INTERNATIONAL CYANIDE MANAGEMENT CODE

CUSAS.A.C.

SUMMARY AUDIT REPORT

BASE TRANSPORTATION, LIMA, LIMA, PERU

CODIGO  20101077099
VERSION  01. 2
FECHA  05/08/2016

In collaboration with:

CN Inc.
INTERNATIONAL CYANIDE MANAGEMENT INSTITUTE

Cyanide Transportation Operations Summary Audit Report

For The International Cyanide Management Code and CUSA S.A.C. – Lima – Lima – Peru

Verification Protocol

www.cyanidecode.org
August 2016
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INTRODUCTION

Information on the audited operation

Name of Cyanide Transportation Facility: CUSA S.A.C.
Name of Facility Owner: CUSA S.A.C.
Name of Facility Operator: CUSA S.A.C.
Name of Responsible Manager: Miguel Albornoz.
Address: Av. de la Floresta Nro. 497 (Oficina 303-304)
State/Province/Country: Lima/ Perú
Telephone: +511 618 5600 + Fax: ---
E-mail: malbornoz@cusa-chem.com

Aspects of the location and description of the operation:

CUSA S.A.C (CUSA), with more than 48 years in Peru, as a chemical distributor, is present in the mining market throughout, since 2002.

On July 31, 2013, signed the Code as a road transport from the port of entry to CUSA´s warehouse ant to customer mines using trucking companies indivudyally certified under the International Cyanide Managenemt Institute.

At the time of the audit, CUSA hyad a building exclusively for the storage of cyanide which is in charge of the logistics department supervisor. The Warehouse facilities are located in Callao, Republic of Perú.

CUSA in 2016 certify marine supply chain from ports in Korea to the Port of Callao in Peru, making transportation with other companies. The objective of this audit is certification of the transport process with their own vehicles. 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.
This Operation is:

X in full compliance

☐ in substantial compliance

☐ not in compliance

with the International Cyanide Management Code.

Audit Company: ISOSURE SAC | CIANURO INCORPORATED EIRL
Audit Team Leader: Luis Torres Argandoña
E-mail: auditoria@iso-sure.com
Date(s) of Audit: 05 August 2016

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 further 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.

Name and Signatures of Other Auditors

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<tr>
<th>Name</th>
<th>Position</th>
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<tr>
<td>Luis Torres</td>
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<td>Argandoña</td>
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<td>Carlo Vargas</td>
<td>Transportation Technical</td>
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CERTIFICACION DE FIRMA AL DORSO
NOTARIA HIDALGO
LIMA, 13 OCT. 2016

August 2016 | CUSA
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.

CUSA implemented the route evaluation process identified as “PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE”. 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.

“PLA.TRA.001 EMERGENCY RESPONSE PLAN”, has been implemented for the route related to the cyanide transportation.

The routes are evaluated:

- Port of Callao – Warehouse of Callao
- Warehouse of Callao – City of Huaral
- Warehouse of Callao – City of Huacho
- Warehouse of Callao – City of Barranca
- Warehouse of Callao – City of Huarmey
- Warehouse of Callao – City of Casma
- Warehouse of Callao – City of Chimbote
- Warehouse of Callao – City of Trujillo
- Warehouse of Callao – City of Chiclayo
- Warehouse of Callao – City of Piura
- Warehouse of Callao – City of Tumbes
- Warehouse of Callao – Mining Unit Alpamarca (Yauli – Junín)
- Warehouse of Callao – Mining Unit Casapalca (Huarochirí – Lima)
- Warehouse of Callao – Mining Unit Mahr Tunel (Yauli – Junín)
- Warehouse of Callao – Mining Unit Aurex (Pasco – Pasco)
- Warehouse of Callao – Mining Unit Colquirica (Pasco – Pasco)
- Warehouse of Callao – Mining Unit Cerro de Pasco (Pasco – Pasco)
- Warehouse of Callao – Mining Unit Yauricocha (Yauyos – Lima)
The evidenced records are as follows

- FOR.TRA.007 Travel Report Inspection
- FOR.TRA.009 Evaluation of route
- FOR.GOB.039 Registration HIRA (Hazard Identification and Risk Assessment Route)

“PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE”, 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, and 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 2016. Risk management measures are listed for each portion of the routes based on the characteristics and risk level.

