Gold Mining Operations
Summary Audit Report

for

Minera El Peñón Ltda/
Yamana Gold Group 2015

Prepared by NCABrasil Expert Auditors Ltd.

Minera El Peñón 22/12/2015
SUMMARY AUDIT REPORT
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FOR GOLD MINING OPERATIONS

Instructions

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

2. The name of the mine operation, lead auditor signature and date of the audit must be inserted on the bottom of each page of this Summary Audit Report. The lead auditor’s signature at the bottom of the attestation on page 3 must be certified by notarization or equivalent.

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

4. The Summary Audit Report and Corrective Action Plan, if appropriate, with all required signatures must be submitted in hard copy to:

   ICMI
   1400 I Street, NW, Suite 550.
   Washington, DC, 20005, USA.
   Tel: +1-202-495-4020.

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

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

7. The description of the operations should include sufficient information to describe the scope and complexity of the gold mining operation and gold recovery process.

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Location detail and description of operation:

Location and access

El Peñón District is located approximately 160 km southeast of the city of Antofagasta in the geographical coordinates 24° 23' S and 69° 31' W and UTM 7.302.000N / 451.000E, at an average altitude of 1800 m asl. Access to the area of study is conducted by Route Mining B-475 that leads to the Escondida and Antofagasta Mining Zaldivar. In the Km 100 is a detour to the south of 47 km extension to the Faena El Peñón (Figure 1).

Figure 1. Map of location and access to the study area.
GENERAL INFORMATION:

Climate and Weather

The climate in the industry is a desert type climate characterized by an almost total lack of rainfall, which occur very infrequently and unpredictably. This climate is typical from the eastern edge of the Cordillera de la Costa, in the region until the altitude 2,480 m asl.

Geomorphology sector.

The most important morphological feature constitutes the topographic high Cerro Three Fools with a maximum elevation of 2345 m above sea level, consists of 3 distinct peaks at similar levels Three Fools East, Central and West. Besides Cerro Amarillo stands domed whose peak reaches 2075 m asl. Towards the western edge of both domains, a great plain of low slope (~ 15°) is observed with a number of minor drains and gullies in dendritic available generating lower streams alluvial fans that fill a large Western basin.

Minerals treatment process "El Peñón".

The process used in El Peñón is basically comminution stage crushing and grinding in order to release the useful species, gold and silver leaching with cyanide to dissolve gold and silver rich solution which is useful species passes to process Merrill Crow for precipitating, this product is dried and melts to obtain Dore metal bars (Figure 4).
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El Peñón has defined the route of cyanide in the process (Figure 3).

Figure 3: cyanide route

Figure 4: Flowchart "El Peñón"
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Auditor’s Finding

This operation is:

X in full compliance
☐ in substantial compliance *(see below)
☐ not in compliance

with the International Cyanide Management Code.

During the previous three years certification cycle, Minera El Peñón did not experience any significant cyanide related incidents nor any compliance problems related to cyanide management.

* 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: NCABrasil Expert Auditors Ltd.
Audit Team Leader: Luiz Eduardo Ferreira
E-mail: luizferreira2015@gmail.com (ICMI qualified lead auditor and TEA)
Names and Signatures of Other Auditors: none

Date(s) of Audit: 27~ 30/04/2015 (on-site)
01~ 03/06/15, 08~11/06/2015(on-site);
20 ~23/07/2015(off-site)

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 Gold Mine Operations and using standard and accepted practices for health, safety and environmental audits.

1. PRODUCTION: Encourage responsible cyanide manufacturing by purchasing from manufacturers who operate in a safe and environmentally protective manner.

Standard of Practice 1.1: Purchase cyanide from manufacturers employing appropriate practices and procedures to limit exposure of their workforce to cyanide, and to prevent releases of cyanide to the environment.

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

Summarize the basis for this Finding/Deficiencies identified:

Reviewing the two valid contracts in the last three years between one hand, as sellers E.I.Dupont USA and Du Pont Chile and, on the other hand, as buyer, Minera El Peñón for the article sodium cyanide, briquettes typical assay 95-98% was observed that in article six of both contracts is required that sodium cyanide provided by DuPont must be produced in a facility having a current certification under the International Cyanide Management Code. The first contract reviewed was valid for a period of three years from March 1st, 2010 and the other one is valid for a period of five years from March 1st, 2013 and may be extended for another two years upon written agreement of the seller and the buyer at least ninety days prior the original term expiration date.

Was evidenced, that the contracts signed between DuPont and Minera El Peñón, valid since the initial certification audit, clearly require that the sodium cyanide shall be produced at a facility that has been certified as being in conformance with the Cyanide Code as well as transported by ICMI certified transporters. It was evidenced that all sodium cyanide used by Minera El Peñón since the initial certification audit, was provided by Du Pont – Memphis facility (ICMI certified producer). The origin of the cyanide, as stated in the transportation documentation such as

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"Guía de Despacho", "Certificado de Destinación Aduanera", Purchase Order, and Certificate of Origin is fully traceable to DuPont Memphis facility which is a certified cyanide producer as verified in the ICMI website.

