exposure. La Herradura has determined that its medical facilities have qualified staff, adequate equipment and expertise to respond effectively. Regardless of this, La Herradura has established formalized arrangements with the Santa Fe clinic regarding the potential to treat patients that have been exposed to cyanide. The auditors reviewed a letter from the Santa Fe clinic dated January 2024 indicating that they have qualified medical physicians, infrastructure and equipment to respond to cyanide exposures. The letter also states that the hospital has medical and paramedic staff trained to provide care to patients with a diagnosis of cyanide poisoning and has adequate equipment to determine cyanide levels in blood. In June 2022, La Herradura organized a training session on medical treatment of cyanide intoxicated patients with participation of doctors, nurses and paramedics from the mine site.

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

### **Standards of Practice**

#### 7.1 Prepare detailed emergency response plans for potential cyanide releases.

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

#### *Describe the basis for the Finding/Deficiencies Identified:*

La Herradura has developed an emergency response plan to address accidental releases of cyanide, that is included in procedure PS-HE-07 "Emergency Response and Preparedness" (ERP) that identifies potential emergency situations including cyanide releases, and the activities and components that must be prepared before the emergency, such as emergency brigades, training, mock drills and communications during an emergency. The plan also addresses the actions to be taken, first responders, responsibilities, emergency telephone contact list with both emergency staff numbers and external support, and recovery after the emergency. In addition, there is a Contingency Plan that provides detailed incident response procedures and requirements, including contact information, declaration of emergency, notifications, and other information for a number of emergency scenarios. The ERP is complemented by approximately 18 procedures of emergency response, each of them addressing a specific emergency scenario. Cyanide scenarios considered include cyanide solution spills, solid cyanide spills and treatment of worker intoxicated with cyanide. These procedures and plans have been implemented through specific training to personnel working in areas where cyanide is present as well as through mock drills, and equipment checklists throughout the recertification period.

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The ERP provides response procedures for all potential cyanide failure scenarios required by the Code, including catastrophic release of hydrogen cyanide, transportation accidents, releases during unloading and mixing, releases during fires and explosions, equipment failure (valve, pipe or tank ruptures), overtopping of process ponds, power outages, uncontrolled seepage, and failure of the heap leach facilities. Failure of cyanide treatment systems is not addressed because La Herradura does not have a cyanide destruction circuit. Scenarios related to catastrophic releases of hydrogen cyanide from storage or process facilities are included in each cyanide related procedure (Section 7 – Reaction plan) and is also covered in the ERP. Scenarios related to transportation accidents are covered by the ERP of Draslovka’s cyanide transporter Segutal. La Herradura does not assume responsibility for cyanide until it is transferred from the isotainer into the dilution tank. In case of a transportation emergency (on-site or off-site), Segutal is responsible for the emergency response as well as for the remediation and clean-up of any cyanide release. La Herradura would provide necessary assistance in coordination with the transporter; this assistance may include emergency communications, medical aid, spill containment, and clean up. The ERP also includes a section that details the actions that La Herradura would take in case of an accident during cyanide transport. Releases during unloading and mixing are addressed in procedure PO-PL-19 “Cyanide unloading from isotainer”. Releases during fires and explosions are addressed in procedure PO-BE-4 “Fire at the plant”, and in the Contingency Plan. Scenarios related to pipe, valve and tank ruptures are addressed in procedure PO-PL-17 “Response to cyanide solution spills”, and procedure PO-PL-16 “Stoppage and startup of plant and leach pads”. Scenarios related to overtopping of ponds and impoundments are also addressed in procedure PO-PL-17 “Response to cyanide solution spills” and in PO-PL-02 “Emergency in contingency pond”. Scenarios related to power outages and pump failures are addressed in procedure PO-PL-16 “Stoppage and startup of plant and leach pads”. Scenarios of uncontrolled seepage are also addressed in procedure PO-PL-17 “Response to cyanide solution spills”. Scenarios related to failure of cyanide treatment, destruction or recovery systems do not apply to La Herradura as there are no cyanide destruction system at the operation. Scenarios related to failure of heap leach facilities and other cyanide facilities are addressed in procedure PO-BE-07 “Spill of cyanide, cyanide solution, tailings, and overflow of solution ponds”, and procedure PO-PL-11 “Leakage prevention from leach pads”.

Transportation of cyanide by truck from the Hermosillo warehouse to La Herradura is addressed in Segutal ERP. La Herradura does not assume responsibility for cyanide until it is transferred from the isotainer into the dilution tank. Segutal would have primary responsibility for a spill of solid cyanide during transportation from Hermosillo but would draw on resources from La Herradura for support if the spill occurred close to the mine site. La Herradura has a copy of the Segutal ERP, which was also reviewed by the auditors. Segutal ERP includes actions to respond to cyanide spills and intoxication. The ERP also includes a section that details actions that the mine site would take in case of a cyanide spill during transportation.

