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INTERNATIONAL CYANIDE MANAGEMENT CODE

LA ARENA SA, GOLD MINNING, TRUJILLO, PERU

SUMMARY AUDIT REPORT

AUGUST 2014

LA ARENA S.A.

INTERNATIONAL CYANIDE MANAGEMENT INSTITUTE

Gold Minning Operations Summary Audit Report

For The International Cyanide Management Code and LA ARENA S.A. – Huamachuco – Trujillo – Peru

Verification Protocol

www.cyanidecode.org
August 2014

LIMA, PERU

RIO DE JANEIRO, BRASIL

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INTRODUCTION

Information on the audited operation

Name of Mine Gold: La Arena S.A.
Name of Facility Owner: La Arena S.A.
Name of Facility Operator: La Arena S.A.
Name of Responsible Manager: ANDREW COX
Address: Calle Esquilache N° 371 – Interior 1402 San Isidro – Lima
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Aspects of the location and description of the operation:

LA ARENA S.A. (LA ARENA) consists of 20,673 hectares in 44 concessions located 480 km northwest of Lima, capital of Peru, and approximately 18 km of Huamachuco a town of about 20,000 inhabitants. It is located on the eastern slope of the western mountains near the Continental Divide at an average elevation of 3,400 meters above sea level.
The Project is located in a district multi-million ounces of gold which houses the Lagunas Norte (Barrick Gold Corporation) Alto Chicama Mine; Comarsa Mine (Compania Minera Santa Rosa Aurífera SA); Mine Lady (Compania Minera San Simon SA); the gold-silver project Shahuindo (Sulliden Exploration Inc.); gold project Tres Cruces (New Oroperu Resources Inc.).
Access to LA ARENA is 160 km via national road from the coastal town of Trujillo directly east towards Huamachuco, through Chiran, Shorey / Quiruvilca and Alto Chicama project (Barrick Gold Corporation). The section from the Alto Chicama project is paved. Huamachuco has a small airstrip for light aircraft. A network of power crosses the La Arena Project and there are abundant water sources in the area.

The different production stages of the arena are:

- Leaching
- Adsorption
- Carbon Management
- Desorption and electrodeposition.
- Acid wash and thermal regeneration
- Cast
- Management reagents

SUMMARY AUDIT REPORT

FOR CYANIDE GOLD MINNING OPERATIONS

Instructions

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

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

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

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

International Cyanide Management Institute (ICMI)

1400 I Street, NW, Suite 550

Washington, DC 20005, USA

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

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

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

Auditor's Finding

This Operation is:

X in full compliance

□ in substantial compliance

□ not in compliance

The International Cyanide Management Code

with the International Cyanide Management Code.

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

Audit Company: ISOSURE SAC | JMAQ

Audit Team Leader: Julio C. M. Monteiro

E-mail: jmaq@ig.com.br / auditoria@iso-sure.com

Date(s) of Audit: August 2014

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

I attest that this Summary Audit Report accurately describes the findings of the verification audit.

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

Name and Signature

ICMI Lead Auditor - Julio Monteiro

Verification Protocol

1 PRODUCTION:

Encourage responsible cyanide manufacturing by purchasing from manufacturers that operate in a safe and environmentally protective manner.

1.1 STANDARD OF PRACTICE1.1:

PURCHASE CYANIDE FROM MANUFACTURERS EMPLOYING APPROPRIATE PRACTICES AND PROCEDURES TO LIMIT EXPOSURE OF THEIR WORKFORCE TO CYANIDE, AND TO PREVENT RELEASES OF CYANIDE TO THE ENVIRONMENT.

X in full compliance with

The operation is ☐ in substantial compliance with Standard Practice 1.1

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The select cyanide comes from Cyanco Company LLC, located at United State.

The Cyanco was initially ICMI Certified during October 2006 year and re-certified during July 2013.

OPERATION signed the contract ASM0113-E on April 25, 2013 and Letter of support on July 20, 2014, where the responsibilities of each of the member states within the supply chain from production to transport to the mine. The contract specifies that all members within the supply chain must be certify under The Code

OPERATION, purchased it at a Cyanco which is a facility certified in compliance with The Code.

The shipper/carrier waybills provided the evidence needed to certify that the shipped cyanide to the gold mining Operation is from a manufacturer (Cyanco) certified in compliance with The Code.

2 TRANSPORTATION:

Protect communities and the environment during cyanide transport.

2.1 STANDARD OF PRACTICE 2.1:

ESTABLISH CLEAR LINES OF RESPONSIBILITY FOR SAFETY, SECURITY, RELEASE PREVENTION, TRAINING AND EMERGENCY RESPONSE IN WRITTEN AGREEMENTS WITH PRODUCERS, DISTRIBUTORS AND TRANSPORTERS.

X in full compliance with

The operation is ☐ in substantial compliance with Standard Practice 2.1

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The packages comply with the United Nations and local authorities; this requirement has been agree upon "Adherence Agreement" signed between CYANCO, MERCANTIL COMMODITY, ALMACENERA EL PACIFICO (MERCANTIL COMMODITY´s warehouse), ALSA SERVICIOS, DCR MINERIA Y CONSTRUCCIÓN and OPERATION

The containers are properly labeled in English and Spanish before arriving to the mine.

MERCANTIL COMMODITY, a code signatory member, had its warehouse facility (ALPA) audited last March 2014.

MERCANTIL COMMODITY with DCR MINERIA Y CONSTRUCCION, the companies assigned for transport performed a route evaluation.

The cargo arrives at the port of El Callao, and then it is transport by chain of custody, and shipper/ carrier waybills until OPERATION.

The cargo is transported form The Port in Callao to MERCANTIL COMMODITY, S.A.C. ALMACENERA EL PACIFICO´s (cyanide warehouse) with ALSA SERVICIOS. Then DCR MINERIA y CONSTRUCCIÓN, an ICMI certified transport company, delivers the cargo directly to the mine without the need of any other interim storage.

ALSA SERVICIO and DCR MINERIA y CONSTRUCCION are transports companies certify by the Cyanide Code, is in charge of making the entire land transportation of the cargo.

The unloading of cyanide in the mine, done by OPERATION, using suitable lifting equipment and personnel trained in its use.

ALSA SERVICIO and DCR MINERIA y CONSTRUCCION have been recently audit; it has a safety program and a preventive and corrective plan.

All Drivers have been training for degree 2 of hazardous materials handling, defensive driving, first aid, firefighting and safe handling of cyanide (spill and intoxication). The Convoy Supervisors are Supervisors have been training for degree 3 of hazardous

materials handling, defensive driving, first aid, firefighting and safe handling of cyanide (spill and intoxication).

The cargo is monitor by GPS and escort all times.

All Drivers have been training for hazardous materials handling (spill and intoxication). The Convoy Supervisors are firefighters trained to provide emergency response.

