



**International Cyanide Management Code
Summary Audit Report**

**Posabro: Winnemucca USA to Sonora Mexico
Cyanide Supply Chain: Rail Transport, Trans-
loading and Truck Distribution to Mines**

Certification Audit

**Submitted to:
The International Cyanide Management Institute
1400 I Street, NW – Suite 550
Washington, DC 20005
USA**

2014 Audit Cycle



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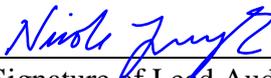
Posabro Winnemucca USA to Sonora Mexico Supply Chain Summary

Company Summary

Company Names & Contact Information

Name and location of Supply Chain Consignor:	Posabro, S.A. de C.V. Hermosillo, Sonora, Mexico
Name and contact information for Posabro:	Juan Jose Badillo Posabro, S.A. de C.V. Rio Hudson # 483 Col. Del Valle San Pedro Garza Garcia Nuevo Leon Mexico C.P. 66220 juanjose.badillo@Posabro.com
Name of Transporter included in this Supply Chain:	Transportes Suri S.A. de C.V. (Suri) Fracc. Las Batuecas S/N, Col. Termoelectrica Guaymas, Sonora 85430, Mexico
Names and contact information for Transporter:	Suri: Lic. Gaspar Arellano R. Unidad de Negocio Nogales - Division MRP Transportes Suri S.A. de C.V. Email: gaspar@alsua.com Tel. + 52(622) 222.5530 & 224.1885
Rail Companies included in Supply Chain:	Union Pacific Ferromex Rail

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Supply Chain Overview

The Posabro company maintains a liquid sodium cyanide supply chain that is compliant with the International Cyanide Management Code (ICMC). The Posabro supply chain includes the following:

1. Rail transport from Winnemucca, Nevada (USA) to the Mexican Border using the Union Pacific Railroad (UP);
2. Rail transport from the Mexican Border at the Nogales border crossing to the Posabro terminal located outside of Hermosillo, Sonora, Mexico using the Ferromex Rail Company;
3. Trans-loading of sodium cyanide solution from rail tank cars to ISO tanks;
4. Truck transport of sodium cyanide solution to mine customers using an ICMC-certified truck transporter (Transportes Suri S.A. de C.V. – “Suri”)

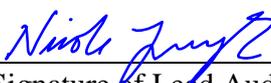
The Posabro trans-loading facility is located outside of Hermosillo, Sonora, Mexico. The facility consists of a concrete rail-to-ISO tank transloading pad that is adjacent to a rail spur that is serviced by the Ferromex railroad, a mobile transloading unit, a secure truck yard terminal, several portable buildings, and several storage units used for equipment, material, and waste storage. The sodium cyanide solution is offloaded from railcars and loaded into ISO containers that are mounted on truck trailers (chassis).

At the time of the audit, Posabro was shipping all cyanide with an ICMC-certified trucking company Transportes Suri S.A. de C.V. – “Suri”. Suri’s third-party ICMC certification was announced by the ICMI on its web-site on September 29, 2014. Posabro maintains procedures to closely monitor all aspects of ICMC compliance of its transportation contractors. Posabro also maintains a formally documented policy that only ICMC-certified Signatory transportation partners will be used for cyanide shipment. Posabro employees are in attendance during all deliveries. Posabro security guards confirm that drivers are fit for duty. Posabro personnel confirm that transport equipment is fit for service prior to each delivery and that shipments are tracked continuously. Posabro personnel perform all functions related to product unloading and emergency response in the event of an unplanned event.

Posabro receives its cyanide from the Cyanco production facility in Winnemucca, Nevada, USA. Cyanco maintains control over rail equipment. Posabro and Cyanco jointly track shipments and plan for emergency response. Cyanco and Posabro have each performed Due Diligence of the Union Pacific and Ferromex railroads to ensure that shipments are made safely in accordance with accepted hazardous material shipment regulations in the United States and in Mexico.

Posabro built the transloading facility in an existing secure truck yard earlier in 2014. The transloading area was built on concrete with secondary containment. All piping and transloading activities are over concrete and within secondary containment. ISO tanks are maintained and

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inspected by Posabro. Suri (the certified trucking company) maintains tractors and trailers. Route risk assessments are performed by Suri. Posabro employees escort all shipments and perform all unloading activities at the mine sites. Escorts provide immediate emergency response support, as necessary. Posabro maintains all necessary emergency response equipment in case there is an on-site or transport emergency situation.

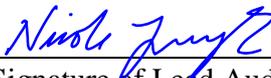
Audit Implementation and Conclusions

The audit was conducted through a review of procedures and records, observations of transloading and delivery operations, and interviews with the Posabro Operations Manager, Chemical Operators, Senior Management, EHS Director, Escorts, Security Guards, and Suri Drivers. The auditor used the ICMI Cyanide Production and Transportation Protocols to evaluate International Cyanide Management Code (ICMC) compliance.

The audit was based on a sampling of information and therefore deficiencies may exist which have not been identified. The on-site portion of the audit was conducted on October 2-3, 2014. The off-site due diligence evaluations of the UP and Ferromex rail operations were conducted directly following the on-site audit. The Suri transportation company was audited earlier in 2014. The Suri ICMC certification was announced on the ICMI web-site in September 2014. The audit was performed by an independent third-party auditor who was pre-approved by the ICMI as a Lead Auditor for all types of International Cyanide Management Code (ICMC) audits and as a technical expert for ICMC audits of cyanide transportation and production operations.

All supply chain components noted above were included in this ICMC Certification Audit. Each organization noted in this report was found to be in FULL COMPLIANCE with ICMC requirements.

