ISOSURE S.A.C.
Calle Dean Valdivia #148 Edificio Platinum Torre I Piso 11 Oficina 1126
San Isidro - Lima - Perú | Central Telefónica: +51 01 711 8249

INTERNATIONAL CYANIDE MANAGEMENT CODE

DCR MINERIA Y CONSTRUCCION S.A.C.			
	SUMMARY AUDIT REPORT	CODIGO	20412524218
	BASE TRANSPORTATION, AREQUIPA, PERU	VERSION	01. 2
		FECHA	30/01/2017

In collaboration with:

INTERNATIONAL CYANIDE MANAGEMENT INSTITUTE

Cyanide Transportation Operations Summary Audit Report

For The International Cyanide Management Code and DCR MINERIA Y CONSTRUCCION S.A.C. – Arequipa – Peru

Verification Protocol

www.cyanidecode.org
January 2017

LIMA, PERU

LIMA, PERU

Lead Auditor Signature

TABLE OF CONTENTS

INTRODUCTION 4

1 TRANSPORT 7

1.1 TRANSPORT PRACTICE 1.1 7
1.2 TRANSPORT PRACTICE 1.2 9
1.3 TRANSPORT PRACTICE 1.3 11
1.4 TRANSPORT PRACTICE 1.4 13
1.5 TRANSPORT PRACTICE 1.5: 14
1.6 TRANSPORT PRACTICE 1.6: 15

2 INTERIM STORAGE 17

2.1 TRANSPORT PRACTICE 2.1 17

3 EMERGENCY RESPONSE: 18

3.1 TRANSPORT PRACTICE 3.1: 18
3.2 TRANSPORT PRACTICE 3.2: 19
3.3 TRANSPORT PRACTICE 3.3: 21
3.4 TRANSPORT PRACTICE 3.4: 22
3.5 TRANSPORT PRACTICE 3.5: 22

INTRODUCTION

Information on the audited operation

Name of Cyanide Transportation Facility: DCR MINERIA Y CONSTRUCCION S.A.C. (DCR)
Name of Facility Owner: DCR MINERIA Y CONSTRUCCION S.A.C. (DCR)
Name of Facility Operator: DCR MINERIA Y CONSTRUCCION S.A.C. (DCR)
Name of Responsible Manager: Paul Rodriguez
Address: Variante Uchumayo Km 2.5 Cerro Colorado, Arequipa
State/Province/Country: Cerro Colorado/ Arequipa/ Peru
Telephone: +511 5170100 Fax: --
E-mail: prodriguezc@dcrmineriayconstruccion.com

Aspects of the location and description of the operation:

DCR MINERIA Y CONSTRUCCION S.A.C. (DCR) has a large fleet of tractor trailers for transporting loose cargo and containers.

All their vehicles are monitored with radio frequency systems and GPS reserved in real time.

DCR was certified in 2010 under the International Cyanide Management Institute, for Cyanide Transportation operations. DCR receives the cyanide directly from the port facilities or other storage sites. It can be transported in containers. DCR does not have storage facilities and does not remove product from the containers.

The scope of this audit includes the operation of ground transportation from Port Authority in Callao, where cyanide is released, to delivery at the customer's installation Cyanide is received from the manufacturer or consigner in either of the following packaging presentation:

- Interior Poly-propylene super-sack filled up to 1 ton and placed inside a Polyethylene bag and wooden box.

No less than 20 boxes are placed in standard 20-feet shipping containers; boxes are placed way to prevent lateral movement within the container. In addition to normal anchoring the container to the chassis of trucks, containers are secured with chains, for double safety tie. The containers are received locked and tagged.

These tags are only removed at the user site.

DCR was certified the Cyanide Code in 2010, so this is the 2nd. Recertification. See www.cyanidecode.org. These activities are carried out 3 years ago with ZERO (0) accidents.

SUMMARY AUDIT REPORT

FOR CYANIDE TRANSPORTATION OPERATIONS

Instructions

1. The basis for the finding and/or statement of deficiencies for each Transport Practice should be summarized in this Summary Audit Report. This should be done in a few sentences or a paragraph.

2. The name of the cyanide transportation operation, lead auditor signature and date of the audit must be inserted on the bottom of each page of this Summary Audit Report.

3. An operation undergoing a Code Verification Audit that is in substantial compliance must submit a Corrective Action Plan with the Summary Audit Report.

4. The Summary Audit Report and Corrective Action Plan, if appropriate, for a cyanide transportation operation undergoing a Code Verification Audit with all required signatures must be submitted in hard copy to:

International Cyanide Management Institute (ICMI)

1400 I Street, NW, Suite 550

Washington, DC 20005, USA

5. The submittal must be accompanied by 1) a letter from the owner or authorized representative which grants the ICMI permission to post the Summary Audit Report and Corrective Action Plan, if necessary, on the Code Website, and 2) a completed Auditor Credentials Form. The lead auditor's signature on the Auditor Credentials Form must be certified by notarization or equivalent.