There is a written agreement between CYANCO, MERCANTIL COMMODITY, ALSA SERVICIO, ALMACENERA EL PACIFICO, DCR MINERIA Y CONSTRUCCIÓN and OPERATION, designating responsibility, the contract establishes CYANCO, a cyanide manufacturer, as the specific cyanide supplier. The final clause of this contract states specific responsibilities for escorts, antidotes for poisoning, staff training requirements, etc.

Evidence where available, OPERATION signed the contract ASM0113-E on April 25, 2013 and Letter of support on July 20, 2014, where the responsibilities of each of the member states within the supply chain from production to transport to the mine.

2.2 STANDARD OF PRACTICE 2.2:

REQUIRE THAT CYANIDE TRANSPORTERS IMPLEMENT APPROPRIATE EMERGENCY RESPONSE PLANS AND CAPABILITIES AND EMPLOY ADEQUATE MEASURES FOR CYANIDE MANAGEMENT.

X in full compliance with

The operation is ☐ in substantial compliance with Standard Practice 2.2

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

CYANCO, MERCANTIL COMMODITY, ALSA SERVICIO and DCR MINERIA Y CONSTRUCCIÓN are bound by and adhesion contract with OPERATION to be committed to The Code of Cyanide in its requirements

Evidence where available, OPERATION signed the contract ASM0113-E on April 25, 2013 and Letter of support on July 20, 2014, where the responsibilities of each of the member states within the supply chain from production to transport to the mine.

The cyanide transporters CYANCO CORPORATION (Global Ocean Supply Chain) September 30, 2014, MERCANTIL COMMODITY SAC (PORT OF CALLAO) January 13, 2015, ALMACENERA EL PACIFICO S.A.C (WAREHOUSE) August 19, 2014, ALSA SERVICIO January 22, 2014 and DCR MINERIA Y CONSTRUCCIÓN February 05, 2014 are certifying under the Code.

OPERATION has the chain of custody records, which identifies all elements of the supply chain through a transportation process report form MERCANTIL COMMODITY

facilities (ALPA´s warehouse) in Lima until arrival at OPERATION through the carrier DCR MINERIA Y CONSTRUCCION.

The DCR MINERIA Y CONSTRUCCIÓN trip report includes the shipper and carrier waybills, the certificate of delivery and receipt of the product to the mine, the transport and escort units check list, training records, alcohol testing and picture illustrating the before/ after delivery condition of the container.

3 HANDLING AND STORAGE:

Protect workers and the environment during cyanide handling and storage.

3.1 STANDARD OF PRACTICE 3.1:

DESIGN AND CONSTRUCT UNLOADING, STORAGE AND MIXING FACILITIES CONSISTENT WITH SOUND, ACCEPTED ENGINEERING PRACTICES, QUALITY CONTROL/QUALITY ASSURANCE PROCEDURES, SPILL PREVENTION AND SPILL CONTAINMENT MEASURES.

X in full compliance with

The operation is in substantial compliance with Standard Practice 3.1

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The cyanide warehouse is located on a plain, occupying an area of approximately 1000, 00 sq. feet, and located next to from the Plant. The facility has certificates from the Peruvian government, which certifies its proper construction, also recording the same construction and quality testing after construction was evident.

The roof, walls and doors are made of corrugate iron; it has natural ventilation through a wire mesh, as indicated in the drawings attached. Perimeter ditches install to minimize the risk of rainwater entering the premises. These designs have been submit to the Environment Protection Authority of Peru as part of the documentation submitted by OPERATION.

Unloading and storage areas for solid cyanide are located away from surface water. As indicated in the storage drawings a perimeter ditch install to minimize the risk of rainwater entering the premises.

The plant supervisor´s office is located besides the storage unit. A person might be there sporadically.

The cyanide is stored in a secure area, and separately from incompatible materials.

No liquid cyanide is involved or used in this Operation. There is not liquid cyanide storage tanks used as part of the Operation

No liquid cyanide is involved or used in this Operation.

La Arena's cyanide storage tanks have level indicators and high-level alarms or other means to prevent overfilling.

The cyanide-mixing tank is located on a concrete surface. A spill containment pond built under it in case of emergency. OPERATION has the monitoring gas cyanide dispositive all day in the cyanide mixing in the area.

The secondary containment is concrete built and located under the cyanide mixing tank OPERATION prohibited cyanide handling during rains.

The cyanide warehouse has adequate ventilation to prevent accumulation of hydrogen cyanide gas. OPERATION has the monitoring gas cyanide dispositive all day in the cyanide-mixing in the area.

3.2 STANDARD OF PRACTICE 3.2:

OPERATE UNLOADING, STORAGE AND MIXING FACILITIES USING INSPECTIONS, PREVENTIVE MAINTENANCE AND CONTINGENCY PLANS TO PREVENT OR CONTAIN RELEASES AND CONTROL AND RESPOND TO WORKER EXPOSURES.

X in full compliance with

The operation is in substantial compliance with Standard Practice 3.2

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION hire a company with permission for the final disposal of solid waste granted, who makes sound environmental disposal in a secure landfill.

The company for transport and final disposition has certificates from the Peruvian government.

OPERATION disarms the empty boxes for final disposal.

After cyanide is pour into the mixing tank, it is immediately wash with Sodium

Hypochlorite and lime, inside and outside.

According with matrix of documents with the Integrate Management System certificated in safety, health and environment (OHSAS 18001:2007 and ISO 14001:2004).

OPERATION establishes procedures to prevent exposures during Operations where cyanide Operation of all valves and fittings for discharge of cyanide and cyanide-mixing assessment, the procedures in question is according with matrix of documents with the integrated management system certify in safety, health and environment (OHSAS 18001:2007 and ISO 14001:2004).

The mixing tank is at a different level surface. To minimize the risk of tearing or puncturing of the container, hoist equipment uses connected to a bracket that holds the containers with cyanide, and then, lift them to the mixing tank.

OPERATION prohibits stacking more than three containers, one above the other vertically. Only three boxes are stacked at the cyanide warehouse.

If a spill occurs during mixing, the procedure requires the activation of the Emergency Plan depending - on location and status of emergency. Equipment of cleanup of any

spills is available in area. During Operation manual of solid cyanide, the person use full personal protective equipment (PPE) and there is always a second person watching from a safe area.

4 OPERATIONS:

Manage cyanide process solutions and waste streams to protect human health and the environment.

4.1 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.

X in full compliance with

The operation is □ in substantial compliance with Standard Practice 4.1

□ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION has developed procedures for leach plant, tailings impoundments (process tailings generated from a mill operation and placed within a tailings impoundment), and cyanide treatment, regeneration and disposal system.

According with matrix of documents with the integrated management system certificated in safety, health and environment (OHSAS 18001:2007 and ISO 14001:2004).

The Operation performed metallurgical testing to optimize the consumption of cyanide, based on the ore characterization and gold grades obtained.