According to “PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE”, routes are verified entirely once a year or to the first transport to a client by CUSA’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. Temporary changes, such as route diversions, are verbally informed to the driver prior to the departure of the convoy.

CUSA 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.

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

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

- Fire Company | ICA 22
- Fire Company | NASCA 82
- Fire Company | CAMANA 35
- Hospital | San Jose de Chincha
- Hospital | Augusto Hernández Mendoza
- Hospital | Regional de ICA
- Hospital | Felix Torrealva
- Hospital | San Juan de Dios
- Hospital | Edmundo Escomel
- Hospital | Honorio Delgado
- Hospital | Camana
The same centers are included in the “PLA.TRA.001 EMERGENCY RESPONSE PLAN” of CUSA.

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

CUSA also established through the “PLA.TRA.001 EMERGENCY RESPONSE PLAN”, 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 and one driver travel in the escort vehicle. This requirement applies to all customers of CUSA.

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.

CUSA 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. CUSA has contact specialized firms for emergency response if necessary (ECOCENTURY, IFSEC, FULL SAFETY SAC, WALSH PERU SA, and for the final disposal with BEFESA PERU and PETRAMAS). In addition, CUSA has contacts with hospitals, police, Fire Company, Crane Service, and Car Repair Workshops.

CUSA subcontract the cyanide transport operations with:

- EDEWIT (Company certified by the Code | April 2014)
  http://cyanidecode.org/signatory-company-categories/edewit-sr-ltda-peru
- TRANSPORTES ZETRAMSA (Company certified by the Code | March 2014)
  http://cyanidecode.org/signatory-company-categories/transportes-zetramsa-sac-peru
- TECNICARGAS (Company certified by the Code | November 2013)
  http://cyanidecode.org/signatory-company-categories/technicargas-sac-peru

CUSA implements the procedure “PRO.TRA.012 APPROVAL PROVIDER NATIONAL AND INTERNATIONAL TRANSPORT” using the format “FOR.TRA.014 VERIFICATION CHECK LIST ICMI TRANSPORT PROTOCOL”, the latter, based on the transport protocol ICMI. This assessment is conducted annually and must be approved at 100%.

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 CUSA procedure establishes minimum requirements for drivers: health, defensive driving training, and 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, and hold a certificate from Professional Driver School.

The auditor reviews the documentation:

- Mr. Adolfo Canchanya Guillermo | Driver
- Mr. Bopris Ivan Manrique Talledo | Driver
- Mr. Vargas Olazabal Leoncio | Driver
- Mr. Blas Torres Serapio | Driver
- Mr. Rojas Conde Jose Elias | Driver
- Mr. Mamani Ccota Jose | Driver
- Mr. De la Cruz Condori Jesus | Driver
- Mr. Arango Rivera Edgar | Driver
- Mr. Luis Fernandez Fernandez | Driver
- Mr. Pinto Cama Andres | Driver
- Mr. Murga Ortiz Walter Ignacio | Driver

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 CUSA 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.

CUSA, 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, Safety and Health Program.

CUSA selects the most specialized drivers to transport sodium cyanide.

According to transportation procedures “PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE”, drivers drive up to FIVE (05) continuously, 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, CUSA includes a training program that must be complemented by all drivers, consisting of the following:

- Introduction to the Company
- Hazardous Materials Handling and Transportation
- Emergency Response
• Defensive Driving  
• Firefighting  
• First aid,

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 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.