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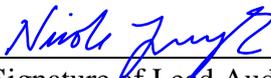
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Posabro Supply Chain Certification Audit – Auditor’s finding and attestation

Cyanide management practices for the Posabro Winnemucca-Sonora Mexico Supply Chain were evaluated for ICMC compliance using the *ICMI Cyanide Production and Transportation Verification Protocol*. Posabro internal Standards, Policies, Practices, and Procedures regarding the management of the cyanide transload operations and overall Supply Chain management were reviewed.

The results of the this certification audit indicate that Posabro and all portions of its Supply Chain are in FULL COMPLIANCE with International Cyanide Management Code requirements.

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Auditor's Finding

All Posabro Winnemucca USA-Sonora Mexico cyanide supply chain management practices, Posabro transload operations, and truck delivery operations using a certified trucking company (Suri) were found to be in FULL COMPLIANCE with the requirements of the International Cyanide Management Code according to the *ICMI Cyanide Production and Transportation Verification Protocols*. All personnel were very well prepared for the audit. The audit team found that the overall level of preparedness and understanding of ICMC requirements was excellent.

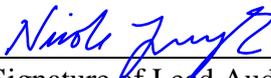
The Posabro Winnemucca-USA to Sonora-Mexico Sodium Cyanide Supply Chain is in full compliance with the ICMI International Cyanide Management Code.

Audit Company:	MSS Code Certification Service www.mss-team.com
Lead / Technical Auditor:	Nicole Jurczyk E-mail: CodeAudits@mss-team.com
Date(s) of Audit:	October 2-3, 2014 with Due Diligence Assessments in October 2014

I attest that I meet the criteria for knowledge, experience and conflict of interest for Code Certification 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 the Audit Reports accurately describe the findings of the certification audit. I further attest that the certification audit was conducted in a professional manner in accordance with the International Cyanide Management Code Verification Protocol for Cyanide Production Operations and using standard and accepted practices for health, safety and environmental audits.

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Posabro Trans-loading Terminal Certification Audit Results

1. OPERATIONS: Design, construct and operate cyanide production facilities to prevent release of cyanide.

Production Practice 1.1: Design and construct cyanide production facilities consistent with sound, accepted engineering practices and quality control/quality assurance procedures.

The operation is in full compliance with Production Practice 1.1

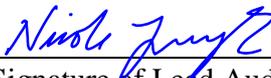
Summarize the basis for this Finding:

The Posabro transloading facility was built using sound, accepted engineering practices. Quality checks and professional engineer sign-offs were obtained during the construction phase and are maintained by Posabro. The area where transloading operations are performed is concrete that was built on top of a geomembrane as additional protection from seepage of cyanide into the ground in the event of a spill. There is sufficient secondary containment to contain the volume of the largest tank and associated piping. Calculations and tank volumes were confirmed during the audit. A professional engineer sign-off and evaluation from earlier in 2014 was also available for review during the audit. No unloading operations are performed during rain events to ensure safety.

Engineering specifications for materials used for the construction and in daily operations were reviewed. All materials specifications reviewed indicated that materials of construction are compatible with the sodium cyanide solution managed at this facility.

The only time solution is flowing at this operation is during the offloading of the rail car into a chassis-mounted ISO tank. The operation is manned at all times. The transloading system is designed so that overfilling of the ISO tank is not possible. When the ISO tank is full, the excess solution flows back to the rail car through the closed-loop system. The progress of the transload is carefully monitored at all time. An emergency stop button is present in the area and was demonstrated during the audit. The system is tested regularly to ensure that it is operational at all times. When the operators are not transloading, all piping to the rail car and the ISO tank are disconnected and all openings are properly secured. Drains in the rail car-to-ISO tank transload area are made of concrete that is painted with a polymer sealer.

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Production Practice 1.2: *Develop and implement plans and procedures to operate cyanide production facilities in a manner that prevents accidental releases.*

The operation is in full compliance with Production Practice 1.2

Summarize the basis for this Finding:

Extensive operational and emergency response procedures are maintained by Posabro specifically for this operation. Procedures address normal operations, upset conditions, and emergency events. Management of change procedures have been fully implemented and evidence was available during the audit to demonstrate the effectiveness of the process. All procedures reviewed were found to be comprehensive and appropriate for the operation.

Standard operating procedures are maintained by the Posabro operation. The procedures are well-organized and were available for review during the audit. The procedures were sampled throughout the audit and were found to be appropriate for ensuring environmentally sound operation of the facility.

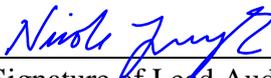
Operations personnel and emergency response personnel were interviewed and their awareness level of emergency and contingency procedures was very good.

Operating procedures are formally maintained, reviewed at regular frequencies, and approved prior to use. The appropriate control of operating procedures and the management of change procedure was fully implemented in May 2014. At the time of the audit, there had been 8 changes processed using the formal MOC process. Documentation of the process was found to be excellent.

The Posabro maintenance program is made up of three parts: Suri, Posabro, Tecnovias. Suri maintains the trailers and chassis; Posabro maintains the ISO tanks, piping and valves; Tecnovias maintains anything having to do with the railroad and the plant. Anything that touches the cyanide is done by Posabro. Additionally, Posabro inspects all concrete for cracks, cleans out trenches and check sumps and sump pumps.

Maintenance records were very well organized and complete. Records showed that required maintenance is being completed as planned. Environmental Plans are in place to prevent unauthorized/unregulated discharge to the environment of any cyanide-containing water. Procedures call for contaminated cyanide water to be pumped back into the railcar. OP-PROC-08 calls for the testing of storm water that has been collected in the water collection system prior to discharge of the water into the environment. If there is any level of cyanide detected the water is loaded into an ISO and brought to a mine that has agreed to take diluted cyanide water.