OPERATION has developed procedures to detail the necessary standard practices such as inspections and preventive maintenance for the safe and environmentally sound Operation.

OPERATION retains documents and records in accordance with matrix of documents with the integrated management system certificated in safety, health and environment (OHSAS 18001:2007 and ISO 14001:2004).

OPERATION establishes the PRA-SIGLA-037 Control Change, which aims to manage change with new installations or infrastructure amendments to the mining unit. The application of this procedure for all areas in need of updates amendments and implementation of new facilities or infrastructure in their area ofwork.

OPERATION establishes contingency procedures cyanide management for situations where there is an alteration in the water balance of a plant.

LA ARENA implemented the PL-SIGLA-026 Emergency Response Procedure - Termination of electricity supply, for the temporary cessation of operations.

In addition, OPERATION, prepares the development plan of the water balance in regard to the specifications of the X chapters, article 318 of the DS 055 - 2010 - EM Regulation of Occupational Safety and Health (Ministry of Energy and Mining - Peru)

With the meteorological data provided by the Environmental Management Area, the area of Process Plant ADR, develop the water balance on a spreadsheet Microsoft Excel, according to the EST-SIGLA-PL-001 Development of Water Balance.

OPERATION performs maintenance inspections every month. The staff is always alert or watching for any signs of deterioration, leak or malfunction of any equipment.

Evide.nce where available in the records of inspect cyanide facilities of mixing cyanide (inspect pipes, pumps and valves on July 23, 2014.

OPERATION is constantly making inspections to the structural integrity and corrosion state of tanks, also, check for any evidence of leakage. Some inspections records were review.

OPERATION includes the secondary containment and the drain valves control.

The audit team verifies the Secondary containments for their integrity, No presence of fluids and their available capacity, and to ensure that any drains are closet and, locked, to prevent accidental releases to the environment.

There is a spill collection system, which is including on the drawings. The operation conducts inspections of leak detection and collection systems at leach pads and ponds.

OPERATION, inspect pipes, pumps and valves, to identify and correct any signs of deterioration or leakage.

OPERATION inspects dams and ponds to maintain water balance in safety margins, through even as there is no electricity.

The inspections are conducted on established frequencies sufficient to ensure and document that they are functioning within design parameters.

OPERATION keeps inspections records with the dates, name of inspector and non-conformities found. The correctives action and priority needed are document.

OPERATION retains documents and records in accordance with matrix of documents with the Integrated Management System certify in Safety, Health and Environment (OHSAS 18001:2007 and ISO 14001:2004).

OPERATION has a preventive maintenance programs and the activities are document through Safety Job Assessment Procedure (PETS for its Spanish acronym).

OPERATION has emergency power supply sources to operate pumps. It is to prevent unintentional releases and exposures if by any situations its primary power source is interrupt.

The emergency power generating equipment is maintained and tested weekly

4.2 STANDARD OF PRACTICE 4.2:

INTRODUCE MANAGEMENT AND OPERATING SYSTEMS TO MINIMIZE CYANIDE USE, THEREBY LIMITING CONCENTRATIONS OF CYANIDE IN MILL TAILINGS.

X in full compliance with

The operation is in substantial compliance with Standard Practice 4.2

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION has performed metallurgical testing in order to evaluate and determine with great accuracy the dose of cyanide to be use.

OPERATION has implemented strategies to control cyanide addition. It started with 150 ppm (March 2011) as the external recommendation after assessments metallurgical laboratory has gone down the concentration of 90-100 ppm (August 2014) and are being sample to lower cyanide concentration further, this allows to improve the economy of the mine and also consume less cyanide concentration using less solution to convert cyanide ion to cyanide.

4.3 STANDARD OF PRACTICE 4.3:

IMPLEMENT A COMPREHENSIVE WATER MANAGEMENT PROGRAM TO PROTECT AGAINST UNINTENTIONAL RELEASES.

X in full compliance with

The operation is in substantial compliance with Standard Practice 4.3

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION, prepares the development plan of the water balance in regard to the specifications of the X chapters, article 318 of the DS 055 - 2010 - EM Regulation of Occupational Safety and Health (Ministry of Energy and Mining - Peru).

With the meteorological data provided by the Environmental Management Area, the area of Process Plant ADR, develop the water balance on a spreadsheet Microsoft Excel, according to the EST-SIGLA-PL-001 Development of Water Balance.

The water balance taking into account the rates at which solutions are apply to leach pads and tailings (process tailings generated from a mill operation and placed within a tailings impoundment) that are deposited into tailings storage facilities.

This was evidence by the EST-SIGLA-PL-001 Development of Water Balance.

The water balance taking into account a design storm duration and storm return interval that provides a sufficient degree of probability that overtopping of the pond or impoundment can be prevented during the Operational life of the facility.

This was evidence by the EST-SIGLA-PL-001 Development of Water Balance.

The water balance, take into account the quality of existing precipitation and evaporation data in representing actual site conditions.

This was evidence by the EST-SIGLA-PL-001 Development of Water Balance.

The water balance take into account the amount of precipitation entering a pond or impoundment resulting from surface run-on from the up gradient watershed, including adjustments as necessary to account for differences in elevation and for infiltration of the runoff into the ground.

This was evidence by the EST-SIGLA-PL-001 Development of Water Balance.

Potential freezing and thawing conditions are not applicable on this Operation.

OPERATION recycles and sends the solution to the plant.

In case of power outage, OPERATION immediately activates its backup generator plants.

OPERATION makes not surface water solution discharges.

All aspects of the design have been take into consideration.

OPERATION has established operating procedures inspection, monitoring and maintenance, so that the proper water balance is maintain and prevent overflow or spillage of cyanide solutions to the environment.

OPERATION retains documents and records in accordance with matrix of documents with the Integrated Management System certify in Safety, Health and Environment (OHSAS 18001:2007 and ISO 14001:2004).

OPERATION environmental impact assessment for Tailing Dam indicates that making the balance between inflows and outflows of water in the tailings (process tailings generated from a mill operation and placed within a tailings impoundment).

OPERATION has a nearby weather station, with sufficient proximity and topographical conditions to generate rainfall data representative of side conditions. The data has been included in the Tailing Dam (process tailings generated from a mill operation and placed within a tailings impoundment) environmental impact assessment and helped estimate rainfall.

4.4 STANDARD OF PRACTICE 4.4:

IMPLEMENT MEASURES TO PROTECT BIRDS, OTHER WILDLIFE AND LIVESTOCK FROM ADVERSE EFFECTS OF CYANIDE PROCESS SOLUTIONS.

X in full compliance with

The operation is in substantial compliance with Standard Practice 4.4

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Evidence where available through the records of monitoring March, April, May and June 2014 that the WAD cyanide do not exceeds 50 mg/l.