☐ in full compliance with

☐ in substantial compliance with Transport Practice 1.3

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 1.3 requiring an operation Ensure that transport equipment is suitable for the cyanide shipment.

CUSA 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, CUSA is registered at the Government of Peru for the transport of hazardous materials.

The maintenance of the units is done by the "FREIGHTLINER" supplier (DIVEMOTORS in Peru), the parts are original and technicians are specialized for the type of vehicle.

CUSA uses the trailer M2112 model (FREIGHTLINER) are characterized by their MBE4000 engine with Mercedes Benz engineering. Said engine stands out in its category for its high displacement (12.8 liters), very good power to weight ratio and high torque at low RPM. The multipurpose platform semitrailer, a flat body is used to transport goods in general; it has cavities where "stakes" are placed for better fixation of the load. It also has "Twist Locks" (pineapple) that are safe for containers, and in an amount that enables different positions depending on the location of the suspension. It also has "Twist Locks" (pineapple) that are safe for containers, and in an amount that enables different positions depending on the location of the suspension.

According to the "PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE", CUSA a driver have to check the trucks and trailers completing a checklist per vehicle prior to the departure of the convoy. The checklist "FOR.TRA.012 CHECK LIST OF TRANSPORT UNIT" 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, ten (10) bundles of travel records who met the provisions of “PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE”, is evidenced.

During the audit were demonstrated the plans and preventive maintenance records. The maintenance of the units is done by the "FREIGHTLINER" supplier (DIVEMOTORS in Peru), the parts are original and technicians are specialized for the type of vehicle.

According to the “PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE” has a procedure in place to prevent overloading of the transport vehicles, one container of cyanide can be loaded on the vehicle.

CUSA subcontract the cyanide transport operations with:

- EDEWIT (Company certified by the Code | April 2014)  
  http://cyanidecode.org/signatory-company-categories/edewit-sr-ltda-peru
- TRANSPORTES ZETRAMSA (Company certified by the Code | March 2014)  
  http://cyanidecode.org/signatory-company-categories/transportes-zetramsa-sac-peru
- TECNICARGAS (Company certified by the Code | November 2013)  
  http://cyanidecode.org/signatory-company-categories/tecnicargas-sac-peru

CUSA implements the procedure "PRO.TRA.012 APPROVAL PROVIDER NATIONAL AND INTERNATIONAL TRANSPORT" using the format "FOR.TRA.014 VERIFICATION CHECK LIST ICMI TRANSPORT PROTOCOL", the latter, based on the transport protocol ICMI. This assessment is conducted annually and must be approved at 100%.

1.4 **TRANSPORT PRACTICE 1.4**

**DEVLOP 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.

CUSA established a transportation method avoiding disturbances during motion.
For the transportation of hazardous materials (including sodium cyanide), CUSA has a control room at the base of CALLAO, Peru, where the GPS system provides continuous positioning of each of the vehicles at all times.

According to the “PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE”, CUSA describe the handling and inspection procedures, to ensure that the integrity of cyanide CONTAINER is maintained during shipment.

CUSA 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.

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

CUSA conducts vehicle inspections prior to each departure/shipment

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

CUSA has a maintenance plan. The maintenance records were reviewed and the practice was confirmed during the observation of the vehicle and interview with the drivers.

Drivers must rest at least 5 hours before a trip and must not drive more than 10 hours a day and the driving time is only during the day. It is noteworthy that Regulations of Peru set the same schedule for the transportation of hazardous. And according to the “PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE”, drivers can drive up hours, and stops are designated prior to the departure of the convoy. Facilities where the convoys stop are fenced and have 24 hour security guards.

CUSA states that the load of cyanide must travel in 20-foot and 40-foot CONTAINER, developing mechanisms to prevent its movement.