Minera El Peñón does not purchase sodium cyanide from distributors.

2. TRANSPORTATION: Protect communities and the environment during cyanide transport.

Standard of Practice 2.1: Establish clear lines of responsibility for safety, security, release prevention, training and emergency response in written agreements with producers, distributors and transporters.

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

Standard of Practice 2.1

Summarize the basis for this Finding/Deficiencies Identified:

Was evidenced, reviewing the contracts and agreements among the El Peñón and the producer (DuPont Memphis) and the producer with the transporter (Verasay Transportes), that general and specific responsibilities are clearly addressed on both of them (article 6 of the contract above mentioned, signed on March 2013). All involved in the transportation chain have been certified to ICMI requirements for cyanide transporters. The sodium cyanide is transported in containers specifically designed for this purpose (UNO), according to international and Chilean road transport legislation. Noted that the transportation is performed as required by Decreto Supremo DS 289 issued by Ministerio de Transportes y Telecomunicaciones de Chile dated on February 12, 1995. Both producer and transporter are certified under the Cyanide Code.

Standard of Practice 2.2: Require that cyanide transporters implement appropriate emergency response plans and capabilities and employ adequate measures for cyanide management.

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

Standard of Practice 2.2

Summarize the basis for this Finding/Deficiencies Identified:

Was evidenced that the sodium cyanide is transported into the operation by an ICMI certified transporter (Verasay Transportes), which has itself specific cyanide related emergency response plans. The solid sodium cyanide is transported straight from the port (Mejillones and nitroagasta) to the operation, without any interim storage or changing of transporter. Evidenced through RESOLUCION EXENTA N° 44 dated March 8, 2000 that COREMA - Comisión Regional del Medio Ambiente approved the transportation of dangerous products, including sodium cyanide to Minera El Peñón. All transport supply chain (DuPont USA, DuPont Chile and Verasay) are ICMI certified according to the ICMI website. The sodium cyanide documentation is verified in reception control at the operation, and is fully traceable to the producer, evidencing that all transport supply chain (DuPont USA, DuPont Chile and Verasay) are ICMI certified as previously mentioned.

3. HANDLING AND STORAGE: Protect workers and the environment during cyanide handling and storage.

Standard of Practice 3.1: Design and construct unloading, storage and mixing facilities consistent with sound, accepted engineering practices, quality control/quality assurance procedures, spill prevention and spill containment measures.

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

Standard of Practice 3.1

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Summarize the basis for this Finding/Deficiencies Identified: (Due to the sensitivity of security issues regarding storage of cyanide, no descriptions of substantial or non-compliance with this aspect of the Standard of Practice should be provided).

Reviewing guidelines and applicable jurisdictional rules such as: Decreto Supremo Nº 288, Transporte de cargas Peligrosas por Calles y Caminos, Reglamento de Seguridad Minera, Decreto Supremo Nº 72 (21 de October de 1985), modified by Decreto Supremo Nº 132 de 2004, Ministerio de Minería, Reglamento de Condiciones Sanitarias y Ambientales Básicas en los Lugares de Trabajo (Decreto Supremo Nº 594, published September 15, 1998), Nch.2190. Of.93, Esquema Distrital de seguridad, Reglamento de Tránsito R414, Reglamento de Tránsito y Operación de Equipos en Interior Mina R102, Procedimiento de Recepción de Materiales de Bodega de MML as well as reviewing pertinent drawings and Project documents evidenced that all facilities for unloading, storing and mixing cyanide were designed and constructed in accordance with stated by Cyanide Code.

Evidenced during the field audit that warehouses for cyanide storage were constructed in a restricted area, where only authorized and qualified personnel are allowed to go in, under roof, with a drainage system, on concrete floor. The unloading, mixing and storage operations are performed by qualified operators. All the preparation of cyanide solution is accompanied by a paramedic. The cyanide solution preparation tank is equipped with a HCN sensor, a pH sensor and a level sensor (all calibrated against international standards). Observed, during the field audit, that all the secondary containment pools of cyanide containing tanks, are constructed in concrete and HDPE liners. The cyanide preparation area has also covered floor and is under roof and natural ventilation system as well as they are in conformance with all Chilean pertinent rules and laws. All storage area has emergency exit clearly marked with signage and are in accordance with the established by the Supreme Decree DS 594 Párrafo III Evidenció that the Resolución N-226/2002 Reglamento de Transporte, Almacenamiento y manipulación de Cianuro, is duly followed.

Observed during the field audit that sodium cyanide is stored separately from incompatible materials such as acids, strong oxidizers and explosives and apart from foods, animal feeds and tobacco products with berms, bunds, walls or other appropriate barriers to prevent mixing. Safety procedures are documented in work instructions as well as the unloading, mixing and storage instructions. The previously mentioned qualified operators use also portable HCN detector, during the NaCN unloading activity. The unloading area is naturally ventilated.

