INTERNATIONAL CYANIDE MANAGEMENT INSTITUTE

Cyanide Transportation Summary Audit Report

For the
International Cyanide Management Code

South America Supply Chain

(Addendum to Summary Audit Report of South America Supply Chain)

09 October 2015

Samsung C & T Corporation
Name of Supply Chain Operator

Lead Auditor Signature
09 October 2015

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Name of Cyanide Supply Chain: South America Supply Chain
Name of Supply Chain Owner: Samsung C & T Corporation
Name of Supply Chain Operator: Samsung C & T Corporation
Name of Responsible Manager: Mr. S.K. Sohn, General Manager of Fine & Specialty Chemicals Team, Trading & Investment Group, Samsung C & T Corporation
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Location detail and description of operation:
The head office of Samsung C & T Corporation is located in Seoul, Korea. They have two groups named as Trading & Investment Group and Engineering & Construction Group. Related to supplying the sodium cyanide, the main jobs of Trading & Investment Group are making agreement with mining company, receiving customer order, review of customer order and arrangement of shipping. Those were conducted by Fine & Specialty Chemicals Team in Trading & Investment Group of Samsung C & T Corporation.

The Samsung C & T Corporation applied South America Supply Chain as ICMC signatory and certified during 2013 year and extended the scope of South America Supply Chain during 2014 and 2015 year as below.
(1) Use of Guaymas port and Manzanillo port in Mexico
(2) Operation of trans-loading and storage facility in La Colorada, Sonora, Mexico by Heap Leaching System, S.A. de C.V.
(3) Road transportation to gold mines in Mexico by Transportes Suri S. A de C.V.
(4) Use of Rio Haina port and Caucedo port in Dominican Republic
(5) Road transportation to gold mines in Dominican Republic by Maritima Dominicana, S.A.S.

During November 2014 year, they started the use of Guaymas port, Manzanillo port and road transportation by Transport Suri S.A de C.V in Mexico. And also during June 2015 year, they decided the operation of trans-loading and storage facility in La Colorade, Sonora, Mexico by Heap Leaching System, S.A. de C.V.

During November 2014 year, they started the use of Rio Haina port and road transportation to gold mines in Dominican Republic by Maritima Dominicana, S.A.

There was no change in existing South America Supply Chain as supplying the sodium cyanide to Argentina and Peru.
The South America Supply Chain was initially certified for ICMC during 2013 year. So the scope extension as above (1) to (5) were mainly checked and described in this report.
This operation is

X in full compliance
☐ in substantial compliance *(see below) with the International Cyanide Management Code
☐ not in compliance

with the international Cyanide Management Code.

Audit Company : 3Points Co., Ltd.
Audit Team Leader : Mr. Sang-Ho Ahn
E-mail: triplepoint@naver.com
Date(s) of Audit : 03 ~ 14 August 2015

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 the audit team meet the applicable criteria established by the International Cyanide Management Institute for Code Verification Auditors.

I attest that this Summary Audit Report accurately describes the findings of the verification audit. I further attest that the verification audit was conducted in a professional manner in accordance with the International Cyanide Management Code Verification Protocol for Cyanide Transportation Operations and using standard and accepted practices for health, safety and environmental audits.

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Lead Auditor Signature

Date

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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 the requirements with Transport Practice 1.1
☑ in substantial compliance
☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

During 2014 and 2015 year, there were some changes in existing certified South America Supply Chain of Samsung C & T Corporation as below.
(1) Use of Guaymas port and Manzanillo port in Mexico
(2) Operation of trans-loading and storage facility in La Colorada, Sonora, Mexico by Heap Leaching System, S.A. de C.V.
(3) Road transportation to gold mines in Mexico by Transportes Suri S. A de C.V.
(4) Use of Rio Haina port and Caucedo port in Dominican Republic
(5) Road transportation to gold mines in Dominican Republic by Maritima Dominican, S.A.S.