6. Action will not be taken on certification based on the Summary Audit Report until the application form for a Code signatory and the required fees are received by ICMI from the applicable cyanide transportation company.

7. The description of the cyanide transport company should include sufficient information to describe the scope and complexity of its operation.

Auditor's Finding

Horario de Atención: L. - V. 09:00 a.m. a 07:00 p.m.
Sábado 09:00 a.m. a 01:00 p.m.
Trámite Vehicular: Sábados hasta las 06:00 p.m.

The International Cyanide Management Code

This Operation is:

X in full compliance

☐ in substantial compliance

☐ not in compliance

with the International Cyanide Management Code.

No significant cyanide incidents or exposures and releases were note as occurring during the audit period.

Audit Company: ISOSURE SAC | CIANURO INCORPORATED EIRL

Audit Team Leader: Luis Torres Argandoña

E-mail: auditoria@iso-sure.com

Date(s) of Audit: 30 and 31 January 2017

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 Summary Audit Report accurately describes the findings of the verification audit.

I further attest that the verification audit was conduct in a professional manner in accordance with the International Cyanide Management Code Verification Protocol for Cyanide Transportation Operations and using standard and accepted practices for health, safety and environmental audits.

Name and Signatures of Other Auditors

Name	Position	Signature	Date
Luis Torres Argandoña	Lead Auditor and Transportation Technical	Luis Torres Argandoña	31 January 2017
Carlo Vargas	Transportation Technical		31 January 2017

LEGALIZACIÓN AL DORSO

Lead Auditor Signature

TRANSPORT

Transport cyanide in a manner that minimizes the potential for accidents and releases.

1.1 TRANSPORT PRACTICE 1.1

SELECT CYANIDE TRANSPORT ROUTES TO MINIMIZE THE POTENTIAL FOR ACCIDENTS AND RELEASES.

X in full compliance with

The operation is ☐ in substantial compliance with Transport Practice 1.1

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 1.1 requiring an operation Select cyanide transport routes to minimize the potential for accidents and releases.

DCR implemented the route evaluation process identified as "QHSE-DCR-QHSEpro004 Selection of Routes in Transportation of Hazardous Materials V.7 15.12.2016", Cyanide Transport which describes the items to be assessed during the route analysis in accordance with the ones pointed in the International Cyanide Management Code.

"Emergency Response Plan", has been implemented for the route related to the cyanide transportation.

The routes are evaluated (QHSE-DCR-matpel006 Transport Route Selection Report):

- Inmaculada Orica
- Lagunas Norte
- Ares Mine
- Volcan Mine
- Pierina Mine (Barrick)
- La Arena Mine
- Caraveli Mine
- UM Corona
- Shahuindo Mine
- Laytaruma
- UM Titán
- Yauli
- El Brocal
- Casapalca
- UM Yanacocha
- Century

The evidenced records are as follows

- Travel Report Inspection
- QHSE-DCR-Fmatpel007 Route Recognition

- QHSE-DCR-Fmatpel003 Hazard Identification, Assessment and Control of Risks
- QHSE-DCR-Fmatpel010 Roadmap
- QHSE-DCR-Fmatpel012 Route Development (used by supervisors)
- Consultation External Agents Emergency Response
- Transport Data Sheet
- Proposal
- Charter service nonparticipation

DCR implemented the route evaluation process identified as "QHSE-DCR-QHSEpro004 Selection of Routes in Transportation of Hazardous Materials V.7 15.12.2016", in the route evaluation report the major risks were identified as the urban areas, population density, road infrastructure, proximity to water bodies, presence of fog, likelihood of free fall.

Risks associated to those characteristics include: vehicle crash, vehicle rollover, vehicle skid, load, loss, pedestrian accidents, product spill in water body, and water contamination, among others.

For each specific route, a risk assessment with a photographic log was developed in 2014, 2015 and 2016. Risk management measures are listed for each portion of the routes based on the characteristics and risk level.

According to "QHSE-DCR-QHSEpro003 Hazard Identification, Routine Hazard Assessment V.6 30/12/2016", routes are verified entirely once a year or to the first transport to a client by DCR´s Control and Analysis team. In addition, for all cyanide transportation operations, the driver must present a travel log, in which the driver has to note if there were any changes on the route. If any changes are identified, these are reviewed and assessed; and if applicable, the route risk assessment is updated (QHSE-DCR-Fmatpel003 Hazard Identification, Assessment and Control of Risks). Temporary changes, such as route diversions, are verbally informed to the driver prior to the departure of the convoy.

DCR identified the fire stations, Police stations, technical support and hospitals and medical centers in the area, as well as phones and contacts.

As previously noted, the risk assessment of each routes describes the risks identified along them and the specific measures to be taken to address the risks.

DCR identified the main bridges, tolls, fuel stops and technical stop points.