OPERATION has a perimeter fence around the tailing dams (process tailings generated from a mill operation and placed within a tailings impoundment) with warning signs in Spanish to restrict the access of people, wildlife and livestock to the open waters.

OPERATION environmental impact assessment considered wild birds.

The record also included birds whose presence was only detect by their singing. The bird counts were conduct in the surrounding creeks, finding low population density and few species.

Evidence where available through the records of monitoring March, April, May and June 2014 that the WAD cyanide do not exceeds 50 mg/l. The monitoring is done in the solution tank.

No evidence of bird mortality was observe during the audit. OPERATION maintains periodic inspection record of the tailing dam (process tailings generated from a mill operation and placed within a tailings impoundment) surroundings with chronological verification of the presence or absence of dead birds.

Evidence where available in the Monitoring Biologic Report of the Company Grup G&A Soluciones Geo Ambientales, S.A.C. on November 2013. Approve by Mr. Christian Dennis Alvarez Begazo, Biologic, CBP 7133.

OPERATION implements the PETS-SIGLA-PL-006 Density Control Irrigation Leach:

Personnel involved inspected before, during and after the work area.

The leach proceeds to count the number of lines and sprinklers leaching cells found in irrigation.

The Head Guard Floor selects each line sprinklers where irrigation density is assume.

The leachate, measures the amount of solution in the sprinkler with the help of the bucket and the cap, while the assistant handles the leaching time and scores in the irrigation density format.

The Chief Plant Guard proceeds to calculate the density of irrigation module with data taken.

4.5 STANDARD OF PRACTICE 4.5:

IMPLEMENT MEASURES TO PROTECT FISH AND WILDLIFE FROM DIRECT AND INDIRECT DISCHARGES OF CYANIDE PROCESS SOLUTIONS TO SURFACE WATER.

X in full compliance with

The operation is in substantial compliance with Standard Practice 4.5

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION does not have a direct and indirect discharge to surface water.

4.6 STANDARD OF PRACTICE 4.6:

IMPLEMENT MEASURES DESIGNED TO MANAGE SEEPAGE FROM CYANIDE FACILITIES TO PROTECT THE BENEFICIAL USES OF GROUND WATER.

X in full compliance with

The operation is in substantial compliance with Standard Practice 4.6

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION implemented measures to protect groundwater under the tailing dam (process tailings generated from a mill operation and placed within a tailings impoundment), doing it by placing a geo membrane of Polyvinyl chloride (PVC) 0.5 mm thick, smooth on both sides. It extends over the dam and back.

A layer of fine materials shall be apply before placing the geo membrane; the materials will depends on the ground circumstances to protect the geo membrane against puncture and sharp particles that could be present in the base of the tank.

OPERATION facilities make no use of the groundwater.

Evidence where available Monitoring Report accredit laboratory by National Institute for the Defense of Competition and Protection of Intellectual Property of Peru (INDECOPI acronym Spanish) whit register N° LE - 002 on June 2014.

The limit applicable legislation PERU is 0.08 mg / L WAD cyanide. The Arena does not exceed the legal limit of PERU.

OPERATION does not use mill tailing as underground backfill.

4.7 STANDARD OF PRACTICE 4.7:

PROVIDE SPILL PREVENTION OR CONTAINMENT MEASURES FOR PROCESS TANKS AND PIPELINES.

X in full compliance with

The operation is ☐ in substantial compliance with Standard Practice 4.7

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The solution tanks use in the procedure have containment ponds. The cyanide warehouse maintenance, tanks, equipment, pipelines, valves and accessories procedure states spill prevention measures through the inspection of pipes, tanks containment ponds and HCN level sensors.

The secondary containments for mixing and process tanks are sized to hold a volume greater than of the largest tank and any piping draining back to the tank.

The secondary containment system also includes another containment pond called contingency pond, integrated to the containment system for tanks and mixing solution.

Within OPERATION maintenance program regular pipeline and pump, inspections are considering routine procedures in order to prevent and eliminate leaks to the environment.

As soon as a leak is detected, it is repair and register as closed, in accordance with the corrective action indicated in the report.

All process tanks have secondary containment.

OPERATION establishes procedure measures to avoid leakage and prevent spills to the environment.

According with matrix of documents with the integrated management system certificated in safety, health and environment (OHSAS 18001:2007 and ISO 14001:2004).

In visited in the area the audit team verifies there are no cyanide pipelines near surface water.

All tanks and pipelines are constructing of materials compatible with cyanide and high PH conditions, through tanks, metallic and PVC pipelines.

4.8 STANDARD OF PRACTICE 4.8:

IMPLEMENT QUALITY CONTROL/QUALITY ASSURANCE PROCEDURES TO CONFIRM THAT CYANIDE FACILITIES ARE CONSTRUCTED ACCORDING TO ACCEPTED ENGINEERING STANDARDS AND SPECIFICATIONS.

X in full compliance with

The operation is □ in substantial compliance with Standard Practice 4.8

□ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Operation cyanide facilities have been assess by a suitably qualified company, HEAP LEACHING CONSULTING S.A.C., (HLC) to determine if they have been construct as indicated on the design drawings, and may continue to operate with existing procedures.

The correct construction is evident to the client through documents, procedures, certificates, tests, tests and protocols, which demonstrate and certify the work done in the field, during the execution of the work were performed according to the standards of construction, drawings, specifications and directions approved OPERATION

Evidence where available the certificate of quality building materials, material safety data sheets, Calibration certificate digital thermometer, balance, press break floors, pot fresh concrete unit weight, total station and automatic level.

The report is sign by the HLC Project Manager, Manuel Ortega, Engineer Metallurgist and OPERATION Project Manager, Juan Rodriguez.

The Report for cyanidezation tank dated May 12,2012 and Expansion Report and Process Plant 24,000 TMPD to 36,000 TMPD Spools Desorption and Electroplating "Registering control of materials and equipment" HLC-CC-F-001 date May 12, 2012.

OPERATION maintains records of the designs made by the company HEAP LEACHING CONSULTING SAC is constantly performing quality control and assurance including the adjustments needed to comply with The Code.

HEAP LEACHING CONSULTING SAC qualified personnel reviewed cyanide facility construction and provided documentation that the facility built as proposed and approved.

Operation cyanide facilities have been assess by a suitably qualified person, to determine if they have been construct as indicated on the HEAP LEACHING CONSULTING SAC design drawings, and may continue to operate with existing procedures.

4.9 STANDARD OF PRACTICE 4.9:

IMPLEMENT MONITORING PROGRAMS TO EVALUATE THE EFFECTS OF CYANIDE USE ON WILDLIFE, SURFACE AND GROUND WATER QUALITY.

X in full compliance with

The operation is in substantial compliance with Standard Practice 4.9

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION has developed a written standard procedure for monitoring activities PETS-SIGLA-GA-007 Water monitoring

OPERATION has protocols established by a specialized external company, among which includes a map of the monitoring locations developed by appropriately qualified personnel.