According to the “PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE”, CUSA 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 alcotest is performed after holidays, without prior warning at the beginning of activities, and at the request of each head. CUSA uses the format “FOR.GOP.004 ALCOHEMIA CONTROL” for recording the alcotest. The equipment “ALCOSCAN AL1100F MAE2005 Series” was evident, with the day October 21, 2015 calibrated calibration valid for one year.
The plans and procedures for compliance with the Code are reviewed annually and annual surveillance audits are developed to verify compliance with the CUSA standards.

CUSA subcontract the cyanide transport operations with:

- EDEWIT (Company certified by the Code | April 2014)  
  http://cyanidecode.org/signatory-company-categories/edewit-sr-ltda-peru
- TRANSPORTES ZETRAMSA (Company certified by the Code | March 2014)  
  http://cyanidecode.org/signatory-company-categories/transportes-zetramsasac-peru
- TECNICARGAS (Company certified by the Code | November 2013)  
  http://cyanidecode.org/signatory-company-categories/tecnicargas-sac-peru

CUSA implements the procedure "PRO.TRA.012 APPROVAL PROVIDER NATIONAL AND INTERNATIONAL TRANSPORT" using the format "FOR.TRA.014 VERIFICATION CHECK LIST ICMI TRANSPORT PROTOCOL", the latter, based on the transport protocol ICMI. This assessment is conducted annually and must be approved at 100%.

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.

CUSA 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.
CUSA uses a GPS system (PERUTRAK). They also have telephone service, radio and cell phones which ensure full coverage during movement and are completely connected to the control room in their base in CALLAO, 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, CUSA periodically test communication equipment to ensure it functions properly (FOR.TRA.012 CHECK LIST OF TRANSPORT UNIT).

CUSA 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.

CUSA subcontract the cyanide transport operations with:

- **EDEWIT** (Company certified by the Code | April 2014)
- **TRANSPORTES ZETRAMSA** (Company certified by the Code | March 2014)
- **TECNICARGAS** (Company certified by the Code | November 2013)

CUSA implements the procedure "PRO.TRA.012 APPROVAL PROVIDER NATIONAL AND INTERNATIONAL TRANSPORT" using the format "FOR.TRA.014 VERIFICATION CHECK LIST ICMI TRANSPORT PROTOCOL", the latter, based on the transport protocol ICMI. This assessment is conducted annually and must be approved at 100%.
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.

LCF has 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.

CUSA has an emergency response plan (PLA.TRA.001 EMERGENCY RESPONSE PLAN). Information on road conditions is defined in the 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 oficio N° 650-2014-MTC/16 (10/09/2014). A copy of emergency response plan is in each unit of transport.

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 ROADMAP.

The routes are evaluated:

- Port of Callao – Warehouse of Callao
- Warehouse of Callao – City of Huaral
- Warehouse of Callao – City of Huacho
- Warehouse of Callao – City of Barranca
- Warehouse of Callao – City of Huaramey
- Warehouse of Callao – City of Casma
- Warehouse of Callao – City of Chimbote
- Warehouse of Callao – City of Trujillo
- Warehouse of Callao – City of Chiclayo
- Warehouse of Callao – City of Piura
- Warehouse of Callao – City of Tumbes
- Warehouse of Callao – Mining Unit Alpamarca (Yauli – Junín)
- Warehouse of Callao – Mining Unit Casapalca (Huarochari – Lima)
- Warehouse of Callao – Mining Unit Mahr Tunel (Yauli – Junín)
- Warehouse of Callao – Mining Unit Aurex (Pasco – Pasco)
- Warehouse of Callao – Mining Unit Colquiri (Pasco – Pasco)
- Warehouse of Callao – Mining Unit Cerro de Pasco (Pasco – Pasco)
Planning for emergency response has been considered:

- Description of hazardous material transport
- Security sheets
- Registration HIRA (Hazard Identification and Risk Assessment Route)
- Possible places of occurrence
- Capacitation program
- Program drills
- Procedures for emergency care
- Personal protective equipment
- Vehicle Security Equipment
- Procedures and preventive controls
- Signs and labeling of hazardous materials
- Types of vehicles used for cargo transport of materials and / or hazardous waste
- Segregation and incompatibilities
- Disposal procedures
- Decontamination Vehicle
- Documentation
- Insurance policy

CUSA, ensures the adequacy of the Emergency Response Plan through drills, having planned them through the "Simulacra Program 2016", for example:

- Spill cyanide takes
- Cyanide poisoning.
- Fire fighting.

