

IGS

integrar gestão e serviços

***Summary Cyanide Transportation
Verification Protocol
AJANI TRANSPORTADORA***

18 august 2013



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.

A handwritten signature in black ink, appearing to be "AJANI", is written over a faint, illegible printed name.



SUMMARY AUDIT REPORT

Name of Cyanide/Transportation Facility: AJANI S.A.C.

Name of Facility Owner: ARUNTANI / MDH group

Name of Facility Operator: AJANI

Name of Responsible Manager: Francisco Rojas A

Address: Av Malecon Checa 3577 State/Province:

Country: S.J.I. /Lima / Perú

Telephone: (511) 700-7104 Fax: (511) 700-7000 E-Mail: frojasa@mdh.com.pe

Aspects of the location and description of the operation:

AJANI SAC (hereinafter AJANI) is a company specializing in services to the mining industry, including engineering design and development, construction, mining process and transport. Part of the group Aruntani / MDH, located in Lima, Peru, which is dedicated to the industry of gold mining. The AJANI transport division specializes in the transportation of hazardous materials. Regarding sodium cyanide (NaCN), AJANI operations serves some mining companies as Cerro Lindo (Votorantini group) or Caravel, AJANI services being contracted either by mining or by the supplier NaCN. In either case, there is always a contract agreement that sets out the responsibilities and liability as the seller NaCN, NaCN and end customers AJANI as carrier, taking into account the current Peruvian legislation on transport of materials dangerous as well as mining and safety healthcare industry, environmental care and preparation for emergency response.

The maritime received containers blocked and labeled with appropriate information hazardous material referred NaCN. Locks are removed only when the load reaches the mine client, before the download process. The tags are only removed when the download process is finished. NaCN transport process is performed with a convoy structure having at least a light truck escort or more, depending on the amount of shipping containers 20 are transported. It carries a single sea container transport unit 20. The escort truck occupants and truck drivers have procedures and training materials to conduct safe transport process and an immediate emergency response if necessary.



SUMMARY AUDIT REPORT

Auditor's Finding

This operation IS IN FULL COMPLIANCE with the International Cyanide Management Code.

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

Audit Company: IGS – Integrar Gestao e Servicos Ltda

Audit Team Leader: Ebersson Cassio de Andrade E-mail: eberson@integrargs.com.br

A handwritten signature in black ink, appearing to read 'Ebersson', is positioned above the email address.

Names and Signatures of Other Auditors:

Carlo Brando Bolivar Vargas E-mail: carlo_bvb@hotmail.com

Date(s) of Audit: 18 June/2013

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 conducted in a professional manner in accordance with the International Cyanide Management Code Verification Protocol for Cyanide Transportation Operations and using standard and accepted practices for health, safety and environmental audits.



SUMMARY AUDIT REPORT

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

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

The operation is in full compliance with
 in substantial compliance with Transport Practice 1.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

AJANI has implemented the route assessment procedure now identified as PRO-SEG-03 (dated of March 1, 2012). This procedure replaces the version of June 6, 2005, rev.1.0 (or the IC-0413 procedure).

Where it is stated that it will be assessed taking into consideration the following points:

- Route Features: bridges, curves, populated areas, water courses, areas of landslides, road conditions
- Points for scheduled parking: According to map
- Emergency Stops: The place should be safe, not hinder traffic, properly signaled, it must have the possibility of implementing the Emergency Response Plan.

Driving hours: (according to DS-MTC 009-2004 law regulations of transport management) FIVE (05) hours of continuous driving and TWO (02) of rest, there must not be exceeded TWELVE (12) hours of driving daily during daytime transport. The assessment procedure specifies that the route will be reviewed prior to the first transport to a customer or on an annual basis by the Security Manager or other designated person. The evaluation of the route is periodically updated by AJANI to find new significant hazards or dangerous risks in the trip report to be submitted at the end of each of the services to the customer, during the visit is evidenced the path analysis to ARUNTANI SAC dated of February 1, 2012, and this was conducted by Mr. Victor Morales (Transport Division). In the path analysis to ARUNTANI SAC dated of February 1, 2012, conducted by Victor Morales (Transport Division), in which areas of IMPORTANT risk are mentioned from the YAUCAS toll to PEDREGAL toll, both both located in the province of AREQUIPA, PERU, a distance of 500 km, and the following hazards were identified:

YAUCA toll – Chala: Invasion of sand on the road hindering traffic and visibility, sinuous curves, in the "Quebrada de Vaca" sections there is presence of closed curves, declivity with sharp curves and reverse curves, road around the sea.