Standard of Practice 3.2: Operate unloading, storage and mixing facilities using inspections, preventive maintenance and contingency plans to prevent or contain releases and control and respond to worker exposures.

X in full compliance with

☐ in substantial compliance with

☐ not in compliance with

Standard of Practice 3.2

Summarize the basis for this Finding/Deficiencies Identified:

Minera El Peñón uses solid sodium cyanide (briquettes), typical assay of 96% ~ 98% which is brought to the operation in containers with 20 ton of sodium cyanide each, specifically designated for this purpose, which are returned to the cyanide producer (DuPont) just after the unloading activity is concluded, by the cyanide transporter (Verasay Transportes). Before departing the operation, the truck is verified to be in conformance, without any kind of leakage and completely empty. All unloading and storage activities are performed only after a risk analysis and to be in accordance with internal documented procedures specifically developed for related activities. Internal documented procedure GP-P03 establishes methodology for washing all cyanide containers with water three times. The above-mentioned procedure is in accordance with Chilean laws. During the field audit, observed that cyanide containers are washed, decontaminated and dried in a specific installation available for this activity as stated. Besides it is checked the effectiveness of triple washing through methodology defined and documented in internal procedure GP-102/R03 – "Muestreo de sacos de cianuro". Cyanide analysis is performed according to established procedures in the chemical laboratory, GGP069/R01 - potentiometric determination of free cyanide in samples of plant processes. Then, the decontaminated containers are sent to Hidronor, a qualified supplier (by Chilean local EPA) which makes the final disposition thereof as Chilean environmental legislation such as: Resolución Exenta N- 043, 12/06/1998, Comisión Regional del Medio Ambiente, Resolución Exenta N- 044, 08/03/2000, Comisión Regional del Medio Ambiente, Resolución N-226/2002 Reglamento de Transporte, Almacenamiento y manipulación de Cianuro de Minera Meridiana limitada; SERNAGEOMIN, Decreto Supremo 594 sobre las Condiciones Sanitarias y Ambientales Básicas en Lugares de Trabajo. Cyanide empty boxes using is not allowed. Evidenced that procedure GP-P09/R06 is duly implemented.

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Interviewed operators showed to be aware of unloading and storage activities, such as the operation of all valves and couplings for mixing solid cyanide, how to handle cyanide boxes and big bags without rupturing or puncturing them, maximum NaCN boxes piling, how to proceed in the event of any spilling as well as noted that they were using the required PPEs (personal protective equipment) as stated.

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

Standard of Practice 4.1: Implement management and operating systems designed to protect human health and the environment utilizing contingency planning and inspection and preventative maintenance procedures.

The operation is:
X in full compliance with
☐ in substantial compliance with
☐ not in compliance with

Standard of Practice 4.1

Summarize the basis for this Finding/Deficiencies Identified:

El Peñón established, implemented and maintained internal documented procedures defining methodology for cyanide facilities including unloading, mixing and storage facilities, leach plant operations which were found in conformance with a safe operation. Sampled examples were: GG-P03/R03 - "Gestión de bodega Mina MML" which describes reception, unloading and storage of NaCN; GP-P01/R01 - "Manipulación de NaCN" (handling for addition, triple washing and preparation of cyanide); GG-P11/R03 - "Recepción y descarga de NaCN; GP-R09 - "Transporte, manipulación, almacenamiento y uso de sustancias y elementos peligrosos"; GH-P10/R05 - "Manejo de residuos industriales peligrosos no reciclables"; GP-P09/R06 - "Manipulación de cojas vacías de cianuro"; GP-P18/R03 - "Reglamento para operación de montacargas y grúa horquilla"; GP-016/R06 - "Inspección de equipos de planta"; GP-P13/R06 - "Adición de cianuro al molino y lixiviación"; GP-P14/R06 - "Limpieza de canales y ductos de espasadores"; GP-P15/R06 - "Operación de relaves"; GP-P20/R06 - "Puesta en servicio y operación del área de clarificación"; GP-P22/R06 - "Operación del área de molienda"; GP-P30/R07 - "Cosecha de filtro prensa"; GP-P25/R05 - "Protocolo control variables de operación"; GP-P37/R07 - "Lavado de filtro prensa"; GP-P42/R03 - "Nuestro de sacos de cianuro"; GP-P16/R06 - "Uso de medidores HCN portátiles y estacionarios"; P38/R07 - "Precorto filtro prensa"; GP-10/R03 - "Balance de soluciones y control de contenciones secundarias"; GP-P44/R01 - "Determinación fotométrica de cianuro libre en muestras de agua potable". During the field audit and reviewing pertinent records, found that activities have been performed as stated in mentioned documented procedures.