According to hazardous chemical transportation manual, Samsung C & T Corporation have checked the transportation from sodium cyanide manufactures to Pusan new port in Korea and export to Mexico and Dominican Republic. They evaluated for such items as availability, security, transportation quantity and cost. And then they finally decide the transportation routes as below.
(1) From cyanide manufactures Ulsan plants to Pusan new port in Korea : Roadway transportation by truck and rail transportation.
(2) Pusan new port in Korea to Guaymas port and Manzanillo port in Mexico : Marine transportation by ship
(3) Guaymas port and Manzanillo port to gold mines in Mexico : Road transportation by truck
(4) Pusan new port in Korea to Rio Haina port and Caucedo port in Dominican Republic : Marine transportation by ship
(5) Rio Haina port and Caucedo port to gold mines in Dominican Republic : Road transportation by truck

And also to comply with customer requirements, they decided the Operation of trans-loading and storage facility in La Colorada, Sonora, Mexico.

The overall segments and control measures for sodium cyanide manufactures (ICMC certified TaeKwang Industrial Co., Ltd. and TongSuh Petrochemical Co., Ltd.), transporters from manufactures to Pusan new port in Korea (ICMC certified SAM IK Logistics Co., Ltd. and Seyang Logistics Co., Ltd.) and marine transportation by international shipping companies (MSC, Maersk and Safmarine) are same as existing South America Supply Chain.

During November 2014 year, the Samsung C & T Corporation decided the control measures for Guaymas port and Manzanillo port in Mexico and Rio Haina port and Caucedo port in Dominican Republic additionally included in South America Supply Chain as below.
(1) Periodic route evaluation for South America Supply Chain by Samsung C & T Corporation
(2) Periodic due diligence investigation by Samsung C & T Corporation

And during November 2014 and June 2015 year, the Samsung C & T Corporation decided the control measures for road transportation to gold mines in Mexico by Transportes Suri S. A de C.V., in...
Dominican Republic by Maritima Dominicana. S.A.S. and trans-loading and storage facility in trans-loading terminal in La Colorada, Sonora, Mexico by Heap Leaching System, S.A. de C.V.

(1) Periodic subcontractor evaluation by Samsung C & T Corporation
(2) Signatory application, implementation and certification of ICMC by Transportes Suri S. A de C.V., Maritima Dominicana. S.A.S. and Heap Leaching System, S.A. de C.V.

The Transportes Suri S.A. de C.V., Maritima Dominicana. S.A.S. and Heap Leaching System. S.A. de C.V. were ICMC certified at September 2014 year, January 2013 year and October 2015.

The Samsung C & T Corporation completed the route evaluation during November 2014 and June 2015 year for changes in South America Supply Chain.

According to the route evaluation and risk assessment results, Samsung C & T Corporation informed the sodium cyanide transportation route to manufacture, road transporter, shipping company and other subcontractors. And also they received some question and general comment and considered during route selection and development of control measures.

The Samsung C & T Corporation reviewed the additional route as marine transportation from Pusan new port to Guaymas port, Manzanillo port in Mexico, Rio Haina port, Caucedo port in Dominican Republic. According to the review results, they decided that convoys, escorts or additional measures are unnecessary for those additional segments with reasonable justification.

For road transportation from Guaymas port, Manzanillo port to trans-loading and storage facility in La Colorada, Sonora and to gold mines in Mexico, Rio Haina port and Caucedo port to gold mines in Dominican Republic, the transportation companies (Transportes Suri S. A de C.V. and Maritima Dominicana S.A.S.) use escort and convoy for their transportation by trucks.

Samsung C & T Corporation have established and maintained emergency response plan for sodium cyanide release and human exposure. In the emergency response plan, role and mutual aid with sodium cyanide manufactures, transporters, trans-loading and storage facility operation subcontractor, ports, safety agency, police, fire fighting agency, hospital etc. were defined. During June 2015 year, the emergency response plan was finally revised to include additionally the Guaymas port, Manzanillo Port, Transportes Suri S. A de C.V. and Heap Leaching System, S.A. de C.V. in Mexico and Rio Haina port, Caucedo port and Maritima Dominicana. S.A.S. in Dominican Republic. They advised the emergency preparedness to relevant bodies as ports, transporters repackaging operation subcontractor in Mexico and Dominican Republic.