The Emergency Response Plan, the Contingency Plan, and the emergency response and process plant procedures describe the specific actions to be taken in case of emergencies, such as the use of cyanide antidotes and first aid measures, first responders, responsibilities, telephone

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contact lists, call for external help, and recovery after the emergency. The Emergency Response Team (Emergency Brigades) have received training to respond to cyanide emergency incidents. In addition, employees are trained in emergency communication and evaluation procedures. Any emergency that has the potential to affect the surrounding communities will trigger the notification requirements outlined in the ERP and in procedure PS-HE-09 "Internal and External Communication". Clearing site personnel and potentially affected communities from the area of exposure is considered in the ERP, where actions to be taken when an emergency arises are described. Initial response, first aid and the use of cyanide antidotes by trained medical personnel is included in procedure PO-SM-03 "Treatment of worker intoxicated with cyanide". The ERP also provides responses to cyanide spills or leaks from the process facilities, and makes provision for initial response, first aid, and spill reporting control and cleanup. Control and mitigation measures of cyanide related incidents are covered in the ERP and in procedure PO-BE-07 "Spill of cyanide, cyanide solution, tailings, and overflow of solution ponds". Containment measures are covered under operational procedures as well as in the ERP and supporting emergency response procedures. La Herradura incident reporting and investigation procedure will trigger the evaluation of root causes from an incident involving cyanide release and will include preventive actions to avoid future events. The auditors verified that the ERP and supporting documents have been implemented and were in use for the recertification period by reviewing training records, completed checklist forms and by interview with the emergency brigade leader and process personnel.

7.2 Involve site personnel and stakeholders in the planning process.

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

*Describe the basis for the Finding/Deficiencies Identified:*

La Herradura involves its workforce in cyanide emergency response planning. During training of the Emergency Brigades (EB), and after emergency mock drills, staff and the workforce have opportunity to provide feedback. Workers can also provide feedback during the review of emergency response procedures in 5-minute safety talks (RIT). The auditors verified that La Herradura maintains sufficient medical resources, infrastructure and equipment that would not require to treat exposed patients to cyanide in off-site medical facilities. It is expected that any victim will be treated for cyanide on-site, and once it has been stabilized, the doctor will decide if transfer to the Santa Fe Clinic in Caborca is required to provide additional medical care. In April 2022, La Herradura conducted training sessions to communities from the influence area of the mine that covered safety and environmental information, including information about emergency response, cyanide management and medical treatment. The ERP does not provide specific functions to outside responders and communities as La Herradura has the resources, equipment and first response capabilities to deal with cyanide related releases and exposures during transportation and within the mine facility. If required, La Herradura can request support from the

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nearby La Herradura operation, which is also owned by Penmont, to respond to emergency scenarios. La Herradura has made potentially affected communities aware of the nature of the risks associated with accidental cyanide releases even though these communities would not be affected by cyanide releases. La Herradura maintains regular engagement meetings with communities (ejidos) that are in the influence area of the operation such as Ejido Juan Alvarez (5 km away), Ejido Sahuaro (27 km away) and the city of Caborca (80 km away). Mine workers and contractors, many of them from Caborca, Juan Alvarez, and Sahuaro, have received cyanide related training as part of the general training provided by La Herradura.

As mentioned above, La Herradura has made potentially affected communities aware of the nature of the risks associated with accidental cyanide releases even though these communities would not be affected by cyanide releases. These communities include Juan Alvarez, Sahuaro and Caborca. La Herradura has, however, established communication channels through community engagement meetings and through their contractors, brigade members, and workforce who live in these communities as documented in the Contingency Plan. Communities are not expected to play any response role in case of a cyanide incident other than staying away from the area of the incident and report any accidents to the authorities and the mine. In case of an emergency situation, La Herradura will communicate the event to the authorities and the communities through the Industrial Relations Superintendent, who is the authorized spokesperson for such events. Mine personnel and contractors participated in mock drills conducted in the last 3 years. The mock drills completed at the mine for this recertification period have not involved external stakeholders. Some of La Herradura brigade members are also members of the Caborca Fire Department. Mine workers and contractors, many of them from Caborca, Juan Alvarez and Sahuaro, have received cyanide-related training as part of the general training required by La Herradura. La Herradura also provides to the communities a flyer called "Cyanide uses" that includes information about the process, the use of cyanide and emergency response.

The ERP does not provide specific functions to outside responders and communities as La Herradura has the resources, equipment and first response capabilities to deal with cyanide related releases and exposures during transportation and within the mine facility. Regardless of that, La Herradura has established formalized arrangements with the Santa Fe clinic regarding the potential to treat patients that have been exposed to cyanide as it has qualified medical physicians, infrastructure and equipment to respond to cyanide exposures. The auditors verified that La Herradura maintains sufficient medical resources, infrastructure and equipment that would not require to treat exposed patients to cyanide in medical facilities off-site. It is expected that any victim will be treated for cyanide on-site, and once it has been stabilized, the doctor will decide if transfer to the Santa Fe Clinic is required to provide additional medical care. Verification was made through interviews with Emergency Response personnel and a review of the ERP and supporting documents.