CHALA – Atico toll: Rockslides, slow climbing stretch, presence of pedestrians and traders along the route climbing to the mountains away from the sea.

Atico toll – OCOÑA: Rugged road with several curves and slopes, Km 79 with a closed curve in S, maintenance-free road, road next to the sea cliffs and located in the last section near the Ocoña river.

OCOÑA – Camana toll: Curves and dangerous slopes (La Chira), in the admission to urban areas the road is invaded by sand which hinders the traffic.

Camana toll – PEDREGAL: In the beginning "Quebrada del Toro", there's presence of large number of curves, sharp curves and counter-curves hindering the ability of drivers to enter these, high temperatures cause the driver fatigue, reckless maneuvering from elsewhere down to the tunnel Vitor with presence of curves that hinder driver visibility. AJANI performs the delivery in the convoy mode with ONE (01) escort unit for THREE (03) cargo units or less, a maximum of THREE (03) units of escorts for up to NINE (09) cargo units throughout the transportation from the Port of Callao to the mining unit. It was evidenced in the Safety Standards for Transportation, but even so, there were interviewed drivers and supervisors who affirmed the disposal for AJANI's convoy trip. There was checked the existence of letters sent to firefighters and medical centers for the case of any emergency and to open communication channels between AJANI and emergency support centers. AJANI describes the roles and responsibilities of support centers in the event of an emergency during transportation, which are the same as described in the PRO-SEG-01. AJANI in the PRO-SEG-01 Emergency Plan has shown the Communication Diagram for an accident of solid sodium cyanide for "Minera Aruntani S.A.C." (Tucari Mine), which indicates the contact numbers of local support in an emergency (Police, Civil Defence, Fire Company), just as has displayed a list of contact numbers of the main medical centers.

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

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

Summarize the basis for this Finding/Deficiencies Identified:

The AJANI procedure establishes minimum requirements for drivers: health, legal, defensive driving training, sodium cyanide emergency response training (spills and poisoning prevention), be licensed and be under 60 years. They are hired after passing through an induction process to reduce the gap between their knowledge and the awareness requirements required by the company. AJANI has established and maintains procedures for security, updated to 2013. Furthermore, it has adopted and compiled safety standards (March 1, 2012), the Maintenance Program (May 18, 2012), and the Training and Drills Plan (2011/2012/2013).

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

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

Summarize the basis for this Finding/Deficiencies Identified:

AJANI establishes requirements for maintenance of the units carrying cyanide, which comply with the provisions of Peruvian law. In addition, the units are registered in the Ministry of Transport and Communications (MTC) for the transport of hazardous materials by Directorial Resolution 3525-2009-MTC, valid until 2014. AJANI uses SCANIA trucks. In addition, all dispatches are done in



platform trailers. With a maximum load capacity of 22 tons, the trucks used to transport sodium cyanide are described. After securing the load, AJANI makes a record of the weights and measures to record the weight of the load and verify that it does not exceed the maximum set by Peruvian law by type of vehicle configuration. The act of making this record is detailed in the FC-SEG-01 Checklist of Documents and Materials.

Before taking out the load, the carrier must have and fill out the following documents:

- Sender Reference Guide
- Carrier Reference Guide
- Tractor and semi-trailer Property Cards
- Proof of registration of the vehicle in the National Register of land transport and Hazardous Waste Materials issued by the Ministry of Transport and Communications – MTC (tractor and semi-trailer).
- MTC Circulation Card
- Driver's License of the driver
- MTC's Freight course of MTC
- National Identity Card
- Material Safety Data Sheet (MSDS)
- Primer Product Safety Emergency Response Plan for Transportation
- Technical Inspection Certificate to transport Hazardous Materials
- Liability Policy
- Insurance against all Risk

The possession of these documents is evidenced by the FC-SEG-01 Checklist of Documents and Materials

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

The operation is X in full compliance with
 in substantial compliance with Transport Practice 1.4
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