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

X in full compliance with

The operation is □ in substantial compliance
□ not in compliance with

with Transport Practice 1.2

Summarize the basis for this Finding/Deficiencies Identified:

Same as in existing South America Supply Chain. During the subcontractor evaluation and due diligence investigation for the changes of South America Supply Chain, the Samsung C & T Corporation checked and evaluated sodium cyanide transporters whether the sodium cyanide operators and drivers were trained, qualified and licensed. They confirmed that operators and drivers worked in road transporters as Transportes Suri S. A de C.V., Maritima Dominicana S.A.S. and trans-loading and storage facility operation subcontractor Heap Leaching System, S.A. de C.V. additionally included in South America Supply Chain were trained, qualified and licensed.

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

The operation is  
☐ in substantial compliance
☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Same as in existing South America Supply Chain. During due diligence investigation in November 2013 year for Guaymas port and January 2014 year for Manzanillo port in Mexico, September 2014 for Rio Haina port and Caucedo port in Dominican Republic, Samsung C & T Corporation checked whether the transport equipment used in ports was suitable or not. According to the due diligence investigation results, the additional ports and shipping companies used suitable equipment. During subcontractor evaluation in November 2014 year for Transportes Suri S. A de C.V., Maritima Dominicana. S.A.S. and in June 2015 year for Heap Leaching System, S.A. de C.V., Samsung C & T Corporation confirmed that the two transporters and trans-loading and storage facility operation subcontractor used suitable truck and load equipment.

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

The operation is  
☐ in substantial compliance
☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Same as in existing South America Supply Chain. The transportation implemented by subcontractors as transporters, ports and shipping companies was checked during the due diligence investigation and subcontractor evaluation. Samsung C & T Corporation confirmed that the Guaymas port, Manzanillo Port, Transportes Suri S. A de C.V., and Heap Leaching System, S.A. de C.V. in Mexico and Rio Haina port, Caucedo port and Maritima Dominicana. S.A.S. in Dominican Republic developed and implemented the work instruction to maintain the integrity of sodium cyanide packaging. And also they confirmed that the transporters, shipping companies and ports have used placard and signage to comply with local regulation and IMDG requirements.

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

The operation is  
☐ in substantial compliance
☐ not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The Samsung C & T Corporation completed the due diligence investigation during November 2013 year for Guaymas port, January 2014 year for Manzanillo port in Mexico, September 2014 year for Rio Haina port and Caucedo port in Dominican Republic for control of sodium cyanide storage terminal and the activities of three shipping companies. According to the due diligence investigation results, the control of storage terminal in ports in Mexico and Dominican Republic comply with

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ICMC requirements and the three shipping companies comply with IMDG code for marine transportation.

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

The operation is  
- [x] in full compliance with  
- [ ] in substantial compliance  
- [ ] not in compliance with  

*Summarize the basis for this Finding/Deficiencies Identified:*

Same as in existing South America Supply Chain. During the subcontractor evaluation, the Samsung C & T Corporation checked and evaluated sodium cyanide transporters as Transportes Suri S. A de C.V. in Mexico and Maritima Dominicana. S.A.S. in Dominican Republic whether the transport vehicles have means to communication with relevant bodies. According to the evaluation results, the vehicles have pager, mobile phone and communication channel sheet in which telephone numbers of transportation companies, the producers, mining and emergency responders were defined. And also they confirmed the transporters and drivers have tested communication equipment periodically. The Samsung C & T Corporation checked the extended scope as marine transportation from Pusan new port in Korea to Guaymas port, Manzanillo port in Mexico, Rio Haina port and Caucedo port in Dominican Republic. And found no blackout area. And they requested to transporters as Transportes Suri S. A de C.V. in Mexico and Maritima Dominicana. S.A.S. in Dominican Republic to identify blackout area and alternative procedure to control the blackout area. Until now they have not received any identified blackout area from transporters, shipping companies and ports additionally included in existing South America Supply Chain.

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Lead Auditor Signature: [Signature]  

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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.