El Peñón established, implemented and maintained internal documented procedures which identify the assumptions and parameters on which the facility design was based and any applicable regulatory requirements such as procedure GP-P25/R06 - "Protocolo control variables de operación" in order to establish the requirements that must be met in associated activities with the operational control in all areas of the plant, according to applicable regulations and in accordance with the provisions of the EIA El Peñón and its environmental qualification resolution.

El Peñón established, implemented and maintained internal documented procedures, which describe the standard practices necessary for the safe and environmentally sound operating the specific measures needed for compliance with the Code, such as inspections and preventive maintenance activities.

El Peñón established, implemented and maintained internal documented procedure PCS-00-21-00-007 - Management of change which, requires the use of two attachments identified as "Gestión de cambios" and "Equipo Involucrado en cambios" in order to define how to proceed when changes in a site's processes or operating practices may increase the potential for the release of cyanide and to incorporate the necessary release prevention measures. These records were reviewed and demonstrated the practiced methodology was found in place and effective.

El Peñón established, implemented and maintained internal documented procedures, which describe contingency procedures for situations when there is an upset in a facility's water balance, when inspections and monitoring identify a deviation from design or standard operating procedures, and/or when a temporary closure or cessation of operations may be necessary. Were reviewed procedures GH-P17/R10 - "Plan Específico de Emergencia por derrame de cianuro o solución cianurada"; GP-I01/R03 - "Balance de soluciones y control de contenciones secundarias"; GP-P18/R06 - "Descontaminación de equipos"; P133 - "Control de derrames de restivos en planta de lixiviación"; GP-139 - "Evacuación de aguas de lluvias en piscinas de lixiviación"; GP-136 - "Puesta en servicio por corte de energía no programada". They were verified and found in place and effective.

Evidenced that El Peñón inspect cyanide facilities on an established frequency, according internal documented procedures, sufficient to assure and document that they are functioning within design parameters criteria, FPPFRKD-000101-3 - "Inspección semanal conjunto de cañerías"; FPPFRKD-000102-1 - "Inspección semanal conjunto de cañerías lixiviación"; FPPFRKD-000024-3 - "Inspección semanal conjunto de cañerías lixiviación"; FPPFRKD-000025-3 - "Inspección semanal conjunto de cañerías lixiviación"; FPPFRKD-000020-3 - "Inspección semanal instrumento HCN"; 560-CR-06-00-207 - "Manutención 1.500 hrs mecánica, GP-M-F-119 - "Manutención semanal sala electrica lixiviación"; 500-

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EP-01 - "Inspección semanal mecánica esperada de concentrado"; FPRFKD-0000002-02-3 - "Inspección mecánica semanal conjunto agitador MBX-55"; "Inspección mecánica semanal bombas horizontales lixiviación"; "Inspección mecánica 3000 hrs bombas horizontales lixiviación"; "Inspección mecánica biannual estanques lixiviación"; "Inspección mecánica diaria esperada de concentrado"; "Manutención estanques lixiviación"; "Inspección mecánica diaria esperada de concentrado"; "Manutención estanques diaria esperada de concentrado"; "Manutención estanques diaria esperada de concentrado". Records of such the inspections and maintenance were reviewed and found effective.

El Peñón inspects tanks holding cyanide solutions for structural integrity and signs of corrosion and leakage. Records of such inspections were found effective.

The inspections are documented, including the date of the inspection, the name of the inspector, the observed deficiencies, the nature and date of corrective actions as well as the pertinent records have been retained as stated.

El Peñón has an effective preventive maintenance programs duly implemented. Associated activities are documented to ensure that equipment, and devices function as necessary for safe cyanide management. Several procedures clearly define the parameters such as when, where, who, why, what and how to perform a preventive maintenance. Sampled examples were: MCI-00-21-001 - "Guía Corporativo Mantenimiento de Yamana", GMA-P11 / R03 - "Mantenimiento de Equipos Analíticos de Procesos", MDP-00-21-000 - "Procesos Integrados de Mantenimiento"; MDP-00-21-001 - "Manutenión de Equipo de Procesos"; MDP-00-21-004 - "Programación del mantenimiento"; MDP-00-21-005 - "Ejecución del Mantenimiento"; MDP-00-21-006.

Maintenance strategy includes the following steps: Planning, Implementation, Preventive and Predictive, Materials and Contracts, Human Resources, Reliability Engineering. Information Technology, Management for Results, Implementation & Leadership and Costs.

There are five types of maintenance practiced in Minera El Peñón as follows: Reactive Unplanned Maintenance (Corrective), Preventive Maintenance; Systematic Preventive maintenance, Predictive and Improved Equipment.

Reviewed internal documented procedure GMA - 012 / RO1 - "Cálculo de criticidad equipos planta" and noted that it aims to define the areas of Maintenance and Operations the steps to evaluate and define the classification of the criticality of assets, allowing correct selection of the maintenance strategy, classifying assets on a scale of prioritization for maintenance actions. To properly fulfill this objective guidelines is used "Maintenance Management System Yamana" (GMM). Asset criticality: A methodology to establish the hierarchy of assets (systems, facilities and equipment), based on technical criteria, financial, security and environmental, in order to facilitate decision-making, the term is used to determine the importance of a machine in the production process. This "importance" is typically based on an assessment of the consequences that would entail equipment failure in service.