OPERATION has developed a written standard procedure for monitoring activities PETS-SIGLA-GA-007 Water monitoring.

The monitoring performed by specialized companies such as SGS, accredit laboratory by National Institute for the Defense of Competition and Protection of Intellectual Property of Peru (INDECOPI acronym Spanish) whit register N° LE - 002 on June 2014; both suitable/certified in preservation techniques and chain of custody of samples for analysis.

The monitoring frequencies are adequate to characterize the media being monitored and to identify changes in a timely manner

OPERATION consider sampling condition like weather, livestock/ wildlife activity, anthropogenic influences, other.

OPERATION makes no processed water discharge to surface water. The water needed for the plant is balance with rainwater. The operation monitors for cyanide in surface and groundwater down gradient of the site.

OPERATION inspects for and record wildlife mortalities related to contact with an ingestion of cyanide solutions.

Evidence where available in the Monitoring Biologic Report of the Company Group G&A Soluciones Geo Ambientales, S.A.C. on November 2013. Approve by Mr. Christian Dennis Alvarez Begazo, Biologic, CBP 7133.

The water monitoring is periodic. Air and noise monitoring is done yearly. In case the outcome results are above the values allowed, all necessary corrective measures will be in forced, which will be monitor until everything is within the allowed standards.

5 DECOMMISSIONING:

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

5.1 STANDARD OF PRACTICE 5.1:

PLAN AND IMPLEMENT PROCEDURES FOR EFFECTIVE DECOMMISSIONING OF CYANIDE FACILITIES TO PROTECT HUMAN HEALTH, WILDLIFE AND LIVESTOCK.

X in full compliance with

The operation is in substantial compliance with Standard Practice 5.1

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

On page 999 to 1011 of the environmental impact, assessment establishes a written procedure that must be developing regarding the termination of Operation of the processing plant. It indicates that a general cleaning will done.

The decommissioning activities will begin by the end of all charity work. The closure plan will be progressive and simultaneously to Operation.

OPERATION has a closure plan made in 2012 and one made in 2013, are currently developing the third version of its closure plan.

5.2 STANDARD OF PRACTICE 5.2:

ESTABLISH AN ASSURANCE MECHANISM CAPABLE OF FULLY FUNDING CYANIDE RELATED DECOMMISSIONING ACTIVITIES.

X in full compliance with

The operation is in substantial compliance with Standard Practice 5.2

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION has detailed financial securities to implement the decommissioning plan, as it is require by the "Supreme Decree N° 033.2005.EM, that approves the regulations for the control of mine closure in Peru"

OPERATION established cost estimates for decommissioning in the OPERATION closure plan.

The estimated closure costs are for third party implementation, and indicate the basis for the estimates, such as rates quoted by.

OPERATION calculated the final closure for 2018. It has been plan to review and update the estimate cost calculation to 2014.

OPERATION sets values for financial security as established by the Peruvian government in the Supreme Decree 033.2005.EM Title IV, Chapter II

Evidence where available the letter of guarantee 010360336 – 001 and 010364500 – 001 (2012), letter of guarantee 010388549 – 000 (2013) and New letter of guarantee 10428806 - 000 (2014).

The Peruvian government in the Supreme Decree 033.2005.EM states the regulations for closure of mines, thus, OPERATION has a mine closure plan.

OPERATION in constantly monitored and supervised by the Peruvian government in accordance with Supreme Decree N° 033.2005.EM which states sanctions to those who fail to meet the requirements.

6 WORKER SAFETY:

Protect workers' health and safety from exposure to cyanide.

6.1 STANDARD OF PRACTICE 6.1:

IDENTIFY POTENTIAL CYANIDE EXPOSURE SCENARIOS AND TAKE MEASURES AS NECESSARY TO ELIMINATE, REDUCE AND CONTROL THEM.

X in full compliance with

The operation is in substantial compliance with Standard Practice 6.1

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The Operation has developed procedures describing cyanide-related tasks that should be conduct to minimize worker exposure.

OPERATION retains documents and records in accordance with matrix of documents with the Integrate Management System certify in Safety, Health and Environment (OHSAS 18001:2007 and ISO 14001:2004).

All the procedures require, where necessary, the use of personal protective equipment and address pre-work inspections as standard procedure format

Every year for OPERATION, supplier or customer solicitation, the Operation implement in all procedures to review proposed process and Operational changes and modifications for their potential impacts on worker health and safety, and incorporate the necessary worker protection measures.

The Operation requests its own workers, customers, and supplier input, in order to improve procedures.

6.2 STANDARD OF PRACTICE 6.2:

OPERATE AND MONITOR CYANIDE FACILITIES TO PROTECT WORKER HEALTH AND SAFETY AND PERIODICALLY EVALUATE THE EFFECTIVENESS OF HEALTH AND SAFETY MEASURES.

X in full compliance with

The operation is in substantial compliance with Standard Practice 6.2

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The PETS-SIGLA-LAB-05 Test Determination of Alkalinity and pH Natural, Item 4.3, OPERATION establishes the need to: stabilize the PH 10.5 Minimum Non generate cyanide gas

The limit set for Cyanide Gas is 4.7 maximum and should be check before, during and after the Operation, as established in the PETS-SIGLA-PL-007 Preparation of Sodium Cyanide Solution. The task of preparing sodium cyanide solution lasts approximately one hour and is perform three times a week.

OPERATION, do not has found areas where it exceeds 10 parts per million. The procedure provides emergency response "if it has a higher level to 4.7 parts per million, the staff have no activity and proceed to the evacuation of personnel."

OPERATION has certified calibration of measuring equipment used.

- J510-Z043678 Due date 18/10/14 hydrogen cyanide monitoring equipment
- J510-Z053902 Due date 18/10/14 hydrogen cyanide monitoring equipment
- J510-Z053905 Due date 18/10/14 hydrogen cyanide monitoring equipment
- ARFA-6931 Due date 14/09/14 hydrogen cyanide monitoring equipment
- Multigas SE311-001849 Due date 14/08/2014 hydrogen cyanide monitoring equipment

OPERATION implemented in work areas with signage indicating the presence of cyanide product as DOT DIAMOND, NFPA DIAMOND, STORAGE OF CYANIDE, NO SMOKING, OPEN FLAME PROHIBITED, OR PROHIBITED USE FOOD DRINKS, and OBLIGATION TO USE OF PERSONAL PROTECTIVE EQUIPMENT.

The audit team verify that warning signs been placed where cyanide is used advising workers that cyanide is present, and that smoking, open flames and eating and drinking are not allowed.

OPERATION has showers and eyewash at a maximum distance of 10 meters from working areas with cyanide.

The showers, low-pressure eye wash stations and dry powder or non-acidic sodium bi-carbonate fire extinguishers are maintained, inspected and tested on a regular basis.