La Herradura ERP does not designate any responsibilities to outside responders and communities. Communities are not expected to play any response role in case of a cyanide incident other than staying away from the area of the incident and report any accidents to the

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authorities and the mine. Regardless of that, La Herradura has made potentially affected communities aware of the nature of the risks associated with accidental cyanide releases even though these communities would not be affected by any cyanide release. These communities include Juan Alvarez, Sahuaro and Caborca. The mock drills completed at the mine for this recertification period have not involved external stakeholders. However, the ERP includes current contact information for notifying regulatory agencies, offsite medical facilities, the media, and other stakeholders. As stated in the ERP, the plan is reviewed and updated every two years. The most recent update was in February 2023.


7.3 Designate appropriate personnel and commit necessary equipment and resources for emergency response.

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

*Describe the basis for the Finding/Deficiencies Identified:*

The Contingency Plan includes an operational structure to respond to emergencies and is led by the General Manager (GM), and the alternates can be the Safety and Ecology Manager for fires, rescue and hazardous materials scenarios; or the Occupational Health leader for medical attention and first aid scenarios. Emergency Brigade (EB) responsibilities are described in the Contingency Plan and in the brigade internal regulations document. La Herradura has a total of 41 brigade members conformed by personnel from different areas of the mine. There is a minimum of 10 brigade members per shift. Some of the brigade members are firemen from Caborca and Puerto Peñasco. The auditors reviewed the brigade list with information on its 41 team members and other responders (doctor, paramedics, security) including complete names and working area. Procedure PO-HE-09-R02 "Brigade training program" includes an annual training program for the EB. It is the responsibility of the Emergency Response Leader to ensure that training is provided and maintained. The training program includes weekly training for EB members. EB members are trained in response to hazardous materials incidents, including cyanide. training. The auditors reviewed training evidence for the recertification period. The ERP includes call-out procedures. Main way of communication is by radio, which is used and available 24-hours a day. Contact information of the EB is managed and maintained up to date. The functions and responsibilities of the Emergency Response Leader and brigade responders are detailed in the brigade internal regulations document dated January 2021. There is an Integration Emergency Brigade Act dated 2018 that provides details on roles and responsibilities. This document complements general information on roles and responsibilities included in the Contingency Plan. Emergency response equipment including PPE's is provided in procedure PO-HE-09-R02 "Review of equipment response for hazmat and fires". The list includes among others: clothing for fire intervention, equipment for rescue at heights, transportation and vehicle rescue, hazmat and support equipment. HCN gas monitors are also included in the emergency response equipment. Emergency response equipment is checked on a daily and monthly basis

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as indicated in procedure PO-HE-09-R02 “Review of equipment response for hazmat and fires”. Records of completed inspection checklists were available for review by the auditors. The ERP does not provide specific functions to outside responders as La Herradura has the resources, equipment and first response capabilities to deal with cyanide related releases and exposures during transportation and within the mine facility.

The ERP does not provide specific functions to outside responders as La Herradura has the resources, equipment and first response capabilities to deal with cyanide related releases and exposures during transportation and within the mine facility. It is expected that any victim will be treated for cyanide on-site, and once it has been stabilized, the doctor will decide if transfer to the Santa Fe Clinic on Caborca is required to provide additional medical care. Therefore, the offsite facilities do not necessarily treat victims directly for cyanide exposure. La Herradura has determined that its medical facilities have qualified staff, adequate equipment and expertise to respond effectively. Regardless of this, La Herradura has established formalized arrangements with the Santa Fe clinic regarding the potential to treat patients that have been exposed to cyanide. Current contact information for fire, police, and hospitals is included in the ERP and supporting documents.

#### 7.4 Develop procedures for internal and external emergency notification and reporting.

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

*Describe the basis for the Finding/Deficiencies Identified:*

The ERP includes procedures to notify management, regulatory agencies, outside response providers and medical facilities in case of an emergency. Contact information for internal personnel, outside responders and medical facilities from Caborca and Puerto Peñasco are included in the ERP. The contact list includes the names of internal first responders, security, medical services, regulatory agencies, and the Emergency Brigade. Procedure PS-HE-09 “Internal and External Communication” provides details on how to notify external parties in case of emergencies.

The ERP includes procedures to notify management, regulatory agencies, outside response providers and medical facilities in case of an emergency. Procedure PS-HE-09 “Internal and External Communication” provides details on how to notify external parties in case of emergencies. The Community Relations department maintains contact information of the members of the local communities and the media in the management information system Borealis. In case of an emergency situation, La Herradura will communicate the event to the authorities and the communities through the Industrial Relations Superintendent, who is the authorized spokesperson for such events.

