

TRANSPORTES VERASAY LTD.

***Cyanide Code Principle 2
Transportation Audit***

Summary Audit Report

PROJECT No. 0114703

SEPTEMBER 2010

SUMMARY AUDIT REPORT

Name of Cyanide Transportation Facility: Transportes Verasay Ltd
Name of Facility Owner: Transportes Verasay Ltd
Name of Facility Operator: Transportes Verasay Ltd
Name of Responsible Manager: Roberto Contreras
Address: Copayapu Number 5751
State/Province: Atacama, Region Country: Chile
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Location detail and description of operation:

Transportes Verasay Ltd. (Verasay) is a sodium cyanide transporter in Chile. Currently, Verasay transports cyanide to the Maricunga, El Peñon, and Manto de Oro mines located in northern Chile, and Florida mine located to the southwest of Santiago.

Verasay receives the cyanide at the Valaparaíso (preferred port for Florida Mine), San Antonio, Mejillones (the preferred port for the mines in northern Chile) or Antofagasta Port. Verasay responsibility starts when the Port Authority releases the container by placing it on a Verasay's truck's platform. The cyanide is transported directly to the mine, without the intervention of secondary storage facilities. The transport routes operated from Chile's Ports to these mines through are from 163 to 1,232 km long; the preferred ports are those that represent the shortest route from one port to the mine.

This audit comprises the ground transportation operations from the moment the Port Authority releases the cyanide to its delivery at the client's facility. Verasay formally completed the implementation of the Cyanide Code in January 2009.

Currently, Verasay transports cyanide produced by DuPont. Cyanide is packaged by the producer in the following way: primary packaging in a poly propylene super-sack filled up to 1 ton. The super-sack is then placed in a polyethylene bag to protect the material from water and humidity; finally the packaged material is placed in a wooden box. No less than 20 boxes are placed in standard 20-foot shipping containers (the containers); the exact number of boxes is to prevent lateral movement of the boxes within the container. To further prevent movement a block and brace is applied consisting of placing wood beams between the last box and the container's door. Prior to shipping, the manufacturer (Du Pont USA) seals the container with a tag with serial number at the production facility to prevent material losses. These seals are only removed at the mine.

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Auditor's Finding

This operation is

- in full compliance
- in substantial compliance *(see below)
- not in compliance

with the International Cyanide Management Code.

- * For cyanide transportation operations seeking Code certification, the Corrective Action Plan to bring an operation in substantial compliance into full compliance must be enclosed with this Summary Audit Report. The plan must be fully implemented within one year of the date of this audit.

Audit Company: ERM Mexico, S. A. de C. V.

Audit Team Leader: Juan Carlos Rangel Lopez E-mail: juancarlos.rangel@erm.com

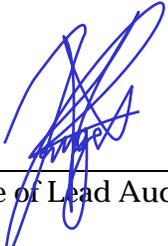
Names and Signatures of Other Auditors: none

Date(s) of Audit: 23 to 26 July 2010

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

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

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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
- in substantial compliance with Transport Practice 1.1
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Verasay has the following procedures:

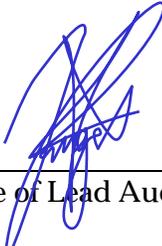
- P2-08 “Sodium Cyanide Ground Transportation Routes Evaluation Procedure”, dated 28 December 2008.
- PE-04 “Sodium Cyanide Ground Transportation to Peñon” (latest revision May 2010).
- PE-05 “Sodium Cyanide Ground Transportation to Manto de Oro” (latest revision May 2010).
- P2-06 “Sodium Cyanide Ground Transportation to Maricunga” (latest revision May 2010).
- PE-07 “Sodium Cyanide Ground Transportation to Florida” (latest revision May 2010).

Procedures PE-04, PE-05, PE-06, and PE-07 are hereinafter referred as the transport procedures.

The route assessment procedure establishes the first step in the route assessment is to describe the route and the following safety criteria must be identified:

- Dangerous turns
- Steep slopes
- Main cities and population density
- Bridges
- Slides zones
- Intersection with rail roads
- Fog, ice, and snow areas
- Water bodies
- Environmentally sensitive areas
- Areas with high robbery risk
- Areas where driver could rest
- Any other conditions that may represent a risk.

