CORRECTIVE ACTION PLAN FINAL COMPLETION REPORT

Minera Sotrami S.A.

The sections below detail the corrective actions, agreed by Minera Sotrami S.A. (Sotrami) and the Lead Auditor Bruno Pizzorni, necessary to bring Sotrami into Full Compliance with the International Cyanide Management Code (Cyanide Code), as indicated in Sotrami´ s Detailed Audit Report and required in the Corrective Action Plan submitted to the International Cyanide Management Institute (ICMI).

The site audit was performed on February 26, 27 and 28, 2019 using the ICMI Cyanide Mining Verification Protocol, December 2016 version. Due to the COVID-19 pandemic Sotrami was seriously impacted and was forced to close operations for several months, later it resumed operations gradually. The auditor visited Sotrami' s cyanide facilities again on August 23, 24 and 25, 2020 verifying that significant progress had been made regarding the corrective actions required in the plan and on the process plant in general. The remaining pending actions were follow-up through remote review of documents and conference calls.

Standard 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

4.1(3) Does the operation have plans or procedures that describe the standard practices necessary for the safe and environmentally sound operation of the facility including the specific measures needed for compliance with the Code, such as inspections and preventive maintenance activities?

Deficiencies

The standard operation procedure (SOP) necessary for the safe and environmentally sound operation of the cyanide facilities, do not address preventive maintenance activities of the equipment involved in the facility..

Corrective Actions

Sotrami was required to provide updated standard SOPs where preventive maintenance activities for the cyanide installations is considered

Evidence sighted by the Lead Auditor

Sotrami presented updated standard SOPs where preventive maintenance activities for the cyanide installations are considered. Also presented the annual preventive maintenance plan for the key equipment of their cyanide facilities such as mills, pumps, tank level control and HCN detectors, among others. Sotrami presented the preventive maintenance records carried out in accordance with the established schedule.

4.1(4) Does the operation have a procedure to identify when changes in a site's processes or operating practices may increase the potential for the release of cyanide and to incorporate the necessary release prevention measures?

Deficiencies

Although Sotrami has developed a Management of Change (MOC) procedure dated September 10, 2018, the auditor could not find records of completed forms that have been signed off by environmental and health and safety personnel. By interviews Sotrami staff confirmed the MOC procedures was not implemented.

Corrective Actions

Sotrami is required the operation to implement the MOC procedure and to provide records of change managements completed forms that have been signed off by environmental personnel, before changes to the facility or its operating practices that may increase the potential for cyanide releases are implemented, so that they can be evaluated and addressed as necessary.

Evidence sighted by the Lead Auditor

Sotrami presented the following records of MOC carried out, where they evaluated the risks and with the approval sign of the Plant Manager and the Maintenance and Safety Supervisor.

- Implementation of purge pipe valve blocking devices for stirring tanks dated August 28, 2021
- Extension of the secondary containment of the cyanide solution preparation tank, dated August 29, 2021
- Installation of a wind sleeve, August 30, 2021
- Implementation of an emergency shower in Tailings B, September 2, 2021

Standard of Practice 4.3
Implement a comprehensive water management program to protect against unintentional releases

Deficiencies

During the audit at the mine site, Sotrami did not support evidence of having developed a comprehensive, probabilistic water balance.

Corrective Actions

The operation has to develop a comprehensive, probabilistic water balance. Sotrami is required to prepare an adequate water balance that it has reasonably considered the appropriate factors, and that the site implements the necessary practices to maintain the balance.

Evidence sighted by the Lead Auditor

Sotrami presented the study Water Balance and Probabilistic Analysis at the Sotrami S.A. Benefit Plant dated 2020, carried out by César Jara Leva, Eng. CIP. Fluid Mechanic.

Climatologically the area is considered dry because it has a deficiency of rainfall in all seasons, with average annual rainfall between 0.5 to 13mm. The duration of the storm design and return period of the storm is 120 years.