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There is a procedure for the disposal of contaminated solids. The material is stored in a covered shed and is sent off with a certified hazardous waste service provider. Records were reviewed from pick-ups done on January 22, 2014, Feb 5 2014 and August 16, 2014. Manifests were properly signed and dated and classified

The main terminal is within a locked fenced area with restricted access. Security guards are present 24 hours a day, 7 days a week. Gates are kept locked. Placarding practices reviewed during the audit were found to be compliant with local regulations. All four sides of ISO tanks and both sides of the rail cars are placarded with UN 3414. Checking for placards is part of the ISO tank loading inspection checklist EPM-PROG-B. Records were complete and readily available.

Production Practice 1.3: Inspect cyanide production facilities to ensure their integrity and prevent accidental releases.

The operation is in full compliance with Production Practice 1.3

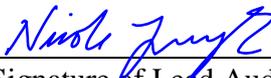
Summarize the basis for this Finding:

The Posabro transloading facility was built using sound, accepted engineering practices. Quality checks and professional engineer sign-offs were obtained during the construction phase and are maintained by Posabro. The area where transloading operations are performed is concrete that was built on top of a geomembrane as additional protection from seepage of cyanide into the ground in the event of a spill. There is sufficient secondary containment to contain the volume of the largest tank and associated piping. Calculations and tank volumes were confirmed during the audit. A professional engineer sign-off and evaluation from earlier in 2014 was also available for review during the audit. No unloading operations are performed during rain events to ensure safety.

Engineering specifications for materials used for the construction and in daily operations were reviewed. All materials specifications reviewed indicated that materials of construction are compatible with the sodium cyanide solution managed at this facility.

The only time solution is flowing at this operation is during the offloading of the rail car into a chassis-mounted ISO tank. The operation is manned at all times. The transloading system is designed so that overfilling of the ISO tank is not possible. When the ISO tank is full, the excess solution flows back to the rail car through the closed-loop system. The progress of the transload is carefully monitored at all times. Daily inspections of all piping and equipment are performed. The hoses are inspected three times per year. Secondary containment inspections occur on a daily basis.

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2. **WORKER SAFETY: Protect workers' health and safety from exposure to cyanide.**

Production Practice 2.1: *Develop and implement procedures to protect plant personnel from exposure to cyanide.*

The operation is **in full compliance with Production Practice 2.1**

Summarize the basis for this Finding:

Procedures exist for normal and abnormal operations. Worker exposure to liquid product is minimized during unloading operations through the use of a chemical suit and face shield. HCN monitors are used at all times.

The MOC procedure was fully implemented in May 2014. At the time of the audit, there had been 8 changes processed using the formal MOC process. Documentation changes, physical changes, and operational changes are processed using this procedure.

Operators participate in the development of procedures and the roll-out of procedures. Employee participation in the development and maintenance of safety practices was found to be acceptable.

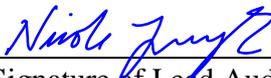
There are 7 HCN monitors, three at the plant and 4 with the escorts. Procedure EPM-PROC-01 is used to calibrate the HCN monitors at the plant. HCN monitors are calibrated every 6 months according to manufacturer's specification. Calibration done by an outside calibration lab - Dinamica Industrial del Noroeste, S.A. de C.V.

Transloading operations in the station and in the customer site are performed by two people at all times. This requirement is part of the operations procedure for transloading. During operations three people are present.

Operators have a medical exam every 6 months to confirm fitness for duty. The exam includes checks of: blood pressure, heart function, vision and a nutritional evaluation. Health check records were complete for all 8 people who are working in the area (3 operators, 4 escorts, 1 maintenance person from an outside company).

Operators have full chemical suits, boots, and gloves that are removed prior to leaving the transloading area. They do remove any clothing that has potentially been in contact with cyanide after transloading operations and offloading at a customer site. Visitors do not go into areas where there could be in contact with cyanide. All potentially contaminated clothing and equipment stays in the area. Shoes are decontaminated with hypochlorite - this practice was observed during the audit.

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Warning signs and PPE requirement signs were observed in several locations. Red zone PPE requirements are chemical suit, chemical gloves and boots, goggles, face shield, HCN monitor and hard hat. Yellow zone requirement are safety vest, safety shoes, hard hat and safety glasses

Eating, drinking, smoking, open flames are prohibited where there is a potential for cyanide contamination. Employees showed very good awareness of the restrictions and of the potential dangers of not following the rules.

Production Practice 2.2: Develop and implement plans and procedures for rapid and effective response to cyanide exposure.

The operation is in full compliance with Production Practice 2.2

Summarize the basis for this Finding:

Posabro maintains comprehensive Emergency Response Plans and procedures for rapid and effective response to cyanide exposure. The procedure for treatment of cyanide exposure is available for a medical emergency responder and the antidote response kit was properly stored.

Two combination shower / low-pressure eye wash stations are in use at the facility. They are tested daily. Records were reviewed and were found to be complete.

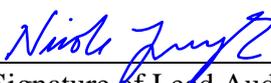
The facility has water, two emergency kits, three oxygen tanks, antidote and a means of communication readily available at the facility. Emergency equipment is inspected on a weekly basis. The emergency equipment was seen during the audit. Escorts also have an emergency response kit.

Posabro appropriately maintain emergency response equipment and antidote to ensure their availability during an emergency. Recent records of equipment inspections were reviewed for both. The methods by which shelf-life medicines and antidotes are managed were also reviewed. Antidote is stored in locations that are temperature controlled. The medicine is stored in a manner that protects it from moisture and from light, as recommended by the manufacturer. Emergency response equipment is stored and tested according to manufacturer's recommendations.