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It establishes that to assess the route a physical inspection of the same must be performed by the convoy leader and, optionally, a representative from the producer and one from the mine. During the inspection, the scheduled and rest stops are selected, as well as the places where the vehicles and drivers can stay overnight, the communication services available, emergency numbers, gas stations, police offices, sensitive areas, and communities are also identified. The areas where accidents are most likely to take place are also identified.

Based on the route inspection, a risk assessment is performed. The assessment is documented in a matrix where the transportation route is divided in sections considering crossings of urban areas, intersections with other roads, and other key points (e.g. mine check point). Each section is assessed for each of the route safety criteria mentioned and, based on these, a risk ranking is used (A for areas where incident risk is high to D where the risk is low).

A copy of the matrix is included in transportation procedure and as annex in the Emergency Response Plan. Additionally, a description of the points with higher risk are included in the transportation procedure. The route assessment procedure also establishes that the route assessments must be updated as necessary and at least once per year.

The initial assessments took place in January 2009 and, according to Mr. Roberto Contreras, Verasay's Cyanide Transport Coordinador, it was performed jointly with the cyanide owner (DuPont) and a representative of the mine.

According to the track changes of the transportation procedures, the route assessments were updated on March 2009, January 2010, and May 2010. According to Mr. Contreras, the mine representatives participated in two of these updates.

Based on the matrix mentioned before, general preventive measures have been established in the transportation procedures including: limiting the transportation activities to day-time only, a minimum 8 hr driver-rest period prior to starting a cyanide transportation operation, mandatory 10 minutes breaks approximately every two hours in pre-selected stop points during cyanide transportation operations, maximum driving journey of 12 hours, and all shipments performed in convoys with at least one safety escort vehicle and a convoy leader. The transport procedures allow the convoy leader to stop the operations (in a pre-selected point) when the route conditions are unsafe (e.g. due to weather conditions). The evaluation matrices were used to develop emergency scenarios in the different route sections. Each scenario has specific preventive measures (e.g. establishing maximum speed of 20 km controlled by the truck driver leading the convoy in steep slopes).

Additionally, the transport procedure establishes that the convoy leader must prepare a report for each trip. A sample of 20 convoy files (out of 111 from January 2009 to July 2010) was reviewed; the convoy file includes the convoy leader report, the emergency kit checklist, the operation log (used to track the convoy), copy of the manifest, record of the pre-travel safety

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talk, signature of the driver's lecture of the cyanide characteristics and emergency response briefing, and the vehicles inspection checklists. The convoy leader report includes information on the weather, road, and traffic condition for each day; it also records delays and the reasons these took place (e.g. inspections at the mine). Several reports noted areas where road maintenance activities were faced and that the speed was reduced as preventive measure. The reports are reviewed by the Cyanide Transport Coordinator, who agrees additional preventive measures with the convoy leader, if necessary.

As previously mentioned, the assessment of the risks in the routes was documented through matrices, which were used to develop emergency scenarios (e.g. truck rollover on dry soil conditions, crash with another vehicle, etc.) in the different route sections. Each scenario has specific preventive measures (e.g. establishing maximum speed of 40 km controlled by the convoy leader in slippery sections).

Additionally, Verasay's transport procedures include preventive measures such as having a convoy leader, mandatory 10 min. breaks every two hours, charging fuel only at the transport company base, the prohibition of transporting other goods along with cyanide, and safety briefings prior to each departure.

The application of these measures is also included in the convoy leader reports, where preventive delays due to weather conditions have been recorded as well other road conditions (e.g. road maintenance) and if further action was required.

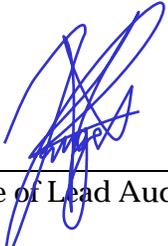
Verasay has co-organized with the cyanide manufacturer at least one forum per year with relevant institutions including:

- Asociación Chilena de Seguridad (medical and other services providers)
- Mutual de Seguridad (medical providers)
- The different Port Authorities
- Hidronor (a waste disposal company)
- A natural gas distribution company
- Antofagasta University
- The Health Ministry
- Fire-fighters departments along the route
- The Energy and Mining department.
- Environmental Authorities
- Emergency National Office

Mining companies have been also invited to these forums.