The study is integral and probabilistic. As input data for water balance such as tailings deposition rate, precipitation and surface runoff. As water output data considers the rate of infiltration and evaporation. In the analysis and treatment of meteorological information from four meteorological stations of SENAMHI (National Service of Meteorology and Hydrography) located in Caravelí, Arequipa, for precipitation and evapotranspiration. The frequency analysis is based on the adoption of a probabilistic model that satisfactorily represents the behavior of maximum precipitation in 24 hours and considers surface runoff. As water output data the study considers the rate of infiltration and evaporation.

Sotrami has two tailings ponds, Pond B with 1'760,000 m3 is in use; pond A with storage volume of 7,584 m3 is in closure process. Both tailings ponds have a single geomembrane lining on its entire surface. Four piezometers have been drilled with different depths, the deepest being the piezometer (Pz-2), with 42.80 meters and which is currently in a dry state, like the other three, which indicates that there is no presence of groundwater that interacts with the tailings deposits. The water balance study indicates that the difference in levels between the base of the surface of the ponds and the depth of the Pz-2, is 106 meters, so a possible contact between the leached water and the groundwater is zero, given that the hydraulic gradient by infiltration is 14.92 m, depth, value that is much less than 106 m., thickness of the soil that is in a dry state.

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

4.4(2) Can the operation demonstrate that the cyanide concentration in open water in tailings storage facilities, leach facilities and solution ponds does not exceed 50 mg/l WAD cyanide?

Deficiencies

Not found laboratory results for samples taken to water in the tailings impoundment. The lab results showed were for soil at the foot of the tailings dam. The auditor could not conclude these results were representative to ensure WAD cyanide do not exceeds 50 mg/l. The Code requires the operation to demonstrate that the cyanide concentration in open water in tailings storage facilities, does not exceed 50 mg/l WAD cyanide.

Corrective Actions

Provide periodically laboratory results for samples taken in open water in the tailings storage facility to demonstrate WAD cyanide concentration do not exceeds 50 mg/l.

Evidence sighted by the Lead Auditor

Sotrami provided results for WAD cyanide monitoring taken from water and sludge samples in tailings A and B, resulting in values ranging from 3.07 to 14.89 ppm. The three samples were taken in October 2021 at sampling points: CW-01, CW-02 and CW-03 as showed in a map with the location of this points. The essays reports MA2133126 A, B and C, are from SGS laboratory, a test laboratory accredited by the national accreditation body INACAL. Sotrami will continue monitoring WAD cyanide in the tailings ponds every six months.

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

5.1(1) Has the operation developed written procedures to decommission cyanide facilities at the cessation of operations?

Deficiencies

The auditor did not find written procedures to decommission cyanide facilities at the end of operations.

Corrective Actions

Sotrami needs a decommission plan that addresses, as applicable to its facilities, the cyanide remaining on site upon cessation of production activities and prepares the site for its closure and post closure period. May include activities such decontamination of equipment, removal of residual cyanide reagents, installation of measures necessary for control or management of surface or ground water. The document should consider decommissioning strategies for facilities and treatment systems which may be cyanide-bearing, including leach tanks, CIP circuit, tailings, carbon area and gold room among others.

Evidence sighted by the Lead Auditor

Sotrami presented the document developed Mine Closure Plan of the Santa Filomena II Beneficiation Plant, of January 2021, which has the approval of the Ministry of Energy and Mines of Peru. The Plan describes the procedures for the dismantling, decontamination and final disposal of equipment and materials from cyanide facilities, including the tailings ponds.

5.1(2) Does the plan include an implementation schedule for decommissioning activities?

Deficiencies

Not found a schedule for decommission activities related to cyanide installations.

Corrective Actions

The operation needs to develop and implement a schedule for decommissioning activities, should include a schedule for carrying out its proposed activities. The schedule need not be linked to a specific date, but rather can simply show the order in which the planned activities will be conducted starting from the point in time the operation ceases production or an individual cyanide facility is no longer in use. The operation should make a reasonable attempt at scheduling its decommissioning activities, with the recognition that the schedule may change in the future.

Evidence sighted by the Lead Auditor

Chapter VIII - Schedule, Budget and Financial Guarantee of Sotrami´ s Mine Closure Plan of the Santa Filomena II Beneficiation Plant includes a timeline for the mine´s decommissioning activities.