X in full compliance with

The operation is  

☐ in substantial compliance

☐ not in compliance with

with Transport Practice 2.1

Summarize the basis for this Finding/Deficiencies Identified:

Samsung C & T Corporation identified and considered the Guaymas port, Manzanillo port in Mexico, Rio Haina port and Caucedo port in Dominican Republic as interim storage areas additionally included in South America Supply Chain. They completed the due diligence investigation for those ports during November 2013 year to September 2014 year. During the due diligence investigation, they found the interim storage areas were controlled properly in compliance with legal requirements and ICMC code requirements as described in due diligence investigation report. And also the audit team delivered the sodium cyanide handling manual as pocket book and CD to Guaymas port, Manzanillo port in Mexico, Rio Haina port and Caucedo port in Dominican Republic.
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

X in full compliance with
☐ in substantial compliance
☐ not in compliance with

with Transport Practice 3.1

Summarize the basis for this Finding/Deficiencies Identified:

Same as in existing South America Supply Chain. During November 2013 year, January and November 2014 and June 2015, the Samsung C & T Corporation revised the communication channel in emergency response plan to include Guaymas port, Manzanillo port, Transportes Suri S. A de C.V. and Heap Leaching System, S.A. de C.V. in Mexico and Rio Haina port, Caucedo port and Maritima Dominicana. S.A.S. in Dominican Republic additionally. For those ports, transporters and transloading and storage facility operation subcontractor they informed the significance of sodium cyanide handling and treatment.

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

The operation is

X in full compliance with
☐ in substantial compliance
☐ not in compliance with

with Transport Practice 3.2

Summarize the basis for this Finding/Deficiencies Identified:

Same as in existing South America Supply Chain. The Samsung C & T Corporation have implemented the training for their team members for the emergency response plan and cyanide handling manual during May and November every year. They also have training plan in which the emergency trainings are scheduled in 2015 year. Recently during June 2015, the revised communication channel, duties of relevant external agency and main activities of Fine & Special Chemical Team were trained and records were maintained.

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

The operation is

X in full compliance with
☐ in substantial compliance
☐ not in compliance with

with Transport Practice 3.3

Summarize the basis for this Finding/Deficiencies Identified:

The Samsung C & T Corporation prepared the emergency response plan appropriate to over all emergency situations possibly expected in South America Supply Chain. In the emergency plan,

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contact information as telephone number, relevant person name and address of sodium cyanide manufacture, road transporter, repackaging operation subcontractor, shipping company, safety agency, fire fighting agency and hospital were defined. During November 2013 year, January and September 2014 and June 2015, the emergency response plan was revised to include Guaymas port, Manzanillo port, Transportes Suri S. A de C.V. and Heap Leaching System, S.A. de C.V. in Mexico and Rio Haina port, Caucedo port and Maritima Dominicana. S.A.S. in Dominican Republic additionally.

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

The operation is

- X in full compliance with
- □ in substantial compliance
- □ not in compliance with

with Transport Practice 3.4

Summarize the basis for this Finding/Deficiencies Identified:

Same as in exiting South America Supply Chain.

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

The operation is

- X in full compliance with
- □ in substantial compliance
- □ not in compliance with

with Transport Practice 3.5

Summarize the basis for this Finding/Deficiencies Identified:

According to Samsung C & T Corporation hazardous chemical transportation manual, they should check the emergency response plan twice per year and revise the contact information and detail process with the reflection of changes in South America Supply Chain. The emergency response plan was revised during November 2013 year, January and November 2014 and June 2015 to include Guaymas port, Manzanillo port, Transportes Suri S. A de C.V. and Heap Leaching System, S.A. de C.V. in Mexico and Rio Haina port, Caucedo port and Maritima Dominicana. S.A.S. in Dominican Republic additionally.

And they should do the mock emergency drill once per year. The mock emergency drill was implemented in their office during June 2015 year. They checked the overall process and adequacy of emergency response plan and recorded the results.
Summary of Due Diligence Investigations

1. Background of due diligence investigation
   1) Inability of consigner for port to lead to ICMC implementation and certification
      As consigner the Samsung C & T Corporation control overall South America Supply Chain
      and will lead the ICMC implementation and certification to sodium cyanide manufactures,
      road transporters, trans-loading and storage facility operation subcontractor, ports and
      shipping companies.
      So they successfully lead the sodium cyanide manufactures, transporters and trans-loading
      and storage facility operation subcontractor to ICMC implementation and certification.
      However they cannot lead the ports to ICMC implementation and certification due to their
      inability to affect change in ports operating practices. So the Samsung C & T Corporation
      planned and implemented the due diligence investigation for the Guaymas port and
      Manzanillo port in Mexico, Rio Haina port and Caucedo port in Dominican Republic
      additionally included in South America Supply Chain.