The latest general forums took place on September 2009, October 2009, and 15 to 17 March 2010. According to Verasay, no feedback has been received to date. Attendance lists for these meetings are kept as record. During these forums, Verasay and DuPont provide information regarding cyanide handling and emergency response and, when ever the audience is mainly

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composed of the medical community, information regarding toxicology and medical treatment is also provided. A total of 222 persons participated in the mentioned forums.

Furthermore, the route assessment is performed jointly by Verasay, and if available, the cyanide manufacturer and the mine; the manufacturer also reviews the assessment up-date.

The transport procedure establishes that all shipments from the ports to the mine are performed in convoys and with at least one safety escort vehicle (where the convoy leader travels). According to the interviewed convoy leader all the operations are performed in convoys.

Verasay distributes on an annual basis (August 2010) updated copies of the sodium cyanide material safety datasheet to hospitals that are located along the route. Additionally, Verasay co-organized with DuPont forums focused on the external responders (e.g. police, firefighters) in October 2009, September 2009, and October 2008. These entities have been also invited to the general forums previously mentioned.

Verasay does not subcontract the cyanide transportation.

TRANSPORT PRACTICE 1.2: ENSURE THAT PERSONNEL OPERATING CYANIDE HANDLING AND TRANSPORT EQUIPMENT CAN PERFORM THEIR JOBS WITH MINIMUM RISK TO COMMUNITIES AND THE ENVIRONMENT.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.2
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

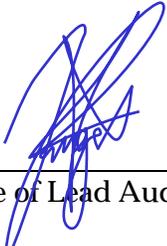
The transport procedures establish the following requirements for drivers:

- To be healthy,
- To have the legally required driving license,
- To be trained in defensive driving, and
- To be trained by Verasay in sodium cyanide handling and emergency response.

The procedure also establishes that the driver must have at least one rest day per week, must have rested at least 8 hours prior starting the trip, that a 10 minutes break must be taken approximately every two hours, and that the maximum work journey for the driver is 12 hours.

The transportation procedure also establishes that the convoy leader must have transport background, to be knowledgeable on basic mechanics, and leadership skills.

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The current convoy leaders are two persons, one of them is a retired soldier who used to transport explosive loads for the army; the second one is a person developed by Verasay who has four years of experience leading convoys that transport explosives.

Verasay has a training program for convoy leaders and drivers that includes training in cyanide handling, emergency response, and defensive driving. Defensive driving is usually provided in April and May of each year. Attendance lists and the trainer curriculum vitae are kept as training records. Furthermore, in compliance with Chilean regulations, Verasay provides induction training to all new drivers; the induction training includes a section in cyanide. This induction is provided by the Mr. Contreras, Cyanide Transport Coordinator. A summary of the induction material signed by the driver is kept as record in the driver's file. Additionally, Verasay personnel have received redundant training from the cyanide manufacturer.

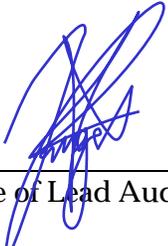
A sample of six driver files was reviewed; the files contain copies of the driver license (corresponding to the type of license required for hazardous materials transport), copies proof of external training received, copies of the signed induction material, and medical records.

The Cyanide Transport Coordinator verifies that the drivers have been trained and that the trucks are included in the list of vehicles enabled by Verasay for the cyanide transport operation.

The transport procedure establishes that the convoy leader must confirm that the drivers are included in the list of trained drivers; this is documented in a checklist and in the convoy leader report. According to the training records and the shipment reports, one of the drivers had not received the defensive driving training, or it was not documented from a previous job, at the time he participated in a cyanide convoy in May 2010. To prevent similar citations, in July 2010 Verasay incorporated in its procedures the requirement of keeping an updated list of the drivers. This list includes in columns the different training requirements with the date when the latest training was provided to each driver. In this way, Verasay ensures that at the moment of the trip, all drivers and convoy leaders received in the previous twelve months all the training required to participate in cyanide a convoy.