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La Herradura has established a requirement to notify the ICMI (International Cyanide Management Institute) in case of a significant cyanide incident. Section 6 of the ERP includes the ICMI definition of a “significant cyanide incident” and states that communication to ICMI should occur within 24 hours of occurrence. The Emergency Response Leader would be in charge of such communication to ICMI. La Herradura has not had any significant cyanide related incident during this recertification period.

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

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

*Describe the basis for the Finding/Deficiencies Identified:*

The ERP and supporting documentation include remediation measures for liquid and solid cyanide spills, including materials to be used for clean-up and for disposal of contaminated spill clean-up materials. Procedures PO-PL-03 “Clean-up of solid CN spills” and PO-PL-17 “Response to cyanide solution spills” provide details on how to clean contaminated soil. In those cases, sodium hypochlorite, that is stored in the observation room by the cyanide offloading area, will be used in a solution at 10% for neutralization purposes. Procedures PO-PL-03 “Clean-up of solid CN spills” and PO-PL-17 “Response to cyanide solution spills” also indicate how to prepare the sodium hypochlorite solution at 10%, the depth at which impacted soil must be excavated and how samples should be taken to determine that the area is clean. The procedure also indicates that WAD Cyanide concentrations in soil should be below 0.5 mg/l to consider that the release has been completely cleaned up. All cyanide-contaminated material is disposed of in the heap leach area as indicated in procedure PO-PL-17 “Response to cyanide solution spills”. La Herradura confirmed that the operation only uses bottled water for drinking water supply and stated that well groundwater is brackish and undrinkable. By interview with environmental personnel, they confirmed there is no surface water at La Herradura, and that the groundwater table is located at a depth of approximately 100 meters. There are no nearby communities with water supplies likely to be affected by releases at La Herradura.

The ERP does not specifically prohibit the use of chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide to treat cyanide that has been released into surface water. By interview with environmental personnel, they confirmed there is no surface water at La Herradura, and that groundwater table is located at a depth of approximately 100 meters. Therefore, any use of chemicals (including sodium hypochlorite, ferrous sulfate, or hydrogen peroxide) is at no risk of release into surface waters.

Procedure PO-PL-17 “Response to cyanide solution spills” provides information on environmental monitoring in case of cyanide leakages into groundwater, including sampling and

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analytical methodologies to be followed, and sampling locations. La Herradura has a groundwater monitoring program including groundwater wells located upgradient and downgradient of cyanide facilities. The Environmental Department would manage the characterization, extent and remediation of a spill, and is responsible for reporting spills to the regulatory agencies. La Herradura monitoring plan includes groundwater sampling and a regulatory reporting program that must be initiated if cyanide is detected in groundwater wells downstream of process ponds and leach pad facility.

7.6 Periodically evaluate response procedures and capabilities and revise them as needed.

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

*Describe the basis for the Finding/Deficiencies Identified:*

La Herradura ERP latest review was conducted in February 2023. According to document control procedures, the ERP and other documents should be reviewed and updated every two years to ensure that information is kept up-to-date and that the plan remains appropriate for the mine. The ERP and supporting documentation are reviewed to identify any required changes, and to test and review the adequacy of emergency procedures with drills and exercises. Also, the ERP is reviewed after significant changes, new projects, incorporation of new hazardous materials, new significant aspects or after a significant unwanted event occurs. The Contingency Plan was up to date and is included in a two-year cycle review, along with all other procedures. Previous and current versions of the ERP were reviewed to verify changes and updates conducted during the recertification period.

La Herradura conducts mock emergency drills according to an annual emergency drills program. The auditors reviewed evidence of emergency response drills during the re-certification period which included scenarios with cyanide intoxication and cyanide releases that required to test the full hazardous materials response protocol. Drills for other identified emergency events are also completed on a routine basis to maintain an adequate level of emergency response preparedness. The emergency drill reports identified improvement opportunities, lessons learned and corrective actions. The drills reviewed included scenarios of cyanide solution releases and HCN gas exposure for 2022, 2023 and 2024, with the participation of employees and contractors. The scenarios included both cyanide spills and cyanide intoxication. Drill reports including corrective actions were available for review by the auditors. Drills are developed to include a variety of locations and exposure responses and are developed in advance and risk assessed to minimize potential impact of event unpreparedness. Lessons learned are incorporated into its emergency response planning after a mock drill, if required. Verification was through review of records of mock cyanide drills performed during the recertification period and by reviewing training plans and materials. Follow up documentation verifying that identified corrective actions have been closed was also reviewed.

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There have been no cyanide-related emergencies during the recertification audit period requiring the implementation of the emergency response procedures. Periodic reviews of the ERP and supporting documentation are completed at least every two years. The auditors reviewed updates of the major components of the ERP and procedures, such as the emergency equipment list and its location, the names of the brigade members, and the emergency contact list. The ERP would be reviewed as part of the corrective action completed following any cyanide-related emergency. The ERP includes a requirement to evaluate and revise the emergency response procedures, as necessary, following emergency mock drills. La Herradura also conducts formal revisions of emergency responses after real emergencies scenarios, including identification of lessons learned and corrective actions.