Progressive Closure

For the progressive closure stage, it has been taken into consideration that the remaining lifetime of Sotrami is 11 years from 2019. In that sense, the Progressive Closure stage has been scheduled for the year 2020 and 2029.

Final Closure

For the final closing stage, the agreements reached with the mining company have been taken into account, considering its financial and operational conditions. In that sense, the final closing stage has been scheduled for the year 2030.

Post Closure

For this stage, the current environmental regulations have been taken into consideration, which indicate that at least the post-closure stage must be 5 years. The post-closure stage has been scheduled from the year 2031 and ending in the year 2035.

Standard of Practice 5.2
Establish an assurance mechanism capable of fully funding cyanide-related decommissioning activities

5.2(3) Has the operation established a financial mechanism approved by the applicable jurisdiction to cover the estimated costs for cyanide-related decommissioning activities as identified in its decommissioning and closure strategy? If so, no further demonstration is required to comply with this Standard of Practice.

Deficiencies

Sotrami has not provided proof of having established a financial mechanism approved by the applicable jurisdiction to cover the estimated costs for cyanide- related decommissioning activities . The Peruvian political jurisdiction in which Sotrami operation is located requires financial assurance for closure.

Corrective Actions

The operation must established a financial mechanism approved by the applicable jurisdiction to cover the estimated costs for cyanide-related decommissioning activities as identified in its decommissioning and closure strategy. It is required the necessary evidence from the applicable jurisdiction documenting that the operation has met its requirements for financial assurance in an amount no less than the operation's estimate of third- party decommissioning costs

Evidence sighted by the Lead Auditor

Sotrami provided proof of having letters of guarantee as a guaranteed mechanism to finance the closure of the mine. The beneficiary is the Ministry of Energy and Mines (MEM).

In accordance with article 51 of the Mine Closure Regulations, the amount of the guarantee is calculated by subtracting from the value of the Modification of the Mine Closure Plan at the date of formation of guarantees, the amount of the amounts corresponding to Progressive Closure, the Closing amounts that have been executed, and the amount of the guaranteed amount that has been updated. The annual amount of the guarantee results from dividing the amount of the guarantee by the number of years of the useful life that remain to the mining unit.

Summary of Mine Closure Plan Budgets
Progressive Closure: USD 119,564.42 until 2029
Final Closure: USD 512,925.66 1 year
Post-Closing: USD 171,718.40 5 years total closure

Consequently, the amount of the guarantee annual to be established is, US$ 58,570.50 US Dollars for the year (2020). The auditor confirmed the financial guarantee covers this amount and was current.

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

6.1(2) Do the procedures require, where necessary, the use of personal protective equipment and address pre-work inspections?

Deficiencies

During the audit no pre-work inspections for cyanide risk tasks were evident to be conducted.

Corrective Actions

The operation should conduct and document pre-work inspections, as appropriate and necessary for the operation. Provide records of pre-work inspections for cyanide risk tasks covering a period of 3 months.

Evidence sighted by the Lead Auditor

They included the requirement for pre-work inspections and a checklist in the procedure Preparation of Sodium Cyanide Solution in 7m3 Agitator Tank for Leaching Process PETS-SF-PLT-018 version3, from April 5, 2021. Sotrami also submitted the records of completed preoperational checklists performed prior to any cyan solution preparation.

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

6.3(6)) Has the operation made formalized arrangements with local hospitals, clinics, etc., so that these providers are aware of the potential need to treat patients for cyanide exposure? Is the operation confident that the medical facility has adequate, qualified staff, equipment and expertise to respond to cyanide exposures?

Deficiencies

Sotrami has no formalized arrangements with local hospitals

Corrective Actions

At a minimum, the operation should have made the facility aware in writing that it may be asked to treat a victim of cyanide poisoning, and the operation should have determined if the medical facility had adequate and qualified staff, equipment and expertise to treat the patient. Provide proof arrangements or at least communications with local hospitals, making aware in writing that it may be asked to treat a victim of cyanide poisoning, and the operation should have determined if the medical facility had adequate and qualified staff, equipment and expertise to treat the patient.