Verasay does not subcontract the cyanide transport. This element does not apply to the audited operations.

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TRANSPORT PRACTICE 1.3: ENSURE THAT TRANSPORT EQUIPMENT IS SUITABLE FOR THE CYANIDE SHIPMENT.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.3
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The transport procedure establishes the characteristics required for vehicles to be used for cyanide transportation including:

- To be included in a preventive maintenance program
- To have the permits required by the local authorities
- The procedure includes a list of 25 trucks and 20 platforms/chassis that have been approved for use in cyanide transportation operations

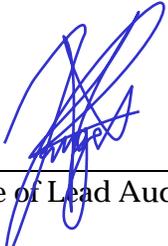
The convoy supervisor reviews the truck and platform documents, the platform load capacity is included in the circulation permit. The load capacity of the platforms used by Verasay is 28 tons and larger (as documented in the circulation permit); the gross weigh of an ocean container fully loaded with cyanide is approximately 24 tons (information provided by the manufacturer). The circulation permits are kept by the drivers in the truck cabin.

The transportation procedures establish that the convoy leader must inspect every truck and platform prior to the shipment. A checklist, which includes questions about the truck conditions, the driver, the required documents, and truck accessories, is used to document the inspection. A checklist form is filled for each truck in the convoy. According to the reviewed checklists (corresponding to 20 convoys out of 111 from January 2009 to July 2010), this inspection is performed the day before the shipment. Only minor deficiencies were noted in the checklist filling.

The transport procedure establishes that each platform will be loaded with only one container and that each truck can only haul one platform trailer. This is consistent with the information included in the inspection checklist and the manifests, and was confirmed during the interview with the convoy leaders and drivers.

Verasay does not subcontract the cyanide transport. This element does not apply to the audited 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/Deficiencies Identified:

The transport procedure establishes that the load cannot be altered during the transportation process. To ensure this, tags are placed in the ocean container's locks at the manufacturing facility. These tags can only be removed at the mine. The procedure establishes that the Verasay personnel cannot remove the tag or divide the shipment or otherwise remove it from the container. The containers received in the port are placed on platform trailers hauled by trucks without the need of changing the packaging. According to the interviewed convoy leader, the load is not removed from the container.

The transport procedure establishes that placards with cyanide's UN number and poison signs must be placed in the container; this is verified through the vehicle inspection checklist. The convoy leader has additional placards in case the container is missing one or more. According to the reviewed convoy leader reports, the presence of the placards was verified through the checklist. During the audit a convoy was met at the day's rest stop; the presence of the placards was confirmed during the audit.

The transport procedures establish that:

- Inspections are performed prior the vehicle departs to the port facility for loading (documented through the vehicle inspection checklist kept in the convoy files)
- the truck and the platform must have a preventive maintenance program
- Operators rest at least 8 hrs prior to trip, should not drive for over 12 consecutive hours, and take a 10 min break approximately every two hours at pre-selected stops points where the risk has been assessed and ranked as low; the convoy leader ensures that these are the only stops. The fulfillment of these requirements was confirmed through the operation logs, the convoy leader report, and interviews with the drivers and the convoy leaders.
- Prior to departure, the convoy leader assesses the weather conditions and gets information about political issues on the road; if he deems it necessary he can postpone the trip and this decision is informed to the mine and the cyanide provider.
- Prior to departure of every shipment the drivers are tested for alcohol levels (blow tests documented in the convoy leader report).
- Load shifting within the container is not considered possible as all containers are filled with 20 boxes and block and brace is applied to prevent load movement.

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- Container rollovers in different conditions (during the rainy season, crossing a river, in a curve, or crash) are considered and preventive measures are included in the Emergency Response Plan (e.g. speed limits).

During the audit a convoy was met at the day's rest stop, compliance with these and other requirements of the Code was confirmed by interviewing the drivers, reviewing the checklists, reviewing the emergency kit, by inspecting two vehicles, and interviewing the convoy leader.