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

### **Standards of Practice**

#### 8.1 Train workers to understand the hazards associated with cyanide use.

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

#### *Describe the basis for the Finding/Deficiencies Identified:*

All new hires, contractors and visitors at La Herradura receive an initial general induction training on health, safety and environmental matters before they can start working or enter the mine. This induction includes a module called "Sodium Cyanide" and provides information about the production process and the use of cyanide, its characteristics, health effects, risks, controls, storage and handling, personal protective equipment (PPE), signage, areas of risk, fires, spills, HCN monitors, symptoms, first aid, and emergency response. The auditors received this training prior to entering the mine and confirmed that the topics covered are comprehensive. There is an annual training program (training matrix) for each area of the mine that is managed by each area of La Herradura and includes cyanide related topics, if applicable. These programs have a duration of one year and employees must take the courses within this timeframe. The auditors reviewed the 2023 and 2024 annual training programs to verify implementation. Training materials are available for induction training for all employees. Refresher training on cyanide hazards is provided annually to those areas that work with cyanide (i.e. Process, Maintenance). Interviews with employees and contractors working at the Merrill Crowe plant, CIC circuit, and cyanide mixing area, and personnel from Health & Safety, the medical clinic and emergency response were conducted, showing knowledge on cyanide management. 5-minute safety talks

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(RIT meetings) are also provided to workers that would include cyanide management and health effects of cyanide; these are provided by supervisors. Sign in sheets are used to record attendance. The RIT meetings are the primary means used to provide refresher training in recognition of cyanide hazards. Verification of compliance against this question was done by interview with process and training personnel, and review of employee training records covering the recertification audit period. Four workers were selected for a random review of training records: two process plant operators that participated in the cyanide mixing event observed during the audit, the CIC supervisor, and the leach pad supervisor. In all cases the auditors found evidence of training records.

Annual refresher training including cyanide is provided in La Herradura, specifically for those areas working with cyanide, such as Process and Maintenance. Training includes chemical and physical properties of cyanide; hazards of cyanide; symptoms of cyanide exposure; emergency response; and first aid, including use of oxygen. The training includes a written test. Process workers receive refresher training on cyanide management during review of operational procedures. Also, 5-minute safety talks (RIT meetings) are provided to workers that would include cyanide management and health effects of cyanide. The 5-minute safety talks are the primary means used to provide refresher training in recognition of cyanide hazards. The auditors reviewed refresher training records which were offered at different times to cover all shifts, covering the recertification audit period. The auditors verified that La Herradura retains copies of training records by randomly requesting information of the workers interviewed during the field visit. Refresher training records were found for workers interviewed. Training is recorded on sign-in sheets with training records signed by both trainer and trainee. This requirement was verified through interviews with process personnel and by randomly verifying training records. Records are maintained and were found to be complete for the recertification audit period.

Training records, including refreshers and cyanide hazard training for La Herradura personnel, are retained by the training coordinator in the form of hard copies and also in electronic version stored in Microsoft Excel spreadsheet format. Training records were reviewed for the audit recertification period and were found to be complete. Training records identify the trainer, trainee, topics covered, date and sign off sheet. This requirement was verified through review of a sample of records for the recertification period for the workers interviewed during the field visit.

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

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

*Describe the basis for the Finding/Deficiencies Identified:*

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New employees and any contractor worker that will perform cyanide related tasks in La Herradura receive orientation training, which includes elements specific to the handling and use of cyanide in the operation. Employee specific training includes a detailed annual program that covers operational procedures in the cyanide mixing area, Merrill Crowe plant, CIC circuit, and leach pad. Aspects such as cyanide awareness, response, process information, hydrogen cyanide monitor and alarm operation, and location of cyanide safety equipment are included. This training program covers key operating procedures: cyanide mixing, operation of Merrill Crowe plant and CIC circuit, HCN monitoring systems, pH adjustment, leach pad irrigation cells placement and operation, among others. Experienced supervisors provide training on cyanide hazards, work procedures and PPE in classroom sessions and in the field using the operating procedure documents. Supervisors are trained to provide this training to workers. Refresher training on procedures is tracked and records are signed by both the supervisor and the trainee. Refreshers training is provided according to the training program or more often if there is a change in the procedure. Workers are also instructed on the use of risk assessments and area inspections, which are carried out within work areas. The auditors reviewed these training materials and records, and confirmed by means of interviews with supervisors and workers in the Merrill Crowe Plant, CIC circuit, and heap leach operations that this training was effective.