AJANI sets in the safety standards for transport that "the opening of cyanide packaging is FORBIDDEN", in addition to this, the unit is sealed and the sealing code is placed in the Carrier Reference Guide and is validated by the Customer when the cargo arrives at the mine. In the Standards In Transport Safety, AJANI determines the signage for the transportation of sodium cyanide. Before the trip, the three visible sides of the containers have the UN number, the NFPA and the Diamond of Hommel. In the warehouse it is verified if there is a sufficient amount of signage. AJANI has implemented the PRO-SEG-02 Procedure for vehicle inspection with the formats FC-SEG-01 – Checklist Equipment and Supplies (load unit) and FC-SEG-02 – Checklist of materials and equipment (escort truck) to ensure that the escort vehicles and transport vehicles are in optimal conditions to start the operation. AJANI states that drivers must rest at least EIGHT (08) hours before a trip and drive no more than FIVE (05) hours of continuous driving and TWO (02) of rest, there must not be exceeded TWELVE (12) hours of driving to day transportation during daylight hours. It is noteworthy that Peruvian regulations set the same schedule for the





transportation of hazardous materials "DS 009-2004-MTC Regulation of the Transport Management Act". AJANI establishes a policy of alcohol and drugs, establishing that the staff before the start of each travel day must pass by a alcohol test and periodical drug tests, the violation of this policy results the separation of the employees from the organization.

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

The operation is in full compliance with
 in substantial compliance with Transport Practice 1.5
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:
Not applicable, because AJANI does not transport by sea or air.

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

The operation is in full compliance with
 in substantial compliance with Transport Practice 1.6
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:
AJANI uses a GPS system. They also have telephone service, cellular and radio that ensures full coverage while moving for communication with emergency centers (fire department, hospitals, civil defense), customers, suppliers, also in the Emergency Plan there is a list of contact numbers in case of emergency. It was noticed the regular payment of GPS services. Mobile and satellite equipment also have made calls to AJANI's personnel and there was also applied the real-time tracking using GPS units. AJANI keeps the sender reference guide as part of shipping records of the amount transported, the Material Safety Data Sheet is reviewed before each trip and is available throughout the transport. It is also necessary the client approval of the sender reference guide to validate the proper transport of sodium cyanide. In the sender reference guide 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 reference guide, 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 fined by the confiscation of the cargo by the Peruvian government which performs mandatory controls on all outbound tolls of the City of Lima. It is worth mentioning that the sender reference guide should be preserved and stored by the carrier for a period not less than FIVE (05) years.



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

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

The operation is in full compliance with
 in substantial compliance with Transport Practice 2.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

AJANI transport operations did not involve the use of temporary storage facilities.

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

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

The operation is in full compliance with
 in substantial compliance with Transport Practice 3.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

AJANI has an emergency response plan, the PRO-SEG-01, the plan involves all the loading, transport and unloading of solid sodium cyanide to "Aruntani S.A.C. Mina Tucari" and has been prepared by the Ajani S.A.C. Security Department (Department of Transport); and its review is given by the Management Representative, and by the Organization Management and Directory. The PRO-SEG-01 is suitable for the selected transport route, based on the hazards and risk assessment after the completion of the Lima-Arequipa ROADMAP. In the development of the Emergency Plan PRO-SEG-01, there were taken into account the following aspects: population density, infrastructure (roads, rail, port, construction and road conditions, inclinations and slopes, presence and proximity of water bodies, fog, snow and rain). Additionally, special care was taken in crossings of rivers in order to foresee any type of incident which could require reducing the travel speeds or avoiding these pathways. Likewise AJANI has identified the nearest airports to the path of movement of the convoy for the case of having to evacuate any of the drivers, in case they have to immediately evacuate in the event of poisoning and this evacuation has to be done by helicopter, this may land at the nearest location to the area, according to the characteristics and weather conditions available. AJANI has SCANIA trucks and platforms which carry 20-foot containers without cracks, dents or holes through which water can pass, for loading and unloading of cyanide the opening of the containers is done by the back of the unit. AJANI has classified the action in emergencies in relation to emergency levels; these are based on the degree of severity of the emergency, and they are classified into three levels of alert. These levels serve to significantly improve

communication, attention and speed of response to the emergency, one being the lowest level and three, higher or more severe level. Level I: Immediate control (within 45 minutes), own resources (present personnel, equipment), does not affect other environments (equipment, cargo, air, environment), does not affect people, does not affect the process. Level II: Immediate control (about 45 minutes), other resources are required (consultants, fire, brigade), affects other facilities (equipment, loads, environment, areas), affects people, affects the processes. Level III: Emergency out of control, it affects the environment (equipment, loads, houses, stocks), affects many people, affects third-parties and the environment, it requires external resources (support from government agencies). AJANI establishes the responsibility before, during and after an incident/accident or emergency both to the personnel from the Convoy (supervisors and drivers), the emergency support centers and the mining unit.