It also has the QHSE-DCR-QHSEreg002 Internal Traffic Regulations V.2 10.07.2015, which specifies controls to carry out the transport.

The QHSE-DCR-QHSEpro004 Procedure for Selecting Routes in the Transport of Hazardous Materials V.7, 15.12.2016) indicates that the organization will proceed to seek comments from the communities on the hazards and risks of the route to be selected, comments that will come from supervisors.

The evidenced auditor, the report views (photographs) at the following locations:

- Fire Company.
- Police.
- Hospital.

The same centers are included in the Emergency Response Plan of DCR.

- Comisaría de Cajamarca, 26/12/2016

- Cía. Bomberos Cajamarca, 27/12/2016
- Hospital II Cajamarca, 03/01/2017
- Hospital de Apoyo N° 1, 03/01/2017
- Sedapar, 09/12/2016
- Comisaría de Cayllama, 26/11/2016

For the transportation of hazardous materials (including sodium cyanide), DCR has a control room at the base of AREQUIPA, Peru, where the GPS system provides continuous positioning of each of the vehicles always, as well as continuous monitoring of the velocity at each point of the route from the starting point to the end.

DCR also established through the "QHSE-DCR-QHSEpro006 Procedimiento de Seguridad Operacional en el Transporte de Cianuro V.5, 16.12.2016.", the specifications of use of escort trucks during the sodium cyanide transportation, which should be ONE (01) escort truck for every THREE (03) or less units of cargo transportation. A safety specialist, a policeman and one driver travel in the escort vehicle. This requirement applies to all customers of DCR.

There can only be charged ONE (01) CONTAINER per platform and each wagon can only drag one chassis. The convoy may include one or more escort vehicles at the client's request. The travel of the convoy will depend on weather conditions; the Convoy Leader shall evaluate the safety of the route in each case, being able to stop the convoy if he considers the conditions do not allow safe transit.

DCR has provided information (MSDS, emergency and product information, Emergency Response Plan) to support emergency centers (health centers, police, and fire companies) along the routes mentioned, and a signed and received letter with such information. This activity is carried out so that external support centers could be prepared for emergencies. In addition, comments are asked to external support centers to manage risk as a way to query and obtain feedback. DCR has contact specialized firms for emergency response if necessary. In In addition, DCR has contacts with hospitals, police, fire company, Crane Service, Car Repair Workshops.

DCR does not subcontract any of this cyanide transport operations.

1.2 TRANSPORT PRACTICE 1.2

ENSURE THAT PERSONNEL OPERATING CYANIDE HANDLING AND TRANSPORT EQUIPMENT CAN PERFORM THEIR JOBS WITH MINIMUM RISK TO COMMUNITIES AND THE ENVIRONMENT.

	X in full compliance with
The operation is	□ in substantial compliance with Transport Practice 1.2
	□ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 1.2 requiring an operation Ensure that personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.

The DCR procedure (QHSE-DCR-QHSEpro006 Operational Safety Procedures for Cyanide Transport V.5, 16.12.2016) establishes minimum requirements for drivers: health, defensive driving training, response training on sodium cyanide emergencies (spills and poisoning prevention).

Drivers are legally required to hold an A4 license. In order to obtain this license, have completed high school, undergo a psychological evaluation and a psycho-technical assessment, hazardous material nivel 1, 2 (driver) and 3 (supervisor) and hold a certificate from Professional Driver School.

It has 42 drivers and 19 supervisors; The documentation of the following drivers was evidenced:

- Percy Fernández Melgar (driver)
  - Special Category License A4 No. H29202867 which expires on 04/09/2018
  - Hazardous Materials Technician Certificate according to CFR29-1910.120 (OSHA) and NFPA 472, dated July 23 to 24, 2016.
- David Del Carpio Velásquez (driver)
  - Special Category License A4 No. H30820755 which expires on 04/10/2018
  - Hazardous Materials Technician Certificate according to CFR29-1910.120 (OSHA) and NFPA 472, dated July 23 to 24, 2016.
- Solomon Churata Roque (driver)
  - Special Category License A4 No. H02406704 which expires on 04/09/2018
  - Hazardous Materials Technician Certificate according to CFR29-1910.120 (OSHA) and NFPA 472, dated July 23 to 24, 2016.

A review of the criteria used for the evaluation of the route for: traffic density, cities, bridges, channels, road conditions, route design (curves, berms, number of lanes), the altitude, intersections, detours, weather and socio-political conditions was made by the auditors. As a result of the audit it was proven that DCR only uses trained, qualified and licensed operators to operate their vehicles.

Records were verified and all staff operating the transport equipment was set to perform their work in a manner that minimizes the possibility of cyanide releases and exposures, these trainings include safe handling of cyanide both as emergency and poisoning, firefighting, first aid, defensive driving.

DCR, has been working on a Program Management System Safety and Health at Work.