In Report No. 134-2015 / GIS mock sodium cyanide spill made the 25/09/2015, concludes: It is clear and simple answer to the questions posed by this in order to understand the message personally; It helped to reinforce staff knowledge and sensitize them about previous actions, during and after to be taken in the event of a spill.

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". CUSA is a transporter of sodium cyanide supply in solid state (briquettes).

CUSA 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.

Information on road conditions is defined in the 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.

The Emergency Response Plan considers the following:

- Distances, speeds and times during transport routes.
- Emergency medical services, fuel service, restaurants, danger zones, fire, checkpoints, important towns, points of loading and unloading
- Hotels and garages, restaurants, public telephones, cellular signal, internet, local stations, garage - electromotive, area robberies and assaults, geographical hazards, road type, condition of the road, traffic conditions, visibility day, night visibility weather.

CUSA uses trucks; in addition, all shipment is dispatched within low platform trailers purchased with a maximum load capacity of 20 tons which are certified to transport sodium cyanide by the government of Peru.

CUSA uses the trailer M2112 model (FREIGHTLINER) are characterized by their MBE4000 engine with Mercedes Benz engineering. Said engine stands out in its category for its high displacement (12.8 liters), very good power to weight ratio and high torque at low RPM. The multipurpose platform semitrailer, a flat body is used to transport goods in general; it has cavities where "stakes" are placed for better fixation of the load. It also has "Twist Locks" (pineapple) that are safe for containers, and in an amount that enables different positions depending on the location of the suspension.

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

- PRE 01 General Procedure for Emergency Communication
- PRE 02 Collision or rollover without loss of material
- PRE 03 driver Disease
- PRE 04 Unrest
- PRE 05 roads out of service
- PRE 06 damaged bridges
- PRE 07 vehicle malfunction
- PRE 08 Thunderstorm
- PRE 09 Fire
- PRE 10 Assault
- PRE 11 Traffic Accident
- PRE 12 Earthquake
- PRE 13 Decontamination
- PRE 14 Sodium Cyanide Spill
- PRE 15, Emergency Communication - subcontractor

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

CUSA has defined three levels of emergency response. The Emergency Response Plan (Item 5.3.1) identify the roles of outside responders, medical facilities or communities in emergency response procedures

For 2do Response, CUSA subcontracts External Emergency Responder (ECOCENTURY, IFSEC, FULLL SAFETY SAC, WALSH PERU SA, and for the final disposal with BEFESA PERU and PETRAMAS) and also 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

□ 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.

CUSA during the audit has show that Drivers 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 2015 and 2016.

It also checks for each trip that the conductors are:

- Trained in safe handling of cyanide
- Trained in emergency plan
- Trained in handling hazardous materials
- Trained in fire fighting

The emergency response plan includes a training program that considers:

- Defensive driving
- HAZMAT I
- First aid
- Fire Fighting
- Cyanide Management

The Emergency Response Plan (Item 2.4), 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.

It also describes the responsibilities before, during and after an incident / accident or emergency for:

- Chairman of CME
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 (Amyl Nitrite), 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.

CUSA 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.

Additional records that support compliance with the training contained in the contingency plan were observed:

- Training Event dated 07/16/2016 regarding hazardous materials and basic first aid issued by the company SUMA Consultants, aimed at drivers and auxiliary transport.
- Training Event dated 07/24/2016 regarding defensive driving / reporting and investigation of incidents / fire fighting, aimed at drivers and auxiliary transport.