Evidenced criticality A, B and C equipment have been submitted to preventive maintenance as stated.

El Peñón has seven back-up power generating equipment being five Cummins GSK63 (04GEN 05, 04GEN 06, 04GEN 07, 04GEN 08, and 04GEN 09) and two Caterpillar 3516 (04GEN 01 and 04GEN 02), to operate pumps and other equipment to prevent unintentional releases and exposures in the event the primary source of power is interrupted. All back-up power generating equipment are classified as Critical A, it was evidenced that El Peñón defined a maintenance program and tests for its back-up power generating equipment.

Reviewing pertinent electric maintenance and inspection records of generators was evidenced the duly implementation.

Standard of Practice 4.2: Introduce management and operating systems to minimize cyanide use, thereby limiting concentrations of cyanide in mill tailings.

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

Standard of Practice 4.2

Summarize the basis for this Finding/Deficiencies Identified:

Internal Documented procedure GP-P25/R 06 - "Protocolo Control Variables de Operación" defines methodology to determine appropriate cyanide addition rates in the mill and evaluate and adjust addition rates as necessary when ore types or processing practices change cyanide requirements. Evidenced "Operational Mine to Dore" duly implemented. Noted that El Peñón practices daily monitoring of the consumption of cyanide. Sampled examples were: Leach Report dated May 05, 2015; May 13, 2015 March 24, 2015; March 13, 2015; May 10, 2015; December 21, 2014; September 19, 2014; February 02, 2015.

Standard of Practice 4.3: Implement a comprehensive water management program to protect against unintentional releases.

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

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Internal documented procedure GP-P01/R03 – "Balance de agua" establishes methodology for performing a comprehensive, probabilistic water balance. Based on an initial study, dated June 2010, the operation monitors the water balance on a daily basis and reviews the study on a monthly basis. Evidenced duly implemented. Records identified as Weekly Water Balance Data and Daily Water Balance Data provided evidences of proper implementation.

Although there is no leach pads or tailings dam in the audited operation, the operation reviewed data related to rain storms in the last 100 years and the worst storm scenario was below 100mm/precipitation/year. This aspect was considered not significant to the water balance management system. Evidenced that the operation has sufficient primary and secondary containments and emergency pools to support all the operation waters volume present in the operation. Reviewing the records Weekly Water Balance Data and Daily Water Balance Data reports evidenced duly implemented in accordance with defined requirements.

Standard of Practice 4.4: Implement measures to protect birds, other wildlife and livestock from adverse effects of cyanide process solutions.

The operation is

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

Standard of Practice 4.4

Summarize the basis for this Finding/Deficiencies Identified:

Internal documented procedure GH-P17/R01 – "Monitoreo de Fauna which aims to establish the structure of responsibilities and the measures or activities associated monitoring and protection of wildlife in El Peñón in accordance with provisions of Environmental Impact Assessment (EIA) and its resolution the Rock Rating Environmental (RCA).

Minera El Peñón do not present open water with WAD cyanide exceeding 50mg/l, according the audited monitoring records. Special measure (fencing) was implementing to restrict access by wildlife. Secondary emergency pools are kept empty. There is no record of wildlife mortality in the past three years.

Standard of Practice 4.5: Implement measures to protect fish and wildlife from direct and indirect discharges of cyanide process solutions to surface water.

The operation is

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

Standard of Practice 4.5

Summarize the basis for this Finding/Deficiencies Identified:

Not applicable. Evidenced during the field audit that El Peñón does not practice direct or discharge to the environment or surface water. There is no surface water

Standard of Practice 4.6: Implement measures designed to manage seepage from cyanide facilities to protect the beneficial uses of ground water.

The operation is

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

Standard of Practice 4.6

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced that El Peñón established, implemented and maintained internal documented procedure GP-J01-R03 – "Balance de Soluciones y Control de Contenciones Secundarias”.

Although the fresh underground water is captured far from the operation (200m depth and 20Km away) and the evaporation rate is very high, the operation implemented eight monitoring points just down gradient of the brown-field area (wet tailings disposal area, after the filtering process). Monitoring results showed no infiltrations. Sampled examples of records were: FMC-P1 POZO 4 RPA-105 POZO 3 PW-2 POZO 5. MW-2 POZO 6 PW-1 POZO 2 PW-5 POZO 7 and PW-3 POZO 8.

Evidenced that the monitoring conducted by ALS Environmental indicates that there is not any contamination of ground water caused by any type cyanide (total, wad or free). The Chilean law 1333 “Requisitos para calidad de aguas para diferentes usos/ quality criteria for general use of water”, did not establish any value for WAD or free cyanide for ground water.