This program provides training related to leadership activities and management commitment, and Training, Hazard Analysis Working Procedures, Use of Personal Protective Equipment, Incident Investigation, Safety Inspections, Emergency Response, Drills, Environment Protection, Security, and Health Program.

DCR selects the most specialized drivers to transport sodium cyanide.

According to transportation procedures, drivers drive up to FIVE (05) continuosly, with breaks of TWO (2) hours. Sleep at least EIGHT (08) hours before each trip, and one must not drive for more than TEN (10) hours per day.

In their Cyanide Emergency Response Plan, DCR includes a training program that must be complemented by all drivers, consisting of the following:

- Introduction to the Company
- Basic Ricks Prevention and Use of Personal Protection Equipment (PPE)
- Hazardous Materials Handling and Transportation
- Emergency Response
- Mountain Defensive Driving

- Alcohol and drugs

In addition, the following training courses are specific to drivers transporting cyanide shipments:

- Cyanide First Emergency Response
- General Information of Cyanide Product

According to Plan cyanide related training is refreshed once a year. During the audit, files of five drivers and five supervisor were reviewed, and all relevant training certificates were available.

1.3 TRANSPORT PRACTICE 1.3

ENSURE THAT TRANSPORT EQUIPMENT IS SUITABLE FOR THE CYANIDE SHIPMENT.

	X in full compliance with
The operation is	☐ in substantial compliance with Transport Practice 1.3
	☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

DCR establishes requirements for maintenance of the units carrying cyanide in the transport process, Which Comply with the Provisions of the law of Peru. In Addition, DCR is registered at the Government of Peru for the transport of hazardous materials (National Superintendence of Tax, and Ministry of Transport and Communication).

Trailer:

- Category / Class: N3 / Trailer.
- Bodywork: Trailer.
- Fuel: Oil.
- Age: not more than 5 years.
- Marc: Scania G420 or Volvo FH6x4
- Shafts, as seen in the DS 058-2003-MTC, Standard Vehicle Weights and Measures (legal International Standard) for cyanide transport units are designated configuration, T3S3, and T3S2.

Semitrailer:

- 04 fastening systems (twistlock, plus pins), which may be fixed.

Containers:

- Made of corrugated steel without refrigeration and closed hermetic (of 40 and 20 cubic feet); The container or isotank will be fixed permanently on the platform and / or camabaja and will be fixed by a system of chains and pineapples to secure semi-trailer containers (compliance was evidenced through the QHSE-DCR-Fmatpel002 Hazardous Materials Travel Report No. 02 dated 17/12/2016

DCR has its own maintenance shop, it was evident during the audit, the correct state of the facilities, technical training, operation of measuring equipment and calibration of the same. Finding maintenance activity in compliance.

It has the QHSE-DCR-MANpro003 Procedure for Preventive and Corrective Maintenance of Units V1 11.02.2016; viewed:

- Registration of preventive maintenance schedule of Volvo units with its parent company.
    - QHSE-DCR-Fman02 Work order 6665 for plate unit ALG-757 of 12/3/2016. Volvo generated a preventive maintenance certificate dated 12/5/2016. Preventive Maintenance.
    - QHSE-DCR-Fman02 Work Order 3857 for ALE-878 plate unit April 2016. Generates an Autrisa service report dated 04/21/2016. Corrective maintenance.
- The Scania units are maintained by the organization itself, it has a preventive maintenance schedule record as well as Volvo units.
    - QHSE-DCR-Fman02 Work order 6647 for V7R-890 plate unit of 11/24/2016. Generated document QHSE-DCR-Fman007 Maintenance Type "S" (30,000 Km / 600 Hrs) dated 11/24/2016
- Regarding the escort vans the following was observed:
    - Truck maintenance program.
    - V7W-768 Board Truck
        - Work Order 3706 dated 04/11/2016 for the service of 10000 km; In the same registry was verified the execution of preventive maintenance on 04/11/2016.
        - Labor Order 6994 dated December 19, 2016 made in Lima; Invoice No. 001-003074 dated 19/12/2016 (performed by Maricarmen Lubricants).

DCR has 50 units (Volvo 36 units and Scania 14 units, all operative).

According to through the the “Procedure for transportation”, DCR a driver have to check the trucks and trailers completing a checklist per vehicle prior to the departure of the convoy. The checklist requires reviewing:

- Origin and destination of the load
- Names of the driver and supervisor
- Shipment documentation (insurance, current technical inspection, circulation permit, among others)
- Driver´s documentation (license and ID card, and appropriate training certificates)
- PPE (safety hat, goggles, safety boots, vest, gloves, harness, and thermal wear)
- Vehicle safety equipment (cell phone and radio, safety belts, first aid kit, reflective triangles, cones, flash light, horn, fire extinguishers, Jack, snow chains, mirrors, alarms, Wheel wrench, wedges, windshield, among others)
- Lights (blinking, turns, large, stops, among others)
- Placards
- Tires (trucks and spare tires)
- Load verification (braces and twists lock of the semitrailer. Reportedly, this is verified again after loading the container, although it is not registered

During the audit, five (05) bundles of travel records who met the provisions of the “Procedure for transportation”, is evidenced.