OPERATION signaled pipes, tanks, storage area and mixing zone where the presence of cyanide.

OPERATION has the MSDS, first aid procedures, written safe work procedure (PETS in acronym in Spanish) in Spanish language and work areas with cyanide.

OPERATION has procedures for investigating and evaluating incidents of cyanide exposure to determine whether programs are efficient, it also has Operation procedures to protect the safety and health of workers and to answer before exposure to cyanide they are adequate and are reviewed at least once a year or whenever the staff involved or third request.

6.3 STANDARD OF PRACTICE 6.3:

DEVELOP AND IMPLEMENT EMERGENCY RESPONSE PLANS AND PROCEDURES TO RESPOND TO WORKER EXPOSURE TO CYANIDE.

X in full compliance with

The operation is ☐ in substantial compliance with Standard Practice 6.3

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION has the equipment to emergency response tanks of oxygen, a resuscitator, antidote kits force, radios and operating phone, also the work is done with a minimum of two people for cyanide unloading, storage and mixing areas and the plant or any other place where the work involving the use of cyanide in whatever concentration.

La Arena inspects its first aid equipment regularly to ensure that it is available when needed, and cyanide antidotes are stored and replaced as directed by their manufacturer.

EST-SIGLA-SySO-010 Inspections

OPERATION has emergency response procedures for the Operation.

OPERATION retains documents and records in accordance with matrix of documents with the Integrate Management System certify in Safety, Health and Environment (OHSAS 18001:2007 and ISO 14001:2004).

OPERATION has a medical center inside the mining unit, which has two doctors (one doctor per shift) which are capable of applying the antidote kit if poisoned with cyanide.

The audit team verifies that the antidote is in the date of validly.

OPERATION implemented procedures to transport workers exposed to cyanide to medical facilities outside the mining unit qualified locally available sites, the transport is performed by using an ambulance.

The ambulance used to transport workers to off-site medical facilities is managed by the operation.

PRA-SIGLA-CM-001 Patient transfer/ using ambulance

OPERATION campaigns conducted with the different training institutions near the mining unit health. In training are taught about the actions to take in case of an intoxicated with cyanide and medical personnel are trained in the process of using cyanide antidote kit patient.

OPERATION established a program for emergency drills conducted periodically to test response procedures for various cyanide exposure scenarios, and are lessons learned from the drills

In the report of exercises OPERATION identify the strong points and the weaknesses points for determinate the continuous improvement.

Also are schedule to perform four drills per year.

7 EMERGENCY RESPONSE:

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

7.1 STANDARD OF PRACTICE 7.1:

PREPARE DETAILED EMERGENCY RESPONSE PLANS FOR POTENTIAL CYANIDE RELEASES.

X in full compliance with

The operation is ☐ in substantial compliance with Standard Practice 7.1

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION has emergency response procedures for the Operation.

In its Plan, OPERATION considers cyanide moving and handling, whose magnitudes and consequences may be from minor to catastrophic; which may involve personal factors, the environment, neighboring communities, and Operations of the Process Plant.

DCR Mineria y Construcción, certified company by The Code, and which performs the transportation for OPERATION, relies on a Route Sheet, in which are indicate the scenarios in which incidents may occur whit the cyanide load. Population density, types of roads, bodies of water, and available health centers and included.

The OPERATION Emergency Response Plan considers during unloading of the truck, storage and transportation to the mixing tank.

OPERATION has emergency response procedures for the Operation.

OPERATION established a procedure to minimize the risk of spills during fire and explosions.

Once a fire that involves sodium cyanide is detect, the first response will be to alert the personnel that are working in the area and then try to extinguish it to avoid the fire from spreading and causing damages that are more serious. In the cases of great magnitude, the Emergency Central Committee in conjunction with the Firefighting Brigade will organize and coordinate all response actions with the purpose of containing the fire and assuring the safety of whole personnel.

OPERATION established the procedure for cases of tank, pipe and valve ruptures, where it indicates the protection equipment for employees, tools, and equipment, as well as the steps to follow.

OPERATION has emergency response procedures for the Operation.

OPERATION establishes measures to taken in case of overflowing of tanks, tailing dams, and dikes.

It has the objective of establishing and carrying out measures to avoid or diminish the destructive impact of a spill emergency based in analysis internal and external ricks existent in Operations of the process plant and tailings dam (process tailings generated from a mill operation and placed within a tailings impoundment).

OPERATION has emergency response procedures for the Operation.

In case of power or pumps failure, OPERATION has backup power generators.

OPERATION implement Detection System Filtration, this has the following controls:

All under drains converge to a water catchment pond filtration which is monitored daily for pH and monthly basis cyanide content.

It has an installed above the pool to recycle this water in cases of alteration present pump.

There is control by the Geotechnical Monitoring, who reports in advance of any changes or movements that had on the Pad.

In addition, here the Emergency Response Procedures includes the following scenarios:

- In cases of leakage over pressure.
- In cases of leaks from ruptured geo membrane.
- In cases of slippage Leach Pad.
- In case of an Emergency Medical accidentally

OPERATION has emergency response procedures for the Operation

According with matrix of documents with the integrated management system certificated in safety, health and environment (OHSAS 18001:2007 and ISO 14001:2004).

Cyanide treatment systems are address in the emergency plan through monitoring every hour of the concentrations present in the solutions, and with backup power sources, the same way as with backup pumps in recovery systems.

OPERATION has earth-moving machinery available to perform earth-moving works in dike, tailings impoundments, and head leach facilities.

OPERATION uses DCR Mineria y Construcción, company certified by The Code for the transport of cyanide. OPERATION periodically performs audits of the carrier to ensure compliance with safety standards.

OPERATION establishes each Emergency Response Procedures describe to perform specific actions by staff. Also includes communication channels (internal and external, as appropriate), use of antidotes, first aid, spill containment, assessment, mitigation and prevention against future emissions.

OPERATION retains documents and records in accordance with matrix of documents with the Integrate Management System certify in Safety, Health and Environment (OHSAS 18001:2007 and ISO 14001:2004).

7.2 STANDARD OF PRACTICE 7.2:

INVOLVE SITE PERSONNEL AND STAKEHOLDERS IN THE PLANNING PROCESS.

X in full compliance with

The operation is ☐ in substantial compliance with Standard Practice 7.2

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION states that all Operation procedures including procedures for emergency response can be check by workers. In addition, workers may request changes thereof.

OPERATION performs technical visits to the premises of the mine and process plant. These visits assist residents of the communities where they explained the Operational processes; and hazards and risks. During these visits, the residents of nearby communities can make consultation on Operations and make appropriate recommendations. In addition, the same task is perform with the emergency response procedures.

OPERATION, allows the entry of communities near the facilities of the processing plant where they explained the dangers and risks, as well as emergency response procedures.

Additionally, 75% of workers belong to the nearby community. These workers have been training in emergency procedures.