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

The operation is in full compliance with
 in substantial compliance with Transport Practice 3.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Drivers and supervisors receive training in emergency response, being trained on issues concerning the safe handling of cyanide (spill and intoxication), hazardous materials level I and level II, fire fighting, defensive driving and first aid, which are renewed annually as corroborated with the training and capacitation plan and the records of the years 2011 and 2012. Training is provided by an external company. All Emergency Response Plans describe the roles of staff and emergency equipment for both the first and the second response. The Emergency Plan PRO-SEG-01 describes the specific functions of emergency response and staff responsibilities in the attachment A24 - Priorities and Roles in Hazardous Materials Emergency RESPONSE. The convoy has a spills and poisoning response kit (antidote kit). AJANI does the verification of the courses prior to the start of the travel and of periodic emergency response training. Also, prior to the start of the work day sessions there are offered lectures to explain the day's activities, the risks of the route and information on Sodium Cyanide.

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

The operation is in full compliance with
 in substantial compliance with Transport Practice 3.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

It was noticed that the list of emergency contacts is updated and upgraded along with the Emergency Plan PRO-SEG-01. The Emergency Plan PRO-SEG-01 indicates that the



contact list should be reviewed and updated through calls in each revision of PRO-SEG-01. The Emergency Response Plan includes internal and external schemes that specifies the call flow by the security personnel, the AJANI's general manager of Transportation, receptors, regulatory agencies, outside response providers, medical centers, fire brigade, and communities that may be affected by an emergency. In any emergency in a solid sodium cyanide transport unit, the leader Supervisor of the convoy will take care of the emergency, and will estimate the magnitude of the case and determine the actions to follow, taking special emphasis on the emergency levels.

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

The operation is in full compliance with
 in substantial compliance with Transport Practice 3.4
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

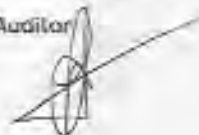
In the annex A26 Security Manual for spills of solid sodium cyanide of the Emergency Plan PRO-SEG-01, there is described how to perform the recovery or neutralization of solids, the decontamination of soils or other contaminated medium and also how to manage these wastes. The Emergency Plan PRO-SEG-01 prohibits the use of chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide to treat cyanide that has been released to surface waters.

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

The operation is in full compliance with
 in substantial compliance with Transport Practice 3.5
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The Emergency Response Plan has been prepared by AJANI's Security Department (Transport Section); supervision is given by the Management Representative, and by the Organization's Management and Directory. Then the Emergency Response Plan is delivered to "Aruntani S.A.C. Mina Tucari" as an uncontrolled copy for review. In case there are comments and/or suggestions, they shall be modified by AJANI's Security Department (Transport Section) and approved by its General Management. Subsequently the Transport Plan will be submitted to the General Directory of Social and Environmental Affairs - DGASA of the Ministry of Transport and Communications for final approval. The verification of the Emergency Response Plan will take place at least on the first trip to assess its performance and compliance as established and if necessary be amended; likewise, an evaluation report of the application of the Plan is issued to DGASA. Periodic revisions of the Emergency Response Plan will be performed at least once a year or as needed. These modifications or updates shall be submitted for DGASA's reapproval. Emergency drills are conducted





annually. The distribution is made for the Supervisor in charge of the convoy and Drivers, and this delivery is controlled through by the charge notebook for the delivery of documents; likewise all operational staff is permanently trained in order to facilitate the operations of an Emergency Response. After the simulation is carried out, the analysis of the observations or weaknesses identified during the exercise is performed, to which there shall be developed a schedule of activities and courses that the staff will attend in order to fill these observations and thus to complete the equipment or information necessary for an actual case.

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