During the audit were demonstrated the plans and preventive maintenance records. The maintenance of the units is done by DCR, the parts are original and technicians are specialized for the type of vehicle.

According to the “QHSE-DCR-QHSEpro006 Cyanide Transport Safety Procedure”, DCR has procedures in place to prevent overloading of the transport vehicles, one container of cyanide can be loaded on the vehicle.

The maximum weight is corroborated with the weighing tickets issued by the warehouses where the cargo to be transported is located, for example:

APM Terminals Inland Services S.A.C

- Date 12/17/2016, plate V7Q781, weight 43050 kg
- Date 12/17/2016, plate V7R920, weight 42780 kg
- Date 12/17/2016, plate V7R932, weight 43170 kg

DCR does not subcontract any of this cyanide transport operations.

1.4 TRANSPORT PRACTICE 1.4

DEVELOP AND IMPLEMENT A SAFETY PROGRAM FOR TRANSPORT OF CYANIDE.

X in full compliance with

The operation is ☐ in substantial compliance with Transport Practice 1.4

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 1.4 requiring an operation Develop and implement a safety program for transport of cyanide.

DCR established a transportation method avoiding disturbances during motion.

For the transportation of hazardous materials (including sodium cyanide), DCR has a control room at the base of AREQUIPA, Peru, where the GPS system provides continuous positioning of each of the vehicles at all times.

According to the "Procedure of the Monitoring", DCR describe the handling and inspection procedures, to ensure that the integrity of cyanide containers is maintained during shipment.

The QHSE-DCR-QHSEpro006 Cyanide Transportation Safety Procedure, indicates labeling requirements that comply with NTP 399.015-2001.

DCR requires inspection of cartels load information (DOT, UN and NFPA) verification of the truck. Signage is provided in order to comply with local regulations, which are based on the UN Recommendations on the Transport of Dangerous Goods. Copies of the placards are included in the Emergency Response Plan.

DCR indicates the need for conformity of the client, to ensure that the escort vehicles and transport vehicles are in optimal conditions.

DCR conducts vehicle inspections prior to each departure/shipment

During the audit process, records of inspections prior to each departure shipment are evidence.

- QHSE-DCR-Fmatpel027 Check List Plate Cyanide Unit V7R920 dated 12/22/2016; Is verified: vehicle unit, vehicle protection equipment, semi trailer - container, first response equipment, personal protection, personnel preparation, trailer tire pressure, semi trailer tire pressure, documentation.
- QHSE-DCR-Fmatpel011 Check List Cyanide Escort Van APH929 dated 12/19/2016; Is verified: vehicle unit, safety equipment, first responder equipment, first aid kit, mandatory documents, personal implements, external consultations.

The QHSE-DCR-MANpro003 Unit Preventive and Corrective Maintenance Procedure is in place, observing compliance in the scheduling and execution of maintenance of the Volvo, Scania and escort trucks.

Drivers must rest at least 08 hours before a trip and must not drive more than 10 hours a day and the driving time is only during the day, 8 hours for day according to the procedures of DCR. It is noteworthy that Regulations of Peru set the same schedule for the transportation of hazardous. And according to the Procedure for transportation of sodium cyanide "QHSE-DCR-QHSEpro006 Cyanide Transport Safety Procedure", drivers can drive up 8 hours, and stops are designated prior to the departure of the convoy. Facilities where the convoys stop are fenced and have 24 hours security guards.

DCR states that the load of cyanide must travel in 20-foot or 40-foot containers, developing mechanisms to prevent its movement.

According to the "Procedure for transportation of sodium cyanide", DCR has anchoring mechanisms for the container and lashing system for cyanide in the container.

The trip will take place in convoy mode; the convoy leader is responsible for the assessment of climatic conditions and is empowered to suspend the transport convoy.

At the end of the trip, the leader of the operation and drivers must submit a report detailing the same road incidents, anticipated information, sensitive areas, and find relevant information to ensure the safety on future trips.

"Alcohol and Drug Policy**"** It is prohibited the consumption of alcohol, drugs or any other substance that may impair or reduce the function of the driver or a member of the convoy in which prior to the start of each trip everyone must go through an alcotest and periodical drug tests; the violation of this policy results in the separation of the worker from the operation.

The plans and procedures for compliance with the Code are reviewed annually and annual surveillance audits are developed to verify compliance with the DCR standards.

DCR keeps the records of the transport activity and inspection of the cargo units, evidenced the reports of the years 2014, 2015 and 2016.

DCR does not subcontract any of this cyanide transport operations.

1.5 TRANSPORT PRACTICE 1.5:

FOLLOW INTERNATIONAL STANDARDS FOR TRANSPORTATION OF CYANIDE BY SEA AND AIR.