Safety Data Sheets and first aid procedures are available to workers in operational areas. Safety procedures that describe how to respond to a cyanide exposure and how to use the medical kit were available.

Cyanide safety training is given annually and employees and supervisors demonstrated a good understanding of the decontamination policy and the need for safety precautions. Upon review of the operations, it was deemed to be highly unlikely that there would be a potential for skin

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exposure to cyanide. The safety training and procedures of the facility were found to be acceptable.

All medical treatment would be done by a licensed physician. The site maintains a medical response kit with instructions for use. An emergency kit was delivered to the Centro Medico Del Noroeste S.A. de C.V. The hospital confirmed receipt. Training was given at the hospital on and on 10/21/2013 and 10/30/2013. Meetings were held with the fire department and civil protection in September 2014. A drill planned with these groups is planned for November 2014.

The doctor who is responsible for medical exams and treatment in the event of an emergency visits the facility annually. Additionally the doctor monitors all employees for cyanides on an annual basis. Emergency response drills are conducted annually by Posabro. Spill and exposure scenarios tested were deemed to be appropriate for the operations.

Posabro has documented investigation and reporting requirements for any safety or environmental incident. According to interviews, procedures and practices would be extensively reviewed in the event of an incident.

3. MONITORING : *Ensure that process controls are protective of the environment.*

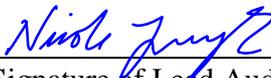
Production Practice 3.1: Conduct environmental monitoring to confirm that planned or unplanned releases of cyanide do not result in adverse impacts.

The operation is in full compliance with Production Practice 3.1

Summarize the basis for this Finding:

The facility does not discharge directly or indirectly to surface water. The site reported that it has not had any significant spills of product to ground. One small spill occurred in August of 2013. The soil was immediately dug up and put into waste containers. Records from the transportation accident were reviewed and showed that the necessary environmental testing had been completed. Surface water was tested and there was no cyanide contamination.

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

Production Practice 4.1: Train employees to operate the plant in a manner that minimizes the potential for cyanide exposures and releases.

The operation is in full compliance with Production Practice 4.1

Summarize the basis for this Finding:

Posabro and Suri both have formal training programs that include safety training for the handling of hazardous materials prior to the start of work and periodic refresher training on all procedures. Posabro give training for cyanide safety twice per year for operators and once per year for guards.

Training was done in July 2014 and certificates are on file. Additionally, a Cyanco training was given on August 27, 2014. Certificates were observed in each person's folder. Employees are trained to perform normal operation tasks to minimize risks to personal safety and the environment. Awareness of procedural requirements was evaluated through interviews. Employees showed very good awareness of procedural requirements for both normal and upset operating conditions.

Experienced and qualified personnel provide the safety and operations training. Interviews indicated that the cyanide-specific training at Posabro is given by the Safety Manager and by Cyanco.

All personnel are trained on all of the operating and safety procedures. Video training and classroom training is given prior to working in the area; then they observe from a safe distance and work with a senior worker before working independently. Records were reviewed and were found to be complete. Training effectiveness is evaluated through observation of on-the-job performance by a qualified person.

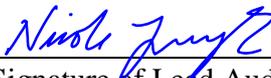
Production Practice 4.2: Train employees to respond to cyanide exposures and releases.

The operation is in full compliance with Production Practice 4.2

Summarize the basis for this Finding:

Posabro trains personnel on emergency response procedures and on what to do if a cyanide release is discovered. This is done as part of the regular safety training and emergency response

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training on the emergency response plan that is specific to each warehouse. Interviews with personnel showed acceptable awareness of procedures.

Drills are conducted annually to test general response to chemical emergencies, including chemical exposure. Corrective actions are processed and emergency procedures are revised as necessary following drill critiques.

Training records are maintained for at least as long as the employee is working at the site. Records were sufficiently detailed to be found conformant.

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

Production Practice 5.1: Prepare detailed emergency response plans for potential cyanide releases.

The operation is in full compliance with Production Practice 5.1

Summarize the basis for this Finding:

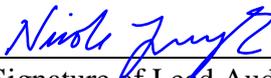
Posabro maintains an emergency response plan to respond to potential releases of cyanide at the transload facility and during transport. In addition, Suri maintains its own detailed emergency response plans.

The emergency response procedures address plausible scenarios and were found to be appropriate for the supply chain including transload and transport operations. The emergency response plan and detailed support procedures for managing emergency situations fulfill all ICMC Emergency Response Plan requirements.

The emergency response procedures were reviewed with Posabro personnel. The transload facility is located in an industrial area. Only sodium cyanide in the solution form is transported in this supply chain. Specific response actions such as risk evaluation and careful containment and remediation steps are detailed in the emergency plans. Part of the evaluation procedure is to identify the source of the spill, and control the release of material at the source. Evaluations are done following the deployment of the emergency procedures to determine what may have caused the spill. Information learned from the event is used to facilitate the implementation of corrective measures to prevent future releases.

According to the emergency response plans and interviews, the cyanide antidote can only be administered by a trained doctor, who is on-call at all times. Posabro maintains records that

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show that the doctor has been appropriately informed and involved in emergency planning for the supply chain.

Production Practice 5.2: Involve site personnel and stakeholders in the planning process.

The operation is in full compliance with Production Practice 5.2

Summarize the basis for this Finding:

Posabro holds safety meetings and emergency planning meetings with its personnel multiple times per year. Additionally, Posabro holds risk evaluation meetings in the event that emergency responders are to be deployed. The risks and risk mitigation steps to be taken for each specific emergency event are discussed during such meetings.