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Evidenced that there is no record of seepage from the operation to the ground water since the initial audit up to now as demonstrated in the monitoring performed by "Lab- Agua-Sur" Analysis Nr AQ-7355, dated May 15, 2015.

Standard of Practice 4.7: Provide spill prevention or containment measures for process tanks and pipelines.

The operation is X in full compliance with

☐ in substantial compliance with

☐ not in compliance with

Standard of Practice 4.7

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced during the field audit that the cyanide unloading, storage, mixing and process solution tanks are provided with spill prevention and containment measures, such as primary secondary containment and impermeable varnish. According to the designs all cyanide unloading, storage, mixing and process tanks contain secondary containment sized to hold a volume greater than that of the largest tank within the containment and any piping draining back to the tank. Also evidenced two secondary emergency pools. During the field audit observed that there is no precipitation in the audited operation.

Evidenced that El Peñón established, implemented and maintained internal documented procedure GP-J01-R03 - "Balance de Soluciones y Control de Contenciones Secundarias".

El Peñón does not have process tanks without secondary containment.

Evidenced that all cyanide process solution pipelines are provided with spill prevention to collect leaks and prevent releases to the environment.

None areas where cyanide pipelines present a risk to surface water were identified. All pipelines are within controlled areas, protected by secondary containments and/or HDPE liners.

Evidenced that all cyanide tanks and pipelines are constructed of materials compatible with cyanide and high pH conditions.

Standard of Practice 4.8: Implement quality control/quality assurance procedures to confirm that cyanide facilities are constructed according to accepted engineering standards and specifications.

The operation is X in full compliance with

☐ in substantial compliance with

☐ not in compliance with

Standard of Practice 4.8

Summarize the basis for this Finding/Deficiencies Identified:

El Peñón established, implemented and maintained a quality control and quality assurance programs for new and existing cyanide facilities and modifications for the existing installations. QC/QA records were reviewed. Sampled examples were: Signet Engineering PTY Ltd which covers the material requirements for each piping system used on the project and specifies all applicable standards, codes and technical specifications.

Standards drawings were reviewed and found duly implemented. Sampled examples were: 00-SP-001- Standard Piping Details Sheet 1, 00-SP-002 - Standard Piping Details Sheet 2, 00-SP-003 - Typical Pipe Supports, 00-SPI-001 - Standard P&ID Symbols - Gold Plant, 00- SPI-002 - Standard Instrumentation Installation Details, 00-SPH-003 - Standard P&ID Symbols - Base Metals.

Reviewing pertinent records evidenced that all cyanide tanks and related structures were certified in accordance with API Std. 653 - 2009. Sampled examples were certificates issued by Tank Control Templo Ltda. Evidenced that El Peñón retains all records of quality control and quality assurance for cyanide facilities.

As previously mentioned, the tanking areas of the operation were overhauled according acceptable engineering practices by a Chilean engineering company, Tank Control Templo. All cyanide tanks and related structures were certified in accordance with API 653-2009 standard.

Appropriately qualified personnel reviewed cyanide facility construction and provided documentation that the facility has been built as proposed and approved.

All required documentation was presented by El Peñón.

Standard of Practice 4.9: Implement monitoring programs to evaluate the effects of cyanide use on wildlife, surface and ground water quality.

The operation is X in full compliance with

☐ in substantial compliance with

☐ not in compliance with

Standard of Practice 4.9

Summarize the basis for this Finding/Deficiencies Identified:

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[Signature]

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El Peñón defined and documented procedures for monitoring activities such as GH-MA –F08 – "Programa de Monitoreo y Control Ambiental" and GH-P17/R01 – "Monitoreo de Fauna". Procedure GH-MA –F08 include measure and monitoring water (Potable, Wells, Mine drainage and, Waste); Air (Meteorology, Air quality and isokinetics); Noise; Ground (ground and tailings); Wells Control, Biological (fauna); Archeology; Waste. Water drinkable test is verified in Orosiris Plant monthly and each six months in Casa de Cambio Planta and Casino Campamento. The parameters inspected are the required by Chilean legislation NCh 409. Internal documented procedure GH-MA –F08 clearly defines for each monitoring: procedure to be used; frequency, place/equipment; parameters; responsibilities and when shall be performed. Same examples of tested parameters are: Cyanide; Turbidity; pH; Chlorine, Free Cyanide; Inorganic substances; Humidity. Evidenced that GH-P17/R01 establish the structure of responsibilities and the measures or activities associated monitoring and protection of wildlife in El Peñón in accordance to the provisions of Environmental Impact Study. Reviewing pertinent records evidenced that both documented procedures have been duly implemented. Reviewing chemical lab procedures as well as external documented procedures evidenced that all protocols used are aligned with AWWA – “Standard Methods for The Examination of Water and Wastewater.”