OPERATION implemented a training program for health workers and health promoters adjacent to the establishment Operation in 2014, which aims to promote the strengthening of pre-hospital emergency care in the area of influence, through training of human resource "MINSA" (Peruvian Ministry of Health) and health promoters in their respective establishments. This program is aim at training health personnel and health workers in order to strengthen knowledge and practices in relation to handling first aid cyanide poisoning, basic first aid for burns, fractures and bleeding, resuscitation care and pre - hospital.

OPERATION trains personnel of company's firefighters and civil defense on issues related to emergency response spill of sodium cyanide.

OPERATION adopted the program of technical visits where the population visits the plant processes are conduct four times a year. Thus, make sure to have the views of communities with respect to emergency response procedures. Likewise, 75% of

workers belong to the surrounding communities and is constantly involved in the evaluation and modification of emergency response procedures.

7.3 STANDARD OF PRACTICE 7.3:

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

X in full compliance with

The operation is in substantial compliance with Standard Practice 7.3

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION implemented the M-SIGLA-001 Manual - Preparedness and Emergency Response has established a response coordinator caller Chairman of the Crisis Committee who has the authority the necessary resources and designates an alternate emergency coordinator.

OPERATION implemented the M-SIGLA-001 Manual - Preparedness and Emergency Response, provides equipment for emergency response and identifies emergency response teams

OPERATION implemented the M-SIGLA-001 Manual - Preparedness and Emergency Response, which provides that the Brigade will be trained according to the type of threats they face: (First Aid, Fire Prevention and Control, Rescue and Hazardous Materials); your training should be permanent with continuing practices to strengthen the techniques seen in training.

OPERATION is staff 24 hours for emergency response

OPERATION implemented the M-SIGLA-001 Manual - Preparedness and Emergency Response, responsibilities of the coordinators and team members.

OPERATION procedures described in emergency response personal protective equipment required for emergency response with cyanide.

OPERATION implemented the EST-SIGLA-SySO-010 Inspections for inspection of emergency response teams. The inspection is perform by "Relationship Rescue Teams Train Rescue No. 1 - Year 2014".

OPERATION implemented the M-SIGLA-001 Manual - Preparedness and Emergency Response, the roles of outside responders, medical and community centers.

OPERATION implemented the M-HSN-001-F03 Program Emergency Drills.

OPERATION conducted an exercise cyanide spill in July where they participated:

- OPERATION

- DCR Mineria y Construcción (TRANSPORT COMPANY)
- Mercantil Commodity (DISTRIBUTOR COMPANY)
- Fire Company
- Command Cops
- medical institutions
- Regional Government of Trujillo
- Civil defense

Also are schedule to perform four drills per year.

7.4 STANDARD OF PRACTICE 7.4:

DEVELOP PROCEDURES FOR INTERNAL AND EXTERNAL EMERGENCY NOTIFICATION AND REPORTING.

X in full compliance with

The operation is □ in substantial compliance with Standard Practice 7.4

□ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

In the M-SIGLA-001 - Manual - Preparedness and Emergency Response, between pages 33 to 38 phone numbers with regulators, suppliers and external emergency response medical services are indicate.

In the M-SIGLA-001 - Manual - Preparation and Emergency Response, page 29, states that it is necessary to inform local authorities, communities downstream, supporting affected communities. In case, these are affect to an incident with cyanide.

The site procedures include contact information for communication with the media.

7.5 STANDARD OF PRACTICE 7.5:

INCORPORATE INTO RESPONSE PLANS AND REMEDIATION MEASURES MONITORING ELEMENTS THAT ACCOUNT FOR THE ADDITIONAL HAZARDS OF USING CYANIDE TREATMENT CHEMICALS.

X in full compliance with

The operation is □ in substantial compliance with Standard Practice 7.5

□ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION implements the emergency response procedures, depending on the type of scenario in the same recovery procedure or neutralization of cyanide indicated.

OPERATION implements the EST-SIGLA-GA-001 Solid Waste Management and PETS-SIGLA-GA-001 Solid Waste Management for the management of contaminated soils or other contaminated media.

OPERATION implements the EST-SIGLA-GA-001 Solid Waste Management and PETS-SIGLA-GA-001 Solid Waste Management for waste disposal.

OPERATION has water supply, if necessary, an alternative supply has drums of water for human consumption.

OPERATION established in the emergency response procedure that is PROHIBITED cyanide using chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide to treat cyanide in surface water

OPERATION states that environmental monitoring is necessary to identify the scope and effect if cyanide occurs. For monitoring sampling methodologies, parameters and possible sampling points are set.

7.6 STANDARD OF PRACTICE 7.6:

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

X in full compliance with

The operation is ☐ in substantial compliance with Standard Practice 7.6

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION determines that all proceedings should be review at least once a year. The staff can review the emergency response procedures and may request amendment at all times.

OPERATION implemented the M-SIGLA-001-F03 Program drills. OPERATION performed the following drills:

- January 2014 - Slip Leach Pad
- March 2014 - Spill Settlement and cyanide poisoning
- April 2104 - Cyanide Spill / Personal Poisoning
- August 2014 - Cyanide Spill / during transport

OPERATION establishes that the grounds for review emergency response procedure the occurrence of an incident, to date, no reports of any incident which has been involved cyanide.

8 TRAINING:

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

8.1 STANDARD OF PRACTICE 8.1:

TRAIN WORKERS TO UNDERSTAND THE HAZARDS ASSOCIATED WITH CYANIDE USE.

X in full compliance with

The operation is □ in substantial compliance with Standard Practice 8.1

□ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION trains all staff that has contact with cyanide written safe work procedures (PETS in its acronym in Spanish) also are training in emergency response procedures.

The Brigade will be training according to the type of threats they face: (First Aid, Fire Prevention and Control, Rescue and Hazardous Materials); your training should be permanent with continuing practices to strengthen the techniques seen in training.

The audit team verifies the annual program training.

OPERATION program courses annually "Cyanide Management Insurance (Spill and Poisoning)"

OPERATION maintains records of staff training courses Cyanide Management Insurance (Spill and Poisoning), PETS, drills, emergency response procedures.

8.2 STANDARD OF PRACTICE 8.2:

TRAIN APPROPRIATE PERSONNEL TO OPERATE THE FACILITY ACCORDING TO SYSTEMS AND PROCEDURES THAT PROTECT HUMAN HEALTH, THE COMMUNITY AND THE ENVIRONMENT.

X in full compliance with

The operation is □ in substantial compliance with Standard Practice 8.2

□ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION maintains records according with the integrated management system certificated in safety, health and environment (OHSAS 18001:2007 and ISO 14001:2004) for management all documents including records.

OPERATION trains staff based on written safe work procedures (PETS in the acronym in Spanish) and emergency response procedures put in place, the same that used for training.