Cyanide antidote can only be administered by a trained doctor, who is on-call at all times. Posabro maintains records that show that the doctor has been appropriately informed and involved in emergency planning for the supply chain. Awareness of emergency roles and responsibilities was very good.

Annual drills and training sessions are conducted with employees and drills with external stakeholders are conducted at least every three years. Emergency plans are evaluated after drills to confirm that they are accurate and continue to be suitable for the operation.

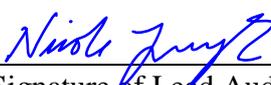
Production Practice 5.3: Designate appropriate personnel and commit necessary equipment and resources for emergency response.

The operation is in full compliance with Production Practice 5.3

Summarize the basis for this Finding:

Primary Emergency Response Teams are identified in the emergency procedures for Posabro and Suri. The emergency response plan clearly designates full responsibility, authority, and duties for managing an emergency situation to coordinators and team members. Call-out procedures including 24-hour contact information for coordinators and response team members are included in the emergency planning documentation. Training for emergency responders was found to be appropriate. Coordination of roles and responsibilities between Suri and Posabro personnel was evaluated during this audit. Awareness of roles and responsibilities was very good.

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Lists of necessary emergency response equipment are contained within the emergency planning documentation. Posabro maintains an extensive supply of emergency response equipment in mobile units that can be deployed to a customer site. The equipment is regularly maintained and inspected. Frequencies for equipment inspections are defined and records showed that all equipment identified as necessary for cyanide spill response was available in the mobile unit and had been inspected at monthly intervals. Detailed checklists showing each piece of emergency response equipment are used to perform the inspections.

The processes for maintaining emergency equipment is also addressed in the Posabro emergency response plan. Emergency equipment is checked at least monthly. Records and interviews during the Posabro confirmed this practice.

Production Practice 5.4: Develop procedures for internal and external emergency notification and reporting.

The operation is in full compliance with Production Practice 5.4

Summarize the basis for this Finding:

The notification procedures, including internal and external telephone numbers, are described in the emergency response procedures for both Suri and Posabro. Notification numbers are checked at least annually.

For on-site emergencies at Posabro, notifications are made to Suri emergency responders and to personnel within Posabro. The Posabro emergency response plans were last updated in 2014. Additionally, Posabro maintains emergency planning documentation that details steps to be taken for any incident, including contact with the Media.

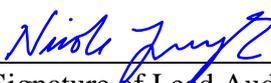
Production Practice 5.5: Incorporate into response plans and remediation measures monitoring elements that account for the additional hazards of using cyanide treatment chemicals.

The operation is in full compliance with Production Practice 5.5

Summarize the basis for this Finding:

Posabro maintains a procedure that describes specific, appropriate remediation measures, such as recovery or neutralization of solutions or solids, decontamination of soils or other contaminated media and management and disposal of spill clean-up debris.

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Additional details regarding the remediation, neutralization, decontamination, and disposal of clean-up debris are contained within the Posabro Emergency Response Procedures. Extensive descriptions of necessary action steps depending on the incident scenario are clearly outlined in the procedures.

Interviews with Posabro and Suri personnel showed a high level of awareness that the use of treatment chemicals is prohibited if cyanide spills into surface waters. Posabro personnel noted that the use of any chemical treatment methods for spills into the waterways is strictly prohibited.

The Posabro emergency response plan prohibits the use of treatment chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide if cyanide spills into surface waters.

Formal contracts are in place through to address any remediation, clean-up, or community support needs. Confirmation was made emergency service contracts include the management of emergencies incurred during Posabro and Suri operations. Additionally, Posabro is a member of SETIQ (Emergency Transportation System for the Chemical Industry). This network of Mexican chemical companies and transporters works together to provide assistance to its members in the event of an emergency.

Production Practice 5.6: Periodically evaluate response procedures and capabilities and revise them as needed.

The operation is in full compliance with Production Practice 5.6

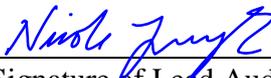
Summarize the basis for this Finding:

The Posabro emergency procedures are reviewed at least annually to keep the plans up-to-date and confirm that the plans continue to be appropriate for the operation. Records were available to show that emergency response drills had been run in 2014.

Posabro performs emergency drills on an annual basis and emergency tests with external responders at least every three years.

Incident investigations are conducted by Posabro in the event that an actual emergency occurs. Records were available to demonstrate this practice. Revisions to the emergency procedures were appropriately processed after such reviews.

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Posabro Consignor and Transporter Audit Results

Transporter audit results in this section are also in the MSS ICMC audit reports that supported the Transportes Suri S.A. de C.V. (Suri) certification in 2014.

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

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

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

Summarize the basis for this Finding:

Posabro - Consignor

Posabro maintains a policy to only utilize ICMC certified signatory transporters for the truck transport of cyanide. Posabro collaborates closely with its transporter, Suri, to ensure that all new routes are formally evaluated for risk against ICMC risk criteria before delivery to a mine can commence. Posabro personnel are dispatched with each delivery. Trained Posabro employees perform the functions of Escort, Unloading Operator, and Emergency Response Coordinator in the event of an unplanned or emergency event. Posabro procedures prevent the dispatch of any shipment without the prior approval of the route by Suri and Posabro personnel.

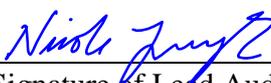
Suri - Transporter

Suri uses a formally documented procedure to determine routes. Each route segment is evaluated for risks associated with population density, infrastructure, pitch & grade, proximity to water bodies, and likelihood of encountering poor driving conditions. Routes are also evaluated for security issues and for cell phone coverage. Only those routes deemed to be safe are approved.