X in full compliance with

The operation is ☐ in substantial compliance with Transport Practice 1.5

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in NOT APPLICABLE with Standard of Practice 1.5 requiring an operation Follow international standards for transportation of cyanide by sea and air.

DCR not transported by sea transport and air transport within the territory of Peru.

1.6 TRANSPORT PRACTICE 1.6:

TRACK CYANIDE SHIPMENTS TO PREVENT LOSSES DURING TRANSPORT.

X in full compliance with

The operation is ☐ in substantial compliance with Transport Practice 1.6

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 1.6 requiring an operation Track cyanide shipments to prevent losses during transport.

DCR uses a GPS system. They also have telephone service, satellital phone, radio and cell phones which ensure full coverage during movement and are completely connected to the control room in their base in AREQUIPA, Peru. In addition to providing this system, they continually know the positioning each of the vehicles all the time and the safety escort vehicle carries a satellite phone. During the audit, the operability equipment was verified.

The phone lines were operating at the time of the audit; and also an inspection was done to verify the operation of mobile equipment and it was found the payment of the phone, the GPS, satellite phone and the radio services.

Additional, DCR periodically test communication equipment to ensure it functions properly.

- QHSE-DCR-Fmatpel027 Check List Cyanide Unit; The following criterion is verified:
  - Radio communication (according to registration dated 12/20/2016 corresponding to the V7Q-792 board).
- QHSE-DCR-Fmatpel011 Check List Cianuro Escort Van; The following criteria are verified:
  - Operated / charged satellite telephone (according to registration dated 12/19/2016 corresponding to APH-929).
  - Base radius (according to registration dated 12/19/2016 corresponding to the APH-929 board).
  - Operated / charged RPC telephone (according to registration dated 12/19/2016 corresponding to the APH-929 board).
- The verification of the GPS location of the units is done through the monitoring of the control center on a regular basis, issuing a report via email to the client where the progress of the convoy is progressively reported (seen email dated 12/21/2016 Corresponding to the Orica client).

DCR has identified areas without cellular and radio coverage; in such areas the convoy makes use of satellite equipment.

The GPS system has location actualizations in real time, in areas without GPS coverage it saves the information transmitted after the passing of vehicles.

The bill of lading and the shipment reference are part of the shipping records of the amount transported; the Material Safety Data Sheet is checked before each trip and is available throughout the transportation.

In the sender shipment reference is indicated the name of the product, the United Nations (UN) number, the transported amount of packages and weight of the load, and it is also necessary to indicate the product

safety considerations. Upon the delivery of the sender shipment reference, the provider delivers the Material Safety Data Sheet to the carrier. The absence of the sender reference guide and of the Material Safety Data Sheet during transportation is fine by the confiscation of the cargo by the government of Peru. It is worth mentioning that the sender shipment reference should be preserved and stored by the carrier for a period not less than FIVE (05) years.

DCR does not subcontract any of this cyanide transport operations.

.

INTERIM STORAGE

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

2.1 TRANSPORT PRACTICE 2.1

STORE CYANIDE IN A MANNER THAT MINIMIZES THE POTENTIAL FOR ACCIDENTAL RELEASES.

X in full compliance with

The operation is
- ☐ in substantial compliance with Transport Practice 2.1
- ☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in NOT APPLICABLE with Standard of Practice 2.1 requiring an operation Store cyanide in a manner that minimizes the potential for accidental releases.

DCR has no stores or warehouses in territory of Peru.

EMERGENCY RESPONSE:

Protect communities and the environment through the development of emergency response strategies and capabilities.

3.1 TRANSPORT PRACTICE 3.1:

PREPARE DETAILED EMERGENCY RESPONSE PLANS FOR POTENTIAL CYANIDE RELEASES.

X in full compliance with

The operation is ☐ in substantial compliance with Transport Practice 3.1

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 3.1 requiring an operation Prepare detailed emergency response plans for potential cyanide releases.

DCR has an emergency response plan (EMERGENCY RESPONSE PLAN FOR CYANIDE TRANSPORTATION). Information on road conditions is defined in the QHSE-DCR-Fmatpel010 Roadmap document. The Emergency Plan describes the response actions for anticipated emergency situations. These were verified during the audit. The emergency response plan is approved by the ministry of transport and communication by the Peruvian government as ofício N° 033-2014-MTC/16 (31/01/2014).

The Emergency Response Plans for transportation is suitable for the selected transport route, based on the hazards and risk assessment after the completion of the QHSE-DCR-FMATPEL010 ROADMAP.

The Emergency Response Plan is suitable for the selected transport route, taking into account the physical and chemical form of cyanide clearly based on the Safety Data Sheet of the Product "Sodium Cyanide". DCR is a transporter of sodium cyanide supply in solid state (briquettes).