Evidence sighted by the Lead Auditor

Sotrami showed training records and certificates of assistance for his staff in Management and Use of Cyanide Kit, carried out by external contractor IFSEC on November 17 and 18, 2021 with 4 hours of theoretical training taught on a virtual platform.

Sotrami send a report showing they had resumed interaction with the Señor de Luren hospital in Ica, a five hours drive, and with the Jaqui medical post, located 20 minutes from the process plant. The auditor reviewed letters between Sotrami and the hospital Señor de Luren from January 20 and 29, where the hospital confirms the medical facility has adequate, qualified staff, equipment and expertise.

The hospital informed has the conditions in technical teams and professionals trained in the care of cyanide poisoning in cases of accidents or incidents due to contact and / or intoxication, as well as complementary management and subsequent observation. They inform that the hospital is constituted as a Referential Hospital at the level of the Region of Lea, which is why it is accredited with Category 11-2 of the MINSA (Ministry of Health), considered the one with the greatest resolution capacity in the

Region. Likewise, inform they have trained personnel to provide specialized services in the various care areas and high-tech equipment.

Standard of Practice 7.2
Involve site personnel and stakeholders in the planning process.

7.2(2) Has the operation made potentially affected communities aware of the nature of their risks associated with accidental cyanide releases, and consulted with them directly or through community representatives regarding appropriate communications and response actions?

Deficiencies

Sotrami has not made potentially affected community representatives of Jaqui aware of the nature of their risks associated with accidental cyanide releases and consulted with them directly or through community representatives regarding appropriate communications and response actions.

Corrective Actions

It is required that Sotrami interacts with community representatives of Jaqui regarding the risks of an accidental cyanide release. Submit records regarding communications or meetings with the community of Jaqui regarding the emergency response plan (ERP).

Evidence sighted by the Lead Auditor

Sotrami showed proof of delivery of the Emergency Response Plan to the stakeholders from Jaqui as the municipality, police, medical center, subprefect, defense front and the irrigation commission, along with an invitation letter for a meeting where Sotrami will inform them the Plan, contingencies actions and about the use and manipulation of cyanide. Also showed the communication letter received from the authority of Jaqui where they inform Sotrami that they take knowledge of the Plan and that they and they have taken the necessary precautions.

Sotrami presented assistance records and pictures of the informative talk "information of the emergency response plan, contingency, use and manipulation of cyanide" held with the authorities of Jaqui on October 14, 2021.

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

7.5(1) Does the Plan describe specific, remediation measures as appropriate for the likely cyanide release scenarios, such as:
a) Recovery or neutralization of solutions or solids?
b) Decontamination of soils or other contaminated media?
c) Management and/or disposal of spill clean-up debris?
d) Provision of an alternate drinking water supply?

Deficiencies

The Emergency Response Plan do not describe specific remediation measures as appropriate for the likely cyanide release scenario such as:
a) Recovery or neutralization of solutions or solids
b) Decontamination of soils or other contaminated media
c) Management and/or disposal of spill clean-up debris.

Simple generic statements such as clean up the spilled material or neutralize with sodium hypochlorite are not sufficient, as they do not provide any guidance on how these tasks are to be accomplished.

Corrective Actions

The ERP should address each of the remediation issues in this question. Procedures for recovery of solution or solids should specify where these materials are to be taken. Procedures for neutralization or decontamination of cyanide spills should, to some degree; identify what treatment chemical is to be used and where it is stored; describe how the treatment chemical is to be prepared to the appropriate concentration; and define the end point of the remediation, including how samples will be take what analysis will be performed, and what final concentration will be allowed in residual soil as evidence that the release has been completely cleaned up. Address in the ERP or other document the specific remediation measures as appropriate for the likely cyanide release scenario.

Evidence sighted by the Lead Auditor

Sotrami presented a reviewed version of its ERP: Contingency Plan for Emergency Response of Use, Handling, Storage and Disposal of Sodium Cyanide dated December 1, 2021 addressing in Section 7.3 all the required remediation actions on this Protocol Question, including first aids actions for cyanide exposure.