Routing considerations and all aspects of Suri operations were found to be compliant with ICMC Transport Practice 1.1 during the 2014 Suri certification audit performed by MSS.

Suri does not use subcontractors for any portion of its cyanide transportation operations.

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

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

Summarize the basis for this Finding:

Posabro - Consignor

As a Consignor, Posabro maintains a formal safety program for the receipt, trans-load, load, transport, and unloading of liquid cyanide. Procedures and formal checklists were available demonstrate that Posabro manages many of the Transport Practice 1.4 requirements in addition to these requirements being met by Suri. Posabro performs pre-trip inspections to ensure that ISO tanks are properly secured to chassis, placards are on all four sides of ISO tanks, vehicle pre-trip inspection results are documented, and that preventive maintenance records for ISO tanks, load/unload equipment, and emergency equipment are available.

Escorts were interviewed and confirmation was made that Escorts would contact the Posabro Dispatcher in the event that a shipment needed to be modified or suspended. Escorts were very aware of their role in making sure that the transport operation is done safely and securely. Posabro maintains a drug and alcohol abuse prevention policy. Posabro security guards perform alcohol testing on all employees and visitors to the site upon entry. This alcohol testing includes testing of the Escorts and the Suri Drivers. Posabro also maintains a random drug testing program.

Suri - Transporter

Suri operations were found to be compliant with all aspects of ICMC Transport Practice 1.4 during the 2014 Suri certification audit performed by MSS.

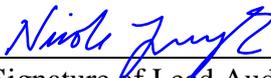
Transport Practice 1.5: Follow international standards for transportation of cyanide by sea and air.

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

Summarize the basis for this Finding:

The Posabro Supply Chain does not have any air or ocean shipments. This Transport Practice is therefore not applicable to the operation.

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

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

Summarize the basis for this Finding:

Posabro - Consignor

In addition to tracking all inbound rail shipments (described under the Rail Due Diligence section of this report), Posabro also tracks all truck deliveries. Posabro has contracted with a third-party GPS tracking service provider for the tracking of its ISO tanks and Escort vehicle. Posabro was able to demonstrate that GPS tracking information was readily available for all ISO tanks. In addition to GPS tracking, Escorts have cell phones and remain in contact with the terminal personnel throughout the delivery process. Suri also maintains compliance to ICMC Transport Practice 1.6 requirements. Details are noted below.

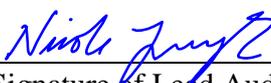
Suri – Transporter

Suri uses a number of methods to ensure that trucks are continuously tracked. Real-time GPS information is tracked by Suri personnel continuously. Drivers reported that they have cell phones and radios to enable communication with the company transportation dispatcher, the destination mine, the cyanide producer, and emergency responders, as necessary.

The proper functioning of equipment is checked during the driver pre-trip inspections. Black-out areas are identified during the initial route evaluation process and drivers are held accountable for following the black-out documented procedure. The information is also refreshed through driver feedback and the periodic re-review of routes. Suri's approach to managing its communication and shipment tracking needs was found to be acceptable by the auditors.

Suri operations were found to be compliant with all aspects of ICMC Transport Practice 1.6 during the 2014 Suri certification audit performed by MSS.

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

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

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

Summarize the basis for this Finding:

The Posabro Supply Chain does not have interim storage. This Transport Practice is therefore not applicable to the operation.

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

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

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

Summarize the basis for this Finding:

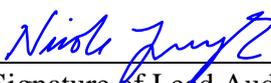
Posabro - Consignor

Posabro maintains an emergency response plan to respond to potential releases of cyanide at the transload facility and during transport. In addition, Suri maintains its own detailed emergency response plans.

The emergency response procedures address plausible scenarios and were found to be appropriate for the supply chain including transload and transport operations. The emergency response plan and detailed support procedures for managing emergency situations fulfill all ICMC Emergency Response Plan requirements.

The emergency response procedures were reviewed with Posabro personnel. The transload facility is located in an industrial area. Only sodium cyanide in the solution form is transported in this supply chain. Specific response actions such as risk evaluation and careful containment and remediation steps are detailed in the emergency plans. Part of the evaluation procedure is to

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identify the source of the spill, and control the release of material at the source. Evaluations are done following the deployment of the emergency procedures to determine what may have caused the spill. Information learned from the event is used to facilitate the implementation of corrective measures to prevent future releases.

According to the emergency response plans and interviews, the cyanide antidote can only be administered by a trained doctor, who is on-call at all times. Posabro maintains records that show that the doctor has been appropriately informed and involved in emergency planning for the supply chain.

Suri – Transporter

Suri has an extensive emergency response plan that was last revised in January 2014. The plan is appropriate for all transportation incidents.

Suri emergency plans were found to be compliant with all aspects of ICMC Transport Practice 3.1 during the 2014 Suri certification audit performed by MSS.

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

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

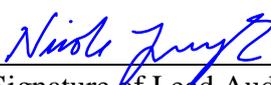
Summarize the basis for this Finding:

Posabro - Consignor

Primary Emergency Response Teams are identified in the emergency procedures for Posabro and Suri. The emergency response plan clearly designates full responsibility, authority, and duties for managing an emergency situation to coordinators and team members. Call-out procedures including 24-hour contact information for coordinators and response team members are included in the emergency planning documentation. Training for emergency responders was found to be appropriate. Coordination of roles and responsibilities between Suri and Posabro personnel was evaluated during this audit. Awareness of roles and responsibilities was very good.