Verasay has implemented procedure P2-02 for the preventive maintenance of trucks and platforms. According to this procedure the trucks maintenance is based on the miles traveled as follows:

- Every 30,000 km inspection and replacement as necessary of: oil and filters (water, oil, air, fuel), suspension system, lubrication, brake shoes, engine, radiator, gear box support, belts, and tires.
- Every 60,000 km: the 30,000 km routine plus: pin king, radiator, and steering system.
- Every 100,000 km: gear box oil, differentials oil.
- Every 240,000 km: clutch and steering system, cooling system, valves, belts, alternator, fan and radiator
- Additionally, the platforms are inspected every 6 months as including: electric system, breaks system, air system, tires and torque, axis, twist locks, lubrication, suspension, physical integrity of the chasis, and king pin

A sample of seven (out of 33) truck maintenance files, and a sample of six (out of 27) platform maintenance files were reviewed. According to the reviewed files, preventive maintenance is provided according to the schedule. A checklist is kept as record as well as the list of spare parts and materials obtained from the maintenance storage. Additionally, when a truck or platform requires corrective maintenance, Verasay takes the unit to workshops authorized by the manufacturer; copies of the invoice are kept in a different file as record.

Verasay does not subcontract the cyanide transport. This element does not apply to the audited operations.

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TRANSPORT PRACTICE 1.5: FOLLOW INTERNATIONAL STANDARDS FOR TRANSPORTATION OF CYANIDE BY SEA AND AIR.

The operation is

THIS PRACTICE DOES NOT APPLY TO THE OPERATION

- in full compliance with
- in substantial compliance with Transport Practice 1.5
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

As described in Section 1, the scope of this audit was only for the ground transportation operations performed by Verasay from Chilean ports to mines in Chile; therefore, this practice does not apply.

TRANSPORT PRACTICE 1.6: TRACK CYANIDE SHIPMENTS TO PREVENT LOSSES DURING TRANSPORT.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 1.6
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

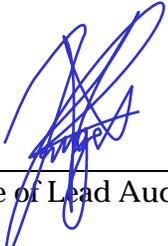
The convoy leader is provided with a cellular phone and a satellite phone. The convoy leader has also a radio and he is responsible of communications with Verasay in case of an emergency. All the trucks have short range (2 km) radio.

Communication equipment is tested prior to the departure of the convoy and recorded in the vehicle inspection checklist.

According to the interviewed convoy leader, there are areas with no cellular coverage; however, the convoy leader carries a satellite phone which has coverage all along the route.

The transport procedure establishes that the convoy leader must report the progress of the convoy at pre-selected points. The progress report is provided by phone to Verasay's Logistics Coordinator who informs the interested parties of the convoy progress by email. A tabular report is generated with the estimated and actual time of arrival to the selected stop points (the operations log). Also, all incidents (e.g. mechanical failure) are reported immediately to Verasay

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base and to the interested parties. Additionally, all the vehicles are equipped with a GPS which is tracked through an Internet site which provides the convoy position on real time. Verasay Logistics Coordinator continuously monitors the location of the convoy.

The transport manifest (similar to a bill of lading) issued by the cyanide provider is carried by each driver and a copy is carried by the convoy leader. The transport document includes the number of container and net weight. The mine receipt stamps the transport document which is used for invoicing.

Additionally, the containers are locked and tagged at the manufacturer's facilities and these tags are only removed at the mine.

The transport document which indicates the amount of cyanide, the MSDS, and emergency response information are carried by each driver. These are provided by the convoy leader prior to the departure from the port facility.

Verasay does not subcontract the cyanide transport. This element does not apply to the audited operations.

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: **THIS PRACTICE DOES NOT APPLY TO THE OPERATION**

- in full compliance with
- in substantial compliance with Transport Practice 2.1
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

As described in Section 1, the scope of this audit was only for the ground transportation operations performed by Verasay from Chilean ports to mines in Chile. The transport is performed without the intervention of interim storage sites; therefore, this practice does not apply.

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

TRANSPORT PRACTICE 3.1: PREPARE DETAILED EMERGENCY RESPONSE PLANS FOR POTENTIAL CYANIDE RELEASES.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.1
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Verasay has implemented an Emergency Response Plan (last updated July 2010). This plan has been agreed with the cyanide manufacturer and the mine; this last is responsible for the communication with the media, if needed. This is a detailed document (96 pages) that includes, among other information, the emergency response team organization chart, emergency phone directory, communication channels guidelines, emergency scenarios, and instructions to attend specific and general emergency scenarios.