DCR indicates the use of trucks to transport sodium cyanide taking into account the characteristics of the equipment and assesses the structural condition of the road where the transportation sodium cyanide is done.

Annex 8 specifies the methodology for transport, which can be summarized as follows:

The transport of cyanide is carried out by road from the beginning and end of the service, the travel schedule must be during daylight hours (except in the daytime), except for modifications due to force majeure events or direct coordination with customers. Maximum workday per day will be 12 hours, includes 02 hours for staffing (01 breakfast hour and 01 lunch), after that time the staff must rest 08 hours; Operators must have the A-4 license that enables it to transport cargo of hazardous materials.

Information on road conditions is defined in the QHSE-DCR-Fmatpel010 Roadmap document. The Emergency Response Plan describes the response actions for anticipated emergency situations. These were verified during the audit.

It also establishes the logical line of action to be taken by the convoy leader and drivers in case irregularities arise during transportation of sodium cyanide.

DCR uses trucks; in addition, all shipment is dispatched within low platform trailers purchased with a maximum load capacity of 30 tons which are certified to transport sodium cyanide by the government of Peru.

DCR sets action if incidents occur on the route which is described below.

- Directly related to the vehicle unit:
  - Mechanical damage
  - Unity fire
  - Drive crash
  - Landing and / or overturning of unit
  - Damage to the container without spillage
- Related to the environment and environment
  - Adverse environmental conditions
  - Social disorder
  - Blockages of pathways by natural factors
  - Pedestrian tramway
  - Assault and vandalism
  - Police detention
  - Disease of the operator
- Product Related
  - Spill on dry land
  - Spill on wet ground
  - Spill on track
  - Spill in standing water
  - Spill in running water

Awareness on the part of drivers and supervisors of the actions in each case was evidenced after interview with the staff.

DCR has defined three levels of emergency response. The Emergency Response Plan, identify the roles of outside responders, medical facilities or communities in emergency response procedures

For 2do Response, DCR contacts the Fire Department, Police, Maintenance Support, Service Cranes, and Emergency Medical Services.

During 2nd Response emergencies, the External Emergency Responder is in charge of the emergency response actions when they arrive (delimitation of the area, communication, and access and traffic control are performed by the drivers and the safety specialist while the External Emergency Responder arrives). However, when the National Fire Department arrives to the scene, they take control of the emergency, as established by local regulations. This is established in the Emergency Response Plan. Finally, specific roles of each outside responder are outlined in the Emergency Response Plan.

3.2 TRANSPORT PRACTICE 3.2:

DESIGNATE APPROPRIATE RESPONSE PERSONNEL AND COMMIT NECESSARY RESOURCES FOR EMERGENCY RESPONSE.

X in full compliance with

The operation is ☐ in substantial compliance with Transport Practice 3.2

Lead Auditor Signature

□ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 3.2 requiring an operation Designate appropriate response personnel and commit necessary resources for emergency response.

DCR during the audit has show that Drivers, and Supervisors receive training in emergency response from appropriate personnel on the safe handling of cyanide (spill and intoxication) and others receive training courses in defensive driving, firefighting, first aid. These trainings are renewed annually complying with the training plan 2014, 2015 and 2016.

The Emergency Response Plan, Drivers and Supervisors are responsible to respond in an emergency; they pass through medical tests to verify their good physical condition to perform these activities and have received the necessary training for efficient emergency response.

Responsibilities are defined for:

- General Manager
- COO
- Finance manager
- Head of Operations
- Security boss
- Matpel Supervisor
- Tract Operator
- Crisis Committee

The Emergency Response Plan, each truck has the necessary amount of emergency response equipment and the safety escort also has a Response Kit for spills and poisoning (Oxygen), and personal protective equipment which must be verified before the trip, as well as the verification of courses prior to starting the travels and the periodic emergency response training.

DCR has the necessary equipment for emergency response in the event of a major spill.

There were verified the records of the emergency response and inspection of equipment. The presence of such equipment in the convoy was verified. In the Emergency Plan indicates the functions of the staff in case of an emergency, and also the emergency equipment to be used in both the first and the second response. The Emergency Plan describes the specific functions of the emergency response and the staff responsibilities.

In the "QHSE-DCR-pg007 Program of Activities", is specified the verification criteria of the units before each journey. "Inspection Plan" The procedure specifies the frequency of inspections and the level of inspections of the operation as described below:

- First aid kits and items
- Fire extinguishers
- Facilities
- Trucks and tractors
- Work tools
- PPE (Personal Protective Equipment)
- VPE (vehicle protection equipment)

Lead Auditor Signature

- FR (first responders)

During the audit, inspection records were evident.

DCR does not subcontract any of this cyanide transport operations.

3.3 TRANSPORT PRACTICE 3.3:

DEVELOP PROCEDURES FOR INTERNAL AND EXTERNAL EMERGENCY NOTIFICATION AND REPORTING.