Lists of necessary emergency response equipment are contained within the emergency planning documentation. Posabro maintains an extensive supply of emergency response equipment in mobile units that can be deployed to a customer site or to the scene of a transport accident. The equipment is regularly maintained and inspected. Frequencies for equipment inspections are defined and records showed that all equipment identified as necessary for cyanide spill response was available in the mobile unit and had been inspected at monthly intervals. Detailed checklists showing each piece of emergency response equipment are used to perform the inspections.

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Summarize the basis for this Finding:

Posabro - Consignor

The Posabro emergency procedures are reviewed at least annually to keep the plans up-to-date and confirm that the plans continue to be appropriate for the operation. Records were available to show that emergency response drills had been run in 2014.

Posabro performs emergency drills on an annual basis and emergency tests with external responders at least every three years.

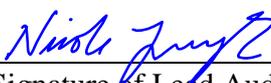
Incident investigations are conducted by Posabro in the event that an actual emergency occurs. Records were available to demonstrate this practice. Revisions to the emergency procedures were appropriately processed after such reviews.

Suri – Transporter

The emergency plan is reviewed annually and tested periodically. Records from a drill run in March 2014 were available for review.

Suri was found to be compliant with all aspects of ICMC Transport Practice 3.5 during the 2014 Suri certification audit performed by MSS.

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Rail Carriers & Rail Yards – Summary of Due Diligence Investigations

Operational and Audit Information for Rail Carriers and Rail Yards

This report addresses Posabro's Winnemucca-Hermosillo-Mine Supply Chain using rail and truck transport. At the time of the audit Posabro was procuring its sodium cyanide solution from the Cyanco Winnemucca Plant in Nevada, USA. The two rail transportation partners that are included in this due diligence investigation are:

- 1) Union Pacific Railroad (UP)
- 2) Ferrocarril Mexicano Railroad (Ferromex)

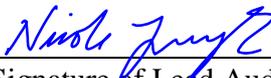
The railway that services Cyanco out of the Winnemucca, Nevada USA locations is the Union Pacific Railroad (UP). Cyanco maintains a certified North American Rail and Truck Supply Chain that also includes the rail segment from Winnemucca to the Mexican Border. Rail shipments cross the U.S./Mexican border at Nogales, Arizona and are routed to the Hermosillo facility. Ferromex was formed in 1997 by a group which includes Grupo Mexico and the Union Pacific Railroad. Security and safety risks are minimized through the use of the shortest possible transit time for the shipments. There are no other choices of rail partners for this rail move as the railroad companies own the track that is used.

The Due Diligence portion of this evaluation included a review of information available for the UP and Ferromex railroads, the two railroads used in this supply chain. The railroads maintain control over routing and employ specific safety measures to ensure the safest transit of hazardous materials possible. UP has been a certified Responsible Care® Partner company for more than seven years. As such, their rail management system, including rail yards and interchange point safety and security, has been audited by a 3rd-party auditing firm and has been found to be suitable and effective. Ferromex maintains formal safety, environmental, and sustainability programs. Public reporting including safety performance is done on a regular basis.

Both the Ferromex and UP have information about their safety and security programs on their web-sites. Both companies have strong safety records and are continually improving their ability to monitor hazardous material shipments to ensure that they arrive safely and securely at their destination.

UP is also part of the TRANSCAER® (Transportation Community Awareness and Emergency Response) organization. Information regarding safety performance and the commitment to safe transportation through communities were reviewed and found to be consistent with Cyanide Code requirements. Rail transport is generally understood to be safer than truck transport.

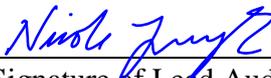
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The point of loading the rail cars into the rail system is within the Cyanco Winnemucca. The product is transloaded into tank trailers in the Posabro Hermosillo facility. The Winnemucca loading operation was included in the Cyanco NA Rail and Truck Supply Chain on-site audit in 2014. The transloading operation at the Posabro facility in Hermosillo was observed during this Posabro audit. All personnel, procedures, and practices were found to be acceptable and conformant to ICMC requirements. The rail sidings in Winnemucca and in Hermosillo are within the secure fence-line of the facilities and there is no storage of loaded rail cars outside the secure points of loading. The railroads maintain control over routing and employ specific safety measures to ensure the safest transit of hazardous materials possible.

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UP and Ferromex Rail Carriers and Rail Yards - Auditor's Finding

Due diligence investigations have been performed so that it can reasonably be concluded that rail carriers including rail yards used by Cyanco for sodium cyanide shipments in North America and Mexico are:

- in full compliance**
- in substantial compliance
- not in compliance

with the International Cyanide Management Code.

Audit Company:	Management System Solutions, Inc. www.mss-team.com
Lead / Technical Auditor:	Nicole Jurczyk E-mail: CodeAudits@mss-team.com
Date(s) of Audit:	October 2-3, 2014 with Due Diligence Assessments in October 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 the Audit Reports accurately describe 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.

Cyanco NA Rail and Truck Supply Chain

Name of Operation



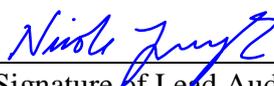
Signature of Lead Auditor

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Rail Carriers and Rail Yards – Due Diligence Information

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

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

The management of consistent with Transport Practice 1.1
Bulk Rail Transport using UP & Ferromex is: substantially consistent
not consistent

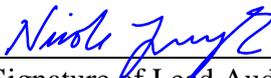
Summary of the basis for this finding:

Posabro rail shipments originate at the Cyanco Winnemucca production facility. Bulk sodium cyanide solution is transported in rail cars to the U.S./Mexican Border using the Union Pacific Railroad (UP). Rail shipments cross the U.S./Mexican border at Nogales, Arizona where they are under the control of Ferromex and are then routed to the Posabro Hermosillo facility. Security and safety risks are minimized through the use of the shortest possible transit time for the shipments. There are no other choices of rail partners for this rail move as the railroad companies own the track that is used.