La Herradura has developed a comprehensive list of procedures for the process plant, CIC circuit and leach pad operations that define the steps required to complete a task that involves cyanide handling in a safe manner. The annual procedures training program is prioritized based on tasks and risks with sign off required from both the trainer (process trainer or supervisor) and the trainee. Training elements required for a task or area is recorded on a training sheet. The auditors verified that procedures used at the process plant and leach pad operations that involve the use and handling of cyanide are included in the training program. Training elements such as required personal protective equipment (PPE) and decontamination requirements are included in the training materials used to train operators and maintenance personnel. Training materials were available for review. On-the-job training by a senior operator or supervisor is also conducted prior to allowing a new employee to work alone. The trainee receives training for 90 days prior to being approved to work at the process plant. After that, the trainee works under direct supervision of the supervisor, and once the trainee has acquired experience, is allowed to work on its own. Task observations are used by the supervisor to verify that the worker is following the established procedures. The auditors reviewed records of this evaluation to new operators and tests to verify understanding of the topics covered in the training. The training sessions include written evaluations to verify understanding by the workers and define if they are qualified to conduct the task. Presentations, training materials, and tests were reviewed. All information was found to be complete

Training on specific tasks is provided by supervisors or lead operators that have successfully passed a "train-the-trainers" course. In some cases, supervisors are also considered qualified to provide training based on their experience managing cyanide facilities. Draslovka provided training in cyanide management, emergency response and cyanide exposure treatment to process, maintenance, emergency brigade and medical personnel in November 2021 and in

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June 2022. This training included topics such as cyanide risks; health effects; cyanide controls; and emergency response; among others. The session in June 2022 included the participation of external responders such as firemen, police, and medical personnel from Caborca and Puerto Peñasco. Reviewed training records confirmed that trainers had received training from Draslovka on cyanide handling. Process personnel also received a basic course for instructors provided by CECAP (local provider) in January 2023. This requirement was verified by discussion with the training department, process staff and review of training records.

New employees and contractors that will work or might encounter cyanide during their tasks, are trained on cyanide before being allowed to operate onsite. Training includes cyanide awareness training and, for those that will be working within the process plant and leach pad, review and understanding of operating procedures related to their tasks is mandatory. Some of the aspects covered include cyanide alarms and monitors, first aid and use of cyanide safety equipment. Individual training is provided for each specific cyanide related task that an operator will perform and includes cyanide work procedures. A senior/junior on-the-job training approach is used to further training for the personnel on job activities and cyanide safety. New trainees are assigned to work under the supervision of a competent operator/supervisor. These trainees are required to work under the direction of these competent operators/supervisors until they demonstrate the ability to work without direct supervision in a safe and responsible manner. The auditors verified this by means of interviews with workers at La Herradura. Records of the induction training and refreshers are maintained by the training department. The auditors reviewed examples of these records and found them to be effectively maintained.

Annual refresher training including cyanide is provided in La Herradura. Module “Sodium Cyanide” presentation provides information about the production process and the use of cyanide, its characteristics, health effects, risks, controls, storage and handling, PPE, signage, areas of risk, fires, spills, HCN monitors, symptoms, first aid, and emergency response. The training includes a written test. Additional training is also provided by external personnel (e.g. Draslovka). Besides the annual cyanide refresher training, La Herradura also provides retraining to process personnel on operating procedures, which includes cyanide hazards and controls. Experienced supervisors provide retraining on cyanide hazards, work procedures and PPE in classroom sessions and in the field using the operating procedure documents. Supervisors are trained to provide this training to workers. Refresher training on procedures is tracked and records are signed by both the supervisor and the trainee. Training records were reviewed for the recertification period. The auditors verified that La Herradura retains copies of training records by randomly requesting information of the workers interviewed during the field visit. Training is recorded on sign-in sheets with training records signed by both trainer and trainee.

Evaluation of the cyanide training received is by observation of tasks performed by workers to ensure they are following appropriate work procedures and using suitable PPE when working with cyanide. The auditors reviewed the checklist used to conduct these task observations, and interviewed workers at the Merrill Crowe, CIC circuit, leaching facilities and cyanide mixing area. In addition, written tests are also used to evaluate the effectiveness of training.

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Training records documenting the training that was received are retained throughout an individual's employment. Training records include the name of the trainer, trainee, date, subject covered and are signed by both the trainer and trainee. Written and verbal tests are completed to demonstrate the employees' understanding of the training materials. Samples records were available for review and found to be complete. The auditors verified this requirement by randomly checking records of four workers on site: two process plant operators that participated in the cyanide mixing event observed during the audit, the CIC supervisor, and the leach pad supervisor. In all cases the auditors found evidence of training records and evaluations in compliance with this requirement.