In the "PRO.002.TRA TRANSPORT PROCEDURE SODIUM CYANIDE", CUSA verifies the conformity of the criteria of safety equipment, personal protective equipment, safety elements of the wagon and container, antidote kit, personal protective equipment first responders and first response team.

This information is accredited through the registry "FOR.GOP.010 ACCREDITATION FOR TRANSPORT SODIUM CYANIDE" validated by the Head of Transport and Distribution.

The Head of Transport and Distribution is responsible for ensuring the timely change of those equipment needed for emergency response, proceeding to notify the Administration area any requirement on the matter.

During the audit, inspection records were evident.

CUSA subcontract the cyanide transport operations with:

- EDEWIT (Company certified by the Code | April 2014)
  http://cyanidecode.org/signatory-company-categories/edewit-sr-ltda-peru
- TRANSPORTES ZETRAMSA (Company certified by the Code | March 2014)
  http://cyanidecode.org/signatory-company-categories/transportes-zetramsa-sac-peru
- TECNICARGAS (Company certified by the Code | November 2013)
  http://cyanidecode.org/signatory-company-categories/tecnicargas-sac-peru

CUSA implements the procedure "PRO.TRA.012 APPROVAL PROVIDER NATIONAL AND INTERNATIONAL TRANSPORT" using the format "FOR.TRA.014 VERIFICATION CHECK LIST ICMI TRANSPORT PROTOCOL", the latter, based on the transport protocol ICMI. This assessment is conducted annually and must be approved at 100%.

Subcontractors regarding emergency response, section 5.3.1 External Agents Responsibilities emergency relief Contingency Plan indicate the responsibilities of subcontractors:
• Provide comprehensive solutions in the field of Safety, Health, Emergency Response and Environment emergency in transporting cyanide.
• Keep updated plans to respond to possible emergencies that may arise during transport operations cyanide contingencies.
• Before the call for an emergency has the responsibility to attend immediately to the crash site to provide support against an environmental chemical pollution, waste management, containment and spill clean dry, in water bodies and media management in case of emergencies.
• Disposal of hazardous waste by EPS (service company Solid Waste - legal requirement in Peru) CERTIFIED.
• Support the PNP, CGBVP and medical centers in activities related to control roadside emergencies due to the transport of cyanide.

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.

It was noticed that the contact information in case of emergency is updated, in case of emergency it will be set and updated the Emergency Response Plan. The Emergency Response Plan indicates the current contact list which is reviewed and updated through every review of the Emergency Response Plan.

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.

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:

It was noticed in the Emergency Response Plan (“PRE 14 SODIUM CYANIDE SPILL”) 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 (Item 4.15) concerns the procedure of disposal and disposal of materials and / or hazardous waste through companies providing solid waste services, in accordance with Law 27314 and its regulations DS 057-2004-PCM (legal requirement in Peru).

Finally, the contingency plan contains the MSDS sodium cyanide, where the measures to take in case of accidental spillage indicated

The Emergency Response Plan (PRE 14. “SODIUM CYANIDE SPILL”) 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 CUSA’s Management is responsible for requesting immediate changes to this Plan, in the event of serious incidents, by simulation results, results of audits or inspections by process improvement etc.

Through the procedure “PRO.GAF.001 Control Document” Guidelines for the preparation, review and approval of documentation of the Organization, where the procedures of safety and health at work are included are defined. Such controls are also set in the "MANUAL MAN.GOP.002 OCCUPATIONAL SAFETY AND HEALTH".

Finally, a letter of commitment was evident with the management system for managing sodium cyanide, where the contributors listed in its capacity as active members of the Committee on Safety and Health at Work for the period 2015 - 2017, will suggest opportunities improvement and will provide facilities necessary to review, evaluate and update the Emergency Response Plan.

During the audit, records spill drill evidenced, in 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 THREE (03) practical simulation, for the purpose of evaluating the effectiveness of the Emergency Plan and correct what is indicated on it.

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.