The railroads maintain control over routing and employ specific safety measures to ensure the safest transit of hazardous materials possible. Ferromex maintains formal safety and environmental programs and reports regularly through its parent company GrupoMexico. The UP railroad has been a certified Responsible Care® Partner companies for more than seven years. As such, their rail management system, including rail yards and interchange point safety and security, has been audited by a 3rd-party auditing firm and has been found to be suitable and effective.

The Nogales rail yard has high security due to its proximity to the U.S./Mexican Border. U.S. Regulations impose very specific requirements on railroads regarding the safe and quick transport of hazardous materials. Railroads are required to perform vulnerability risk assessments on their routes and rail yards and hazardous material rail cars are technically never allowed to be unattended. This requirement means that hazardous material rail cars are moved quickly through interchange yards. Special precautions are taken by the rail carriers to ensure that the cars can always be located and that they are never stored in rail yards for any length of time longer than required.

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

The management of Bulk Rail Transport using UP & Ferromex is: consistent with Transport Practice 1.2
substantially consistent
not consistent

Summary of the basis for this finding:

During this Due Diligence Review it was confirmed that the Ferromex and UP railroads have formal environmental and safety programs and that the UP has been a certified Responsible Care® Partner companies for more than seven years. As such, their training programs and employee qualification processes have been audited by a 3rd-party auditing firm and have been found to be suitable and effective. The fulfillment of required training is a specific requirement of the Responsible Care Management System (RCMS).

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

The management of Bulk Rail Transport using UP & Ferromex is: consistent with Transport Practice 1.3
substantially consistent
not consistent

Summary of the basis for this finding:

Cyanco ensures that rail cars are suitable for cyanide shipments when they leave the Winnemucca Plant. The UP and Ferromex perform the maintenance on rail cars using only authorized rail maintenance facilities. The proper maintenance of rail equipment is heavily regulated and inspected by the U.S. Federal government, which also helps to ensure fulfillment of rail equipment preventive maintenance and inspection requirements.

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

The management of Bulk Rail Transport using UP & Ferromex is: consistent with Transport Practice 1.4
substantially consistent
not consistent

Summary of the basis for this finding:

Ferromex and UP railroads have formal environmental and safety programs in place. Rail cars are going back and forth between the U.S. and Mexico on a regular basis. Adherence to governmental safety regulations such as limits on operator hours and drug testing are evaluated at least every three years for the UP by a 3rd-party auditing firm. Limitations on worker hours and drug testing in the U.S. rail industry are also strictly regulated and enforced by governmental agencies.

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

Not applicable.

Summary of the basis for this finding:

No shipments are made via air or sea on this transportation segment.

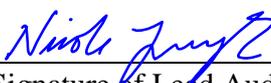
Transport Practice 1.6: *Track cyanide shipments to prevent losses during transport.*

The management of Bulk Rail Transport using UP & Ferromex is: consistent with Transport Practice 1.6
substantially consistent
not consistent

Summary of the basis for this finding:

Cyanco and Posabro track cyanide rail cars extensively using a number of different tracking methods and technologies. Tracking information was verified during the Cyanco and the Posabro certification audits. Shipping information was reviewed during this Supply Chain audit. Accurate descriptions were available showing the type of material, the weight of the shipment, and the shipping and arrival information. Confirmation was made that seal numbers are recorded on the bills of lading and other shipping papers. This enables personnel along any portion of the segment to confirm that the containers have not been opened. When the Posabro facility receives the product, the seal numbers are verified.

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

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

The management of Bulk Rail Transport using UP & Ferromex is: consistent with Transport Practice 1.6
substantially consistent
not consistent

Summary of the basis for this finding:

There is no planned interim storage of cyanide on the rail segments. Trans-shipping depots and rail yards are maintained by the railways. A review of shipping records confirmed that hazardous cargo is moved from point to point as quickly as possible and that personnel have received training in the segregation of hazardous materials.

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

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

The management of Bulk Rail Transport using UP & Ferromex is: consistent with Transport Practice 3.1
substantially consistent
not consistent

Summary of the basis for this finding:

Information was reviewed to confirm that both carriers have emergency response plans in place which include the prompt notification of all involved parties. Cyanco (Producer) provides shipping papers showing the emergency contact information which is then transferred to the hazardous cargo declaration.

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

The management of Bulk Rail Transport using UP & Ferromex is: consistent with Transport Practice 3.2
substantially consistent
not consistent

Summary of the basis for this finding:

Cyanco (Producer) offers immediate technical assistance through its contracted emergency response service providers for any cyanide spill, and offers emergency resources for spills that might occur near a Cyanco site. Cyanco contracts with CHEMTREC to ensure that appropriate notifications and emergency response is initiated if there is an incident. Posabro also maintains emergency response equipment and trained personnel to assist in the event of a cyanide emergency.

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

The management of Bulk Rail Transport using UP & Ferromex is: consistent with Transport Practice 3.3
substantially consistent
not consistent

Summary of the basis for this finding:

The UP is a part of the TRANSCAER® (Transportation Community Awareness and Emergency Response) organization which helps with notifications requirements. Posabro and its supplier (Cyanco) contract with multiple organizations to ensure that appropriate notifications and emergency response is initiated if there is an incident on any rail or truck movement.

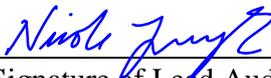
Transport Practice 3.4: *Develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.*

Not applicable.

Summary of the basis for this finding:

Cyanco and its emergency response service providers would lead any remediation efforts involving cyanide. No information regarding this requirement was investigated for Ferromex or UP.

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