“Evidenced that GH-MA –F08 – “Programa de Monitoreo y Control Ambiental”, GH-P17/R01 – "Monitoreo de Fauna” specify how and where samples should be taken, describe the sample preservation techniques, the chain of custody and cyanide species to be analyzed. Noted that it is duly implemented in accordance with Chilean Standard NCh 411/2010 Of. 2005 – Calidad de agua. Muestras – Parte 10 – Muestra de aguas residuales – Recolección y manejo de las muestras El Peñón does not discharge process water to surface water. There is an implemented environmental monitoring program. No livestock is managed in the operation surroundings. The monitoring frequency is in accordance with Chilean standards, such as NCh 409 and NCh 411/2010.

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

Standard of Practice 5.1: Plan and implement procedures for effective decommissioning of cyanide facilities to protect human health, wildlife and livestock.

The operation is ☐ in full compliance with ☐ in substantial compliance with ☐ not in compliance with Standard of Practice 5.1

Summarize the basis for this Finding/Deficiencies Identified:
Evidenced that El Peñón established, implemented and maintained documented procedure “Plan de Cierre Planta y Mina El Peñón December 21, 2010 which was prepared by MWH - Montgomery and Watson Consulting. The decommissioning procedure includes the decontamination of equipment, the removal of residual cyanide reagents and others related activities. The above-mentioned procedure to decommission cyanide facilities include a schedule of the “Adenda al Plan de Cierre de El Peñón for carrying out its proposed activities; this schedule show the order in which the planned activities will be conducted. El Peñón will update its plans as changes in the operation as they affect decommissioning, as well as changes in planned decommissioning techniques and measures. Evidenced that the actual decommissioning plan is being updated by MWM – Montgomery and Watson Consulting.

Standard of Practice 5.2: Establish an assurance mechanism capable of fully funding cyanide related decommissioning activities.

The operation is ☐ in full compliance with ☐ in substantial compliance with ☐ not in compliance with Standard of Practice 5.2

Summarize the basis for this Finding/Deficiencies Identified:
Minera El Peñón established a self-guarantee as financial assurance mechanism. The projected closure costs associated with the decommissioning and closure costs of El Peñón mine were included in The Yamana Gold annual financial audit report. Visiting the web site www.yamana.com it is possible to get a copy of the audited financial reports for the period ended December 31, 2013 (note 19 "decommissioning, restoration and similar liabilities”. Betty Soares, Vice President Corporate Controller & Chief Accounting Officer states that “Yamana Gold has the financial resources necessary to self-insure (or self-fund) the mine closure plan. Reviewing the Yamana web site the information was confirmed.

6. WORKER SAFETY: Protect workers’ health and safety from exposure to cyanide.

Standard of Practice 6.1: Identify potential cyanide exposure scenarios and take measures as necessary to eliminate, reduce or control them.

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The operation is

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

Standard of Practice 6.1

Summarize the basis for this Finding/Deficiencies Identified:

El Peñón established, implemented and maintained internal documented procedures which clearly defines methodology for unloading, mixing, plant operations, entry into confined spaces, and equipment decontamination prior to maintenance in such manner that minimize worker exposure. Sampled examples were: GG-P03/R03, GP-P01/R01, GG-P11/R03, GH-P10/R05, GP-P09/R06, GG-P18/R03, GP-I06/R06, GP-P13/R06, GP-P14/R06, GP-P15/R05, GP-P20/R06, GP-P22/R06, GP-P36/R07, GP-P26/R06, GP-P37/R07, GP-I02/R03. The procedures above mentioned were reviewed and found to clearly describe safe work practice.

Evidenced that internal documented procedures clearly define the use of personal protective equipment and address pre-work inspections as well as that the operation implemented procedures to review proposed process and operational changes and modifications for their potential impacts on worker health and safety, and incorporate the necessary worker protection measures.

Workers participate effectively in the risk evaluation process and in the development of operational procedures. Records were reviewed and provided that plant operators, supervisors and contractors have been participated in cyanide risk assessment and developing procedures. Interviewed personnel showed to be aware of cyanide risk evaluation process.

Standard of Practice 6.2: Operate and monitor cyanide facilities to protect worker health and safety and periodically evaluate the effectiveness of health and safety measures.

The operation is

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

Standard of Practice 6.2

Summarize the basis for this Finding/Deficiencies Identified:

El Peñón defined and documented that the minimum pH value shall be equal or greater than 10.5. During the field audit and recording pertinent records verified that the pH have been effectively controlled and monitored (through calibrated pH meter) in the operation. Alarm systems are in place. Additionally, during the field audit, noted that the usual pH value is around 12. The pH is controlled through the online addition of soda solution using a calibrated flow meter.

El Peñón has fixed HCN detectors in the tank leaching area and the operators use portable calibrated HCN detectors. Both cases were evidenced in the field audit. Alarm level is set for 4ppm HCN. Reviewing pertinent records evidences were provided that the parameters are maintained as stated (below exposition limits). In the event of alarm situation (4 ppm HCN), the operators are ordered to leave the area, only returning when allowed by the supervision, after technical checking. Also observed that all the operators use adequate personal protective equipment

Records provided evidence that hydrogen cyanide monitoring equipment have been maintained, tested and calibrated as directed by the manufacturer, and that records are retained for at least one year.