The Emergency Response Plan includes an attachment per route with the assessment matrices mentioned in practice 1.1 which were used to develop emergency scenarios (also included in the attachment), the respective preventive and mitigation measures, and emergency response actions (Section 5).

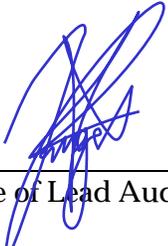
The plan has a detailed (four pages) explanation of the sodium cyanide characteristics and toxicity based on the MSDS. The emergency scenarios, the general emergency response instruction, and the scenario-specific instructions consider the solid state of the cyanide and its incompatibility with water and other substances.

Section 2 C of the Emergency Response Plan provides information regarding the packaging and transportation characteristics of the product, the container, and the transportation unit. All emergency scenarios developed are related to ground transportation and include: crash with another vehicle, vehicle rollover in steep slope or curve, rollover with spill, rollover with hurt persons, and rollover with the product reaching a water body, among other.

As previously noted the Plan includes the emergency scenarios developed from the route assessment. It also identifies the areas where the different scenarios are most likely to take place (in the attachment for each route).

All the scenarios are in relation with accidents of trucks hauling a platform trailer carrying a 20-ft container, which is the only transportation modality used by Verasay.

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As previously noted the Plan includes the emergency scenarios developed from the route assessment, it also includes prevention and mitigation instructions, as well as specific response instructions.

The Plan's Section 4 establishes the responsibilities for the members of external responder will be used to secure the area, to communicate with the population and evacuate it if required, and to coordinate vehicular traffic in the area. It also includes responsibilities for the mine's emergency response team.

TRANSPORT PRACTICE 3.2: DESIGNATE APPROPRIATE RESPONSE PERSONNEL AND COMMIT NECESSARY RESOURCES FOR EMERGENCY RESPONSE.

- in full compliance with
- in substantial compliance with Transport Practice 3.1
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

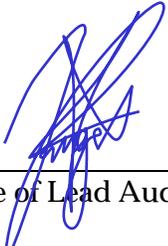
As mentioned in practice 1.2 the drivers and the convoy leader, as well as administrative personnel have received training in the emergency response procedures. Additionally, the plan has been agreed with the cyanide manufacturer and the mines.

The Plan's Section 4 establishes the responsibilities for the members of the initial response team (convoy leader and drivers), including the roles of the manufacturer and the mine personnel. According to the Plan, the convoy leader is responsible for the control of the emergency. However, it recognizes that the mine or other emergency response team (e.g. firefighters which by law are responsible of attending the emergency) may request to control the emergency, in which case, the convoy leader would pass the control of the emergency to them but will remain on site to provide advice and support, if necessary.

Section 4.3 has a list of the required emergency response equipment (emergency response kit). The emergency response kit includes the following elements:

- 14 overall tyvek suits
- 8 pairs of leather gloves
- 8 pairs of PVC booths
- 4 safety glasses
- 4 safety goggles
- 4 pairs of impermeable gloves
- 2 danger tape rolls
- 2 flash lights
- 1 ducting tape
- Cyanide gas detector
- Water analysis kit

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- 40 disposable respirators 8210
- 12 amyl nitrite shots
- 4 shoves
- 4 safety cones
- 4 sweeps
- 1 emergency light
- 50 polyethylene bags
- 80 kg of calcium carbonate
- 45 kg of sodium hypochlorite
- 2 empty containers

The transport procedures establish that the emergency equipment must be carried by the convoy leader in the safety escort vehicle or in a truck. A checklist is used to verify that it is available and it is documented in the convoy report.

The availability of this equipment was confirmed during the audit for the convoy that was met at the day's rest stop; including a portable freezer that works with the truck electricity outlet to keep the amyl nitrite shots cool; also, the equipment requiring batteries (e.g. flash lights and gas detector) was operational and the gas detector was calibrated. As a result of previous deviations identified during the audit, the checklist was modified to record the number of each element available to ensure that at least the minimum amount is available; it also records the confirmation that the gas detector battery is charged and the calibration is current.