7.5(3) Does the Plan address the potential need for environmental monitoring to identify the extent and effects of a cyanide release, and include sampling methodologies, parameters and, where practical, possible sampling locations?

Deficiencies

Although the ERP address in section 5.2.2 for spills out of the tailings dam, the potential need for environmental monitoring, it does not include sampling methodologies, parameters and, where practical, possible sampling locations.

Corrective Actions

Based on the potential release scenarios identified in its Emergency Response Plan, the operation should determine the sampling and analytical methodologies it will use if cyanide is released to the land surface or to surface water. Address in the ERP or other document, describe the sampling and analytical methodologies it will use if cyanide is released to the land surface or to surface water.

Evidence sighted by the Lead Auditor

They included in the reviewed ERP the methodology for sampling to detect cyanide contamination after a spill.

Standard of Practice 9.2
Initiate dialogue describing cyanide management procedures and responsively address identified concerns.

9.2(1) Are there opportunities for the operation to interact with stakeholders and provide them with information regarding cyanide management practices and procedures?

Deficiencies

Sotrami did not show proof of opportunities for the operation to interact with stakeholders and provide them with information regarding cyanide management practices and procedures.

Corrective Actions

The operation is required to create opportunities for interaction with stakeholders. This could include hosting public meetings for local communities or community leaders, creating citizens' advisory panels, advertising the availability of site tours for interested parties and addressing cyanide management during the tour, and distributing newsletters or prepared briefing papers on its cyanide management practices. Provide records such as meeting notes or tour sign-up sheets or waivers, include hosting public meetings for local communities or community leaders, creating citizens' advisory panels, advertising the availability of site tours for interested parties and addressing cyanide management during the tour, and distributing newsletters or prepared briefing papers on its cyanide management practices.

Evidence sighted by the Lead Auditor

In addition to the informative talk and communications described in Protocol Question 7.2(2), Sotrami showed minutes and pictures of a meeting with authorities of the municipality of Jaqui, the installation of a panel sign "The company listens to you". The Community Relations area (RRCC) of Sotrami installed a suggestion box so that the operation could interact with stakeholders and provide them with information on cyanide management practices and procedures.

Standard of Practice 9.3
Make appropriate operational and environmental information regarding cyanide available to stakeholders.

9.3(1) Has the operation developed written descriptions of how their activities are conducted and how cyanide is managed? Are these descriptions available to communities and other stakeholders?

Deficiencies

The auditor did not find written descriptions developed by Sotrami on how their activities are conducted and how cyanide is managed.

Corrective Actions

The operation should develop written descriptions of cyanide management activities in appropriate local languages and make these descriptions available to communities and stakeholders. The level of technical detail should be appropriate for the intended audience. The information can be disseminated through brochures, newsletters or other educational materials at the operation or at locations in local communities, at public forums or meetings, libraries, local government offices, on websites, or through other means. Provide written descriptions of cyanide management activities and make these descriptions available to communities and stakeholders.

Evidence sighted by the Lead Auditor

Sotrami developed written descriptions of cyanide management activities in appropriate local languages and make these descriptions available to communities and stakeholders. Presented elaboration of a diptych and a bulletin "What is Cyanide" including pictures of distribution of this informative material.

9.3(2) Has the operation disseminated information on cyanide in verbal form where a significant percentage of the local population is illiterate?

Deficiencies

According to the National Institute of Statistics (INEI), the illiteracy rate in Ayacucho was 11.7% in 2017. The auditor using his professional judgment considers it is necessary Sotrami to disseminate verbal information on cyanide.

Corrective Actions

Considering the illiteracy rate of 11.7% at Ayacucho, Sotrami need to disseminate verbal information on cyanide. Would need meeting records where Sotrami provides information through presentations or direct, regular consultations with communities or community leaders.

Evidence sighted by the Lead Auditor

In addition to the informative talk and communications described in Protocol Question 7.2(2), Sotrami showed minutes and pictures of a meeting with authorities of the municipality of Jaqui

Conclusion

The Lead Auditor is satisfied that the corrective actions taken, meet the requirements of the corrective action plan and thus enable Substantial Compliance in these Standard of Practices to be revised to Full Compliance.