X in full compliance with

The operation is ☐ in substantial compliance with Transport Practice 3.3

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 3.3 requiring an operation Develop procedures for internal and external emergency notification and reporting.

The plan includes in the annexes the emergency telephones of:

- South Hospitals
- Hospitals Lima
- Hospitals center
- Hospitals Huaraz
- North Hospitals
- Police station
- Huaraz police stations
- South Commissaries
- Northern police stations
- Southern Firefighters
- Firefighters center
- Northern firefighters
- Firefighters Huaraz
- Municipalities
- Members of the crisis committee

In addition, the QHSE-DCR-pro016 Incident / Accident Investigation and Incident Reporting Procedure specifies the methodology for the reporting and investigation of incidents in general, determining the formats to be used, for example: QHSE-DCR-Fqhse010 Report Incident Investigation, AHSE-DCR-Fqhse011 Incident Report / Occupational Diseases, QHSE-DCR-Fqhse017 Manifestation, among others.

The Emergency Response Plan includes an internal communication and external schema that specifies the call flow by the safety personnel, the receptors, the regulatory agencies, external response providers, medical centers, fire departments, and communities potentially affected by an emergency.

For reporting incidents use it is made:

- Opening a new route
- Incident Reporting Procedure.

- Preliminary Incident Report
- Incident Report.

3.4 TRANSPORT PRACTICE 3.4:

DEVELOP PROCEDURES FOR REMEDIATION OF RELEASES THAT RECOGNIZE THE ADDITIONAL HAZARDS OF CYANIDE TREATMENT CHEMICALS.

X in full compliance with

The operation is ☐ in substantial compliance with Transport Practice 3.4

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 3.4 requiring an operation develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.

It was noticed in the Emergency Response Plan, the description of how to recover or neutralize the solids, the procedure of decontamination of soils or other contaminated medium and how to manage these wastes.

The Emergency Response Plan prohibits the use of chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide to treat cyanide that has been released to surface waters.

3.5 TRANSPORT PRACTICE 3.5:

PERIODICALLY EVALUATE RESPONSE PROCEDURES AND CAPABILITIES AND REVISE THEM AS NEEDED.

X in full compliance with

The operation is ☐ in substantial compliance with Transport Practice 3.5

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 3.5 requiring an operation Periodically evaluate response procedures and capabilities and revise them as needed.

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

The DCR´s Management is responsible for requesting immediate changes to this Plan, in the event of serious incidents, new route, by simulation results, results of audits or inspections by process improvement etc.

During the audit, records spill drill evidenced, in 2014, 2015 and 2016.

The Emergency Response Plan and the Training Plan define the frequency of emergency drills. The document presents the schedule of emergency simulations.

The simulations are made by the Chief of Operation who has an ANNUAL DRILLS PROGRAM indicating the completion of SIX (06) practical simulation, for the purpose of evaluating the effectiveness of the Emergency Plan and correct what is indicated on it.

The organization has the QHSE-DCR-pg007 Program of Activities 2016 where the following drills were programmed:

- Hazardous materials
- Earthquake
- Spill of hazardous material
- Fire
- Flood
- Electric storms

The QHSE-DCR-Fqhse022 Simulation Act No. 003 dated 11/26/2016 was observed regarding en route sodium cyanide spill. The simulacrum included the simulation plan for small spill of sodium cyanide on the La Arena - DCR route.

Similar case was observed in the QHSE-DCR-Fqhse022 Report No. 003 dated 10/14/2016 on the Pierina mine route.

The purpose is to measure the efficiency of the response procedure to ensure that the staff involved in an emergency act according to the Emergency Response Plan.

The Chief of Operation takes into account the rapid preliminary compilation of the situation, gathering basic facts as they are known such as time the who, what, where, when, how and why of the situation, contacts the responsible person and broadcasts the obtained information, and continuously communicates with the Convoy Leader and will meet the requirements of authorities.

SOCIOS EN LA GESTIÓN

EMPRESA CERTIFICADA CDQ Certificado nº 872/14 ISO 9001 CALIDAD
ACREDITADO POR ENAC

EMPRESA CERTIFICADA CDQ Certificado nº 444/14 ISO 14001 GESTIÓN AMBIENTAL
ACREDITADO POR ENAC

EMPRESA CERTIFICADA CDQ Certificado nº 086/14 OHSAS 18001 SEGURIDAD LABORAL

Alcance de certificación:
PROVISIÓN DE SERVICIOS DE CONSULTORÍA.
CAPACITACIÓN Y GESTIÓN DE RECURSOS HUMANOS.
MONITOREO OCUPACIONAL.

ISOSURE S.A.C.
Calle Dean Valdivia #148 Edificio Platinum Torre I Piso 11 Oficina 1126
San Isidro - Lima - Perú
Central Telefónica: +51 01 711 8249

Contáctese con ISOSURE
comercial@iso-sure.com / marketing@iso-sure.com