The Plan's Section 8 establishes that all the training in relation with emergency response is to be provided on an annual basis. Verasay has a training program and the drivers and convoy leader receive redundant training from the cyanide manufacturer. Attendance list are kept as record.

The transport procedures establish that the emergency response equipment must be carried by the convoy leader in the safety escort vehicle or in one of the trucks. A checklist is used to verify that it is available prior the convoy's departure and it is documented in the convoy leader report. The availability of equipment and materials mentioned by the emergency response procedures and not included in the emergency kit list is also confirmed in other documents (e.g. one of the emergency response procedures requires covering the cyanide with a water proof canvas which presence is confirmed through the vehicle inspection checklist).

Verasay does not subcontract the cyanide transport. This element does not apply to the audited operations.

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TRANSPORT PRACTICE 3.3: DEVELOP PROCEDURES FOR INTERNAL AND EXTERNAL EMERGENCY NOTIFICATION AND REPORTING.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.3
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The Plan's Section 3.A includes a communications flow diagram which can be summarized as follows: the convoy leader must first inform Verasay's Cyanide Transport Coordinator who then informs external emergency response teams, the mine, and the manufacturer. Section 3.B includes a list of the members of the internal response team members (including the manufacturer and Verasay), and that of external emergency responders (police, firefighters, hospitals, authorities, etc.). Additionally, there is an attachment with the emergency response contacts for each mine.

A sample of the numbers was dialed and confirmed to be accurate.

The emergency notification and reporting procedures are included within the Emergency Response Plan. The Plan's Section 9 establishes that it must be reviewed whenever modifications are required or, at least, once a year.

TRANSPORT PRACTICE 3.4: DEVELOP PROCEDURES FOR REMEDIATION OF RELEASES THAT RECOGNIZE THE ADDITIONAL HAZARDS OF CYANIDE TREATMENT CHEMICALS.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.4
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Section 5.6 of the Emergency Response Plan establishes the procedure to clean a spill and the decontamination of the area which consist of:

- o isolate the area,
- o sweep the cyanide (it is handled only in dry state),
- o collect the debris in plastic bags or drums,
- o treat the area with calcium carbonate and then with a 5% sodium hypochlorite solution,
- o wait at least 15 min,
- o rinse the area with water, and
- o wait for the area to dry and then remove the barricades.

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Section 5.8 establishes that chemicals should not be added to water bodies to control the pH or to neutralize cyanide. Additionally, it includes instructions for assessing the impact on surface water bodies and to prevent the population to be poisoned by contaminated water. These instructions are part of the emergency response instructions to cyanide spills with contact to water and water bodies.

TRANSPORT PRACTICE 3.5: PERIODICALLY EVALUATE RESPONSE PROCEDURES AND CAPABILITIES AND REVISE THEM AS NEEDED.

The operation is

- in full compliance with
- in substantial compliance with Transport Practice 3.5
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The Plan's Section 9 establishes that it must be reviewed whenever modifications are required or, at least, once a year. The transport procedures establish that the convoy leader report must be used to update the assessment of the route. Both the Emergency Response Plan and the Procedure were last updated on May 2010, according to the changes track the changes consisted of the route assessment update.

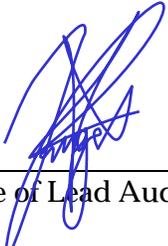
The Plan's Section 8.5 establishes that at least one emergency drill must be performed every year.

The latest drill was performed on 26 November 2009. The scenario consisted in a spill of 200 kg of cyanide from a wood box due to a front crash with another truck. The scenario considered that the container doors open due to the crash and the two drivers were hurt.

This drill was performed on the route and with the participation of the manufacturer and one of the mines. The training program establishes that the next drill will be performed in November 2010. As a result of the 2009 drill, Verasay provided additional training on emergency response to the drivers and convoy leaders on 28 November 2009.

The Plan's Section 9 establishes that it must include the name and numbers of the emergency contacts and phone numbers of external responders. According to Verasay representatives, no accidents have taken place.

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