8.3 Train appropriate workers and personnel to respond to worker exposures and environmental releases of cyanide.

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

*Describe the basis for the Finding/Deficiencies Identified:*

All process operators and maintenance personnel that conduct cyanide related tasks including cyanide mixing and production, are provided with site-specific hazard training including cyanide awareness, HCN monitoring, emergency response, recognition of cyanide exposure symptoms, cyanide exposure first aid, and actions to be taken in the event of a cyanide spill. The Emergency Brigade team members also receive training to respond to cyanide emergencies, including procedures to decontaminate a cyanide exposure victim. Response procedures are covered during hazard and awareness training and during cyanide refresher training. Process personnel and contractors were interviewed and demonstrated good awareness of what actions are to be taken in the event of a cyanide release. As indicated in above, the auditors verified specific training records for randomly chosen workers involved in cyanide mixing and production activities and found La Herradura in compliance with this requirement.

La Herradura has an Emergency Brigade (EB) on site. The EB has a total of 41 brigade members formed by personnel from different areas of the mine. EB members are trained through participation in mock drill exercises as well as formal training programs. The auditors interviewed members of the emergency response team and found them to have received training on cyanide hazards and to be knowledgeable on how to manage cyanide releases, including use of response equipment. Mock scenarios and drills are regularly undertaken to test the effectiveness of the EB. The review of drill reports in the last three years showed that the EB actively participated in emergency drills including scenarios involving cyanide emergencies. Draslovka provided training in cyanide management, emergency response and cyanide exposure treatment to process, maintenance, emergency brigade and medical personnel in November 2021 and in

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June 2022. This training included topics such as cyanide risks; health effects; cyanide controls; and emergency response; among others. Reviewed training records confirmed that trainers had received training from Draslovka on cyanide handling. The session in June 2022 included the participation of external responders such as firemen, police, and medical personnel from Caborca and Puerto Peñasco. Records of training for the EB were reviewed for the recertification period and were found to be complete. Verification included review of training records, mock drill reports and random interviews with the Emergency Response Lead, operators and maintenance personnel.

No outside emergency responders would be included in an emergency response to a cyanide release. The ERP does not provide specific functions to outside responders as La Herradura has the resources, equipment and first response capabilities to deal with cyanide related releases and exposures during transportation and within the mine facility. In case of cyanide exposures, it is expected that any victim will be treated for cyanide on-site, and once it has been stabilized, the doctor will decide if transfer to the Santa Fe clinic is required to provide additional medical care. In June 2022 Draslovka provided training in cyanide management, emergency response and cyanide exposure treatment to process with the participation of external responders such as firemen, police, and medical personnel. The auditors verified that La Herradura maintains sufficient medical resources, infrastructure and equipment that would not require to treat exposed patients to cyanide in medical facilities off-site.

Annual refresher training including cyanide is provided in La Herradura. Module “Use and Handling of Sodium Cyanide” presentation provides information about the production process and the use of cyanide, its characteristics, health effects, risks, controls, storage and handling, PPE, signage, areas of risk, fires, spills, HCN monitors, symptoms, first aid, and emergency response. The training includes a written test. Additional training is also provided by external personnel (e.g. Draslovka). Besides the annual cyanide refresher training, La Herradura also provides re-training on operating procedures, which includes cyanide hazards and controls, and is performed following an annual training program. Refresher training on procedures is tracked and records are signed by both the supervisor and the trainee. Personnel interviewed showed a good level of awareness of emergency response procedures in the event of cyanide exposure or release. This was confirmed through review of training records for process personnel and emergency response team members.

Training records, including refreshers and cyanide hazard training for La Herradura personnel are retained by each area of the mine in the form of hard copies and also in electronic version stored in Microsoft Excel spreadsheet format. Training records were reviewed for the recertification period and were found to be complete. Training records identify the trainer, trainee, topics covered, date and sign off sheet. This requirement was verified through review of a sample of records for the recertification period of workers interviewed during the field visit. Operators and maintenance personnel were interviewed and demonstrated good awareness of what actions are to be taken in the event of cyanide release. As indicated above, the auditors verified

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specific training records for randomly chosen workers involved in mixing, production and maintenance activities, and found La Herradura in compliance with this requirement.

## 9. DIALOGUE AND DISCLOSURE: Engage in public consultation and disclosure.

### **Standards of Practice**

9.1 Promote dialogue with stakeholders regarding cyanide management and responsibly address identified concerns.

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

*Describe the basis for the Finding/Deficiencies Identified:*

La Herradura continued implementing an “open doors” policy in terms of community engagement and continued using established mechanisms to provide opportunities to stakeholders to communicate their concerns related to cyanide management, including engagement programs, meetings, and tours to the mine site. There is a Community Relations department in charge of community / social / communication matters for both the La Herradura mine and the nearby La Herradura mine, which is also owned by Penmont. For this recertification period, La Herradura continued doing mine tours to stakeholders including universities, authorities, worker’s families, among others. The mine tours include a presentation and explanation of the production process, the use of cyanide and the controls in place to avoid groundwater contamination, which is one of the main points of concern of the surrounding communities in relation to cyanide. The mine usually conducts 1 to 2 mine tours per month. La Herradura has developed a flyer called “Cyanide uses” that includes information about the process, the use of cyanide and emergency response. These flyers are distributed in meetings with communities and stakeholders, and during the mine tours. Videos of the production process and the use of cyanide are also presented to visitors in the mine tours. In April 2022, La Herradura conducted training sessions to communities from the influence area of the mine that covered safety and environmental information, including information about emergency response, cyanide management and medical treatment. In September 2022, La Herradura also organized a SSMARC (Health and Safety, Environment and Community Relations) fair in Caborca which was open to the public and Penmont shared information about its mining activities. In April 2024, La Herradura also gave a presentation to university students of Caborca about the use of cyanide in the mining industry. La Herradura also has a grievance mechanism in place to receive, process, manage and resolve complaints and grievances in a timely and consistent manner. Complaints and grievances are registered and managed in the management information system Borealis. There is an office in Caborca where stakeholders can file a complaint or request information about La