OPERATION provides that all training personnel should be evaluate the evaluations were evident.

Likewise, it is evident that there have been no incidents during the development of the Operations related to cyanide, which serves as evidence of efficiency of training.

The staff goes through a 30-minute chat before the start of its activities, also must develop hazard identification, risk assessment and control (IPERC in its acronym in Spanish) before the start of their activities.

OPERATION by PRA-SIGLA-004 has a Control of Documents Item 5.5.

"Once the document is being approved according to the channel responsible, we proceed to the publication of document in electronic form, SIGLA Portal (Software).

The head of each area prepares the corresponding dissemination to partners involved in the documented process, such dissemination of documents is left to the consideration of the superintendents or heads of areas: for it must be recorded with the diffusion Record lectures and / trainings PRA-SIGLA-003-F01".

OPERATION provides that all training personnel should be evaluate the evaluations were evident.

Likewise, it is evident that there have been no incidents during the development of the Operations related to cyanide, which serves as evidence of efficiency of training.

The area of human resources is responsible for filing training records and assessments, also, these records include the names of employees and the trainer, the date of training, topics covered, and if the employee demonstrates an understanding of training materials.

8.3 STANDARD OF PRACTICE 8.3:

TRAIN APPROPRIATE WORKERS AND PERSONNEL TO RESPOND TO WORKER EXPOSURES AND ENVIRONMENTAL RELEASES OF CYANIDE.

X in full compliance with

The operation is
- □ in substantial compliance with Standard Practice 8.3
- □ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION trains staff based on written safe work procedures (PETS in the acronym in Spanish) and emergency response procedures put in place, the same that are used for training.

OPERATION states that all staff must be constantly training by also must receive training in decontamination and first aid. Staff should participate in routine exercises in emergency response.

Coordinators and members of the Emergency Response Team are training in the procedures included in the Emergency Response Procedures regarding cyanide, including the use of necessary response equipment Emergency Response.

The Brigade will be train according to the type of threats they face: (First Aid, Fire Prevention and Control, Rescue and Hazardous Materials); your training should be permanent with continuing practices to strengthen the techniques seen in training.

OPERATION has train staff fire companies, body of police, civil defense, medical centers and individuals in the communities near the mining unit. OPERATION is training in Operation procedures and emergency response procedures.

OPERATION conducted an exercise cyanide spill in July where they participated:

- OPERATION
- DCR Minería y Construcción (TRANSPORT COMPANY)
- Mercantil Commodity (DISTRIBUTOR COMPANY)
- Fire Company
- Command Cops
- medical institutions
- Regional Government of Trujillo
- Civil defense

Also are schedule to perform two drills per year.

OPERATION provides courses cyanide emergency response and hazardous materials annually and is distribute to internal and external personnel.

OPERATION set drills with cyanide and hazardous materials annually covering the different scenarios that might arise.

OPERATION implements the M-SIGLA-001-F03 Program drills. OPERATION performed the following drills:

- January 2014 - Slip Leach Pad
- March 2014 - Spill Settlement and cyanide poisoning
- April 2104 - Cyanide Spill / Personal Poisoning
- August 2014 - Cyanide Spill / during transport

At the end of the simulations, OPERATION identifies weaknesses and strengths during exercise and issues the "Report Drill" by setting the "Action Plan" to lift the observations during the development of the simulation.

The area of human resource files and records of training evaluations, training records include the names of the employees and the trainer, the date of training, topics covered, and how the employee demonstrated an understanding of the training materials.

9 DIALOGUE:

Engage in public consultation and disclosure.

9.1 STANDARD OF PRACTICE 9.1:

PROVIDE STAKEHOLDERS THE OPPORTUNITY TO COMMUNICATE ISSUES OF CONCERN.

X in full compliance with

The operation is ☐ in substantial compliance with Standard Practice 9.1

☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION implement the "Office of Permanent Information" where it greets residents of communities and recording these visits is stored in the "record format permanent information office visits" in some visits communities can undertake all open consultations mining activities also leave comment record that they could make.

OPERATION also implement techniques guided tours, where all the surrounding communities invited to spend a day on site where they explain the Operations, hazards and risks, Operational procedures and emergency response procedures, so that the villagers can make comments and improvement opportunities.

- Peasant patrols - Huamachuco - November 2013
- Front of provincial defense - Sanchez Carrion - December 2013
- Provincial Mayor - Sanchez Carrion - November 2013
- Project - Sierra Norte - October 2013
- Caserio - Union - May 2013
- Caserio - Peña Colorada - May 2013
- Caserio - The Ramada - May 2013

OPERATION implements the "Register of Complaints, Concerns, Questions and / or Suggestions External" as a new channel of communication with the residents of the surrounding communities.

In addition, in the PRA-OPERATION-SIGLA-017 Communication, Participation and Consultation, page 5, provides external communication channels.

9.2 STANDARD OF PRACTICE 9.2:

INITIATE DIALOGUE DESCRIBING CYANIDE MANAGEMENT PROCEDURES AND RESPONSIVELY ADDRESS IDENTIFIED CONCERNS.

X in full compliance with

The operation is in substantial compliance with Standard Practice 9.2

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION also implement techniques guided tours with communities, authorities, press, other, where all the surrounding communities invited to spend a day on site where they explain the Operations, hazards and risks, Operational procedures and emergency response procedures, so that the villagers can make comments and improvement opportunities.

9.3 STANDARD OF PRACTICE 9.3:

MAKE APPROPRIATE OPERATIONAL AND ENVIRONMENTAL INFORMATION REGARDING CYANIDE AVAILABLE TO STAKEHOLDERS.

X in full compliance with

The operation is in substantial compliance with Standard Practice 9.3

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

OPERATION also implement techniques guided tours, where all the surrounding communities invited to spend a day on site where they explain the Operations, hazards and risks, Operational procedures and emergency response procedures, so that the villagers can make comments and improvement opportunities.

During the visit staff have access to documentation in different facilities as visiting Process Plant, Cyanide Depot, among others. Additionally OPERATION printed material delivered to the residents and organizes lectures explaining the Operations of the mining unit.

OPERATION also implement techniques guided tours, where all the surrounding communities invited to spend a day on site where they explain the Operations, hazards and risks, Operational procedures and emergency response procedures, so that the villagers can make comments and improvement opportunities.

OPERATION organized an "Expoferia" (communal event) where I provide training on environmental issues and reviews of all the people who attended were receive, this plan to feed and improve guided presentation on issues related to the Operation visits. The comments were record in the "YOUR OPINION MATTERS" where APPROVAL community was evident regarding the Operation of OPERATION.

In OPERATION cyanide, related incidents have occurred, but this referred to notify and inform the public when these happen.

LA ARENA makes information on cyanide releases and exposure incidents available to the public, through on a web site, in its Annual Report, reporting to health, safety, or environmental agencies and guide visits to the operation.