Evidenced during the field audit that the signage is effective, covering the presence of cyanide, that eating, drinking and smoking is not allowed and open flames are prohibited.

Noted that all required auxiliary installations were evidenced to be in place and operational. They were tested during the field audit and worked properly. The operation has also implemented a system to manage all the fire extinguishers available at the plant. Inspection/maintenance records of such equipments provided evidences that they have been adequately maintained.

During the field audit evidenced that all cyanide tanks and piping are clearly painted, identified and the flow direction clearly showed.

El Peñón implemented an emergency program inside the plant where all cyanide related information is available in Spanish. This emergency program was made by DuPont (Dr. Bernardo A. Curial) and includes the safety information related to cyanide (MSDS), first aid procedure and alarm systems. All required information are available in areas where cyanide is managed.

El Peñón has defined and internal documented procedure to investigate and evaluate cyanide exposure incidents to determine if the operation's programs and procedures to protect worker health and safety, and to respond to cyanide exposures. During the field audit interviewed personnel showed to be aware of this matter. Up to now, any cyanide related incident/accident has occurred.

Standard of Practice 6.3: Develop and implement emergency response plans and procedures to respond to worker exposure to cyanide.

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[Signature]

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

Standard of Practice 6.3

Summarize the basis for this Finding/Deficiencies Identified:

During the audit in the field evidenced that El Peñón has an emergency facility, fully equipped with water, oxygen, a resuscitator, antidotes kits, alarm system, first aid procedures, self-contained breathing equipment, filters, and masks and many communication channels such as telephone, radio channel, cell phone and e-mail. Emergency kits are available in several places such as Cyanide Preparation Area, Chemical Lab., Mill area, Control Room, Polyclinical medical center, Filter Area, Filtering Area (upper and lower). All operators have portable radio and in control room there is available a base radio system.

Yes. El Peñón performs the monthly inspection of personal protective equipment (PPE). Verified inspections results are properly recorded. During the field audit, noted that the local personnel effectively inspected all the first aid equipment including the ambulance. Evidenced that ambulance is daily inspected. Storage conditions of amyl nitrite, sodium nitrite and sodium bisulphate are defined and implemented as stated.

El Peñón established, implemented and maintained internal documented procedures GH-P18/R10 – "Plan Especifico de Emergencias por emision de cianuro", GH-P25/R10 – "Plan Especifico de Emergencia por Inmersión en soluciones de cianuro", GH R 10 – "Preparación y Respuesta ante Emergencias. Documented procedure issued by ESACHS (a contractor used for health services) – "Procedimiento para Preparación de emergencias" which clearly identifies the procedures to respond to cyanide exposure defining:

Protection measures in first aid, first aid with conscious victim, first aid treatment unconscious victim breathing, first aid treatment unconscious victim not breathing, medical treatment (intravenous antidotes), first aid for contact with skin and eyes, administration of activated charcoal, medical treatment kits against poisoned by cyanide. DuPont MSDS is also used as an emergency response procedure.

El Peñón has its own on-site capability to provide first aid or medical assistance to workers exposed to cyanide. El Peñón has two doctors, six paramedics and one nurse which are in place. Both installations and personnel were evidenced during the field audit. Responsibilities and authorities of the medical and paramedical are defined and documented. El Peñón have two doctors, six paramedics and one nurse in place. Both installations and personnel were evidenced during the field audit. Responsibilities and authorities of the medical and paramedical are clearly defined, documented and implemented as stated.

Was verified that documented procedure issued by ESACHS – "Protocolo de Atención en emergencias por Intoxicación por cianuro" clearly identifies the methodology to transport workers exposed to cyanide to locally available qualified off site medical facilities. It is defined that the transfer of patients is done using the following means: Plant ambulance, ambulance Mine, helicopter air rescue.

El Peñón has a "Certificado de Afilantación" # 1085276 which is an agreement between El Peñón and Asociacion Chilena de Seguridad – ACHS, according to the law #16.744 from Seguro Social Obligatorio, August 1st, 2002 to prepare medical providers with adequate staff, equipment and expertise.

Was verified that documented procedure issued by ESACHS – "Protocolo de Atención en emergencias por Intoxicación por cianuro" clearly identifies the methodology to transport workers exposed to cyanide to locally available qualified off site medical facilities. It is defined that the transfer of patients is done using the following means: Plant ambulance, mine ambulance or helicopter air rescue.

El Peñón performs mock emergency drill to test response procedures for various cyanide exposure scenarios. At the beginning of each year, El Peñón defines an annual planning simulated cyanide-related emergency, which includes frequency, type of incident or accident to be tested, date to be performed and emergency procedure to be tested. El Peñón implemented its mock emergency drills in accordance with 2015 Annual