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Herradura. There have been no cyanide related complaints in the last 3 years. Every two years, La Herradura conducts perception studies in the local communities to evaluate its social management programs and includes questions about contamination. The most recent perception study, dated 2023, included opinions about contamination from the mine, but does not specifically reference cyanide as an issue. The Community Relations department maintains a community engagement plan, including meetings with communities and families, which represents an opportunity to raise questions about any subject, including cyanide management. La Herradura, in conjunction with its contractors, implements awareness campaigns in communities on environmental matters, such as Environmental world day, Water world day, awareness environmental campaigns in schools, among others, In these campaigns, La Herradura provides information about the production process including cyanide use. In addition, the Fresnillo PLC corporate website at <https://www.fresnilloplc.com/responsibility/environment/case-study/> provides information in English and Spanish on cyanide and the Code. The auditors reviewed evidences of all these initiatives, including attendance lists of mine tours, complaints registers, presentations, flyers, webpage, awareness campaigns, perception studies and minutes of community meetings, among others.

9.2 Make appropriate operational and environmental information regarding cyanide available to stakeholders.

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

*Describe the basis for the Finding/Deficiencies Identified:*

La Herradura has developed written and visual descriptions of how their activities are conducted and how cyanide is managed and has made these available to communities and other stakeholders. These include a flyer called “Cyanide uses” that includes information about the process, the use of cyanide and emergency response. These flyers are distributed in meetings with communities and stakeholders and during the mine tours. There are also Power Point presentations that are provided in the mine tours that include an explanation of the production process, the use of cyanide and the controls in place to avoid groundwater contamination, which is one of the main points of concern of the surrounding communities in relation to cyanide, videos of the production process and the use of cyanide that are also presented to visitors during the mine tours. In addition, the Fresnillo PLC website includes information about the Cyanide Code and presentations about cyanide (e.g. general induction, others) to the workers and contractors that live in Caborca and close communities. The information mentioned above is made available and distributed in different engagement opportunities with communities and stakeholders in general. This information is in Spanish, the local language of Mexico. Stakeholders may pose

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questions or raise concerns to La Herradura directly during the mine tours, stakeholder engagements, among others.

Information is disseminated in a variety of forms, including verbal form in community meetings, face to face meetings, mine tours, videos, and radio and tv spots, among others. The people from the communities located around the mine speak and write in Spanish. La Herradura provides information on cyanide in written format (i.e. cyanide flyer) and verbal form (i.e. presentations provided to communities during meetings). The information provided uses diagrams, drawings and photos, and explains aspects in simple language. Records and materials of these meetings were reviewed.

Information on these five cyanide-release scenarios would be made available publicly by means of local community meetings and by reporting to regulatory agencies in Mexico. Information on cyanide releases would also be included in the annual corporate responsibility report, separately identifying any incidents occurring in La Herradura so that stakeholders would be aware of the nature and location of the release. La Herradura has provisions in place to make information publicly available regarding potential cyanide releases or exposure incidents, if any such incidents were to occur. No cyanide exposures or incidents resulting in hospitalization or fatality have occurred prior to or since the mine was first certified. In case it occurs, it will be communicated to the Mexican Institute of Social Security (IMSS) and the Work and Social Prevention Secretary (STPS). These federal agencies would make the information available to the public through their websites. No cyanide releases off the mine site requiring response or remediation have occurred in the last 3 years. In case it occurs, the Environmental department will communicate it within 3 days of occurrence to PROFEPA, (Federal Environmental Protection Authority). Information reported to PROFEPA is made available to the public through its website. No cyanide releases on or off the mine site resulting in significant adverse effects to the environment have occurred for the recertification period. In case of occurrence, the emergency procedure requires the site to communicate the incident to the PROFEPA following the established protocols, timeframes and reporting forms. No cyanide releases on or off the mine site requiring reporting under applicable regulations. In case of occurrence, the emergency procedure requires the site to communicate the incident to the PROFEPA following the established protocols, timeframes and reporting forms. No cyanide releases that are or that cause applicable limits for cyanide to be exceeded have occurred for the recertification period. In case it occurs, the Environmental department will communicate it to PROFEPA.

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