   2) Scope of due diligence investigation
      The storage terminal was controlled by Guaymas port and Manzanillo port in Mexico, Rio
      Haina port and Caucedo port in Dominican Republic as national agencies. The due diligence
      investigation was implemented for the control of sodium cyanide storage terminals by
      national agencies of above ports.

2. Progress of due diligence investigation
   1) Development of checklist
      During 2013 year when Samsung C & T Corporation certified ICMC for South America
      Supply Chain, the Fine & Specialty Chemical Team members reviewed the ICMC
      requirements, IMDG Code, South America Supply Chain, property of sodium cyanide and
      information from TaeKwang Industrial Co., Ltd. and TongSuh Petrochemical Co., Ltd. And
      they developed checklist for due diligence investigation applicable to the control of sodium
      cyanide storage yard, loading to ship and marine transportation. They revised some contents
      in the checklist and used during due diligence investigation for the Guaymas port and
      Manzanillo port in Mexico, Rio Haina port and Caucedo port in Dominican Republic.

   2) Nomination of investigation team leader and member
      Considering the work experience and knowledge of ICMC, Mr. S. K Sohn General Manager
      of Fine & Specialty Chemicals Team nominated team leader and member for due diligence
      investigation as below.
      - Team Leader : (1) Mr. Thierry Ahn (Manager in Head Office / Samsung C & T Corporation
                          - Fine & Specialty Chemicals Team)
                       (2) Mr. Abraham Kim (Manager in United States Office / Samsung C & T
                          Corporation - United States)
      - Team Member : (1) Mr. Cesar Arredondo (Manager in Mexico Office / Samsung C & T
                          Corporation - Mexico Office)
                        (2) Mr. Angelo Park (Assistant manager in Head office / Samsung C & T
                          Corporation - Fine & Specialty Chemicals Team)
                        (3) Mr. Eric Santander (Manager in Mexico Office / Samsung C & T
                          Corporation - Mexico Office)

   3) Scheduling of due diligence investigation
      They plan the due diligence investigation during November 2013 for Guaymas port, during
      Samsung C & T Corporation

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January 2014 for Manzanillo port in Mexico and during September 2014 for Rio Haina port and Caucedo port in Dominican Republic. And inform the plan to the port with checklist.

4) Implementation of due diligence investigation
The team implemented due diligence investigation as planned above. They use the checklist and record the investigation results in checklist and log sheet. After the due diligence investigation, they issued the completed checklist to ports and shipping companies. According to the report, the control of sodium cyanide in those ports was comply with local legal and ICMC requirement and international standard.

3. Results of due diligence investigation
1) Samsung C & T Corporation used the checklist and recorded the investigation results in reports.
2) Due diligence investigation for Guaymas port and Manzanillo port in Mexico, Rio Haina port and Caucedo port in Dominican Republic.
   (1) Activities: Control of storage yard, handling and loading sodium cyanide in port
   (2) Investigation Date: 14 November 2013 for Guaymas port Mexico
      23-24 January 2014 for Manzanillo port in Mexico
      26 September 2014 for Rio Haina port and Caucedo port in Dominican Republic
3) According to the due diligence investigation results, the Samsung C & T Corporation concluded that the control of the sodium cyanide storage yards in Guaymas port and Manzanillo port in Mexico, Rio Haina port and Caucedo port in Dominican Republic comply with ICMC, IMDG code and national legal requirements.

4. Review of the due diligence investigation results by ICMC audit team
During the ICMC audit during July and August 2015 year for the changes of South America Supply Chain, the auditor Mr. Sang-Ho Ahn reviewed the overall due diligence investigation process and results implemented by Samsung C & T Corporation.
The due diligence investigations included the control of storage yards in ports.
The Samsung C & T Corporation implemented the due diligence investigations comprehensively for Guaymas port and Manzanillo port in Mexico, Rio Haina port and Caucedo port in Dominican Republic as below.
- Study and develop checklist applicable to sodium cyanide storage and handling
- Nominated competent personnel as investigation team leader and member
- Implement due diligence investigation with checklist for the control of sodium cyanide storage areas
The audit team finally concluded that the due diligence investigations for Guaymas port and Manzanillo port in Mexico, Rio Haina port and Caucedo port in Dominican Republic included in South America Supply Chain implemented by Samsung C & T Corporation were comply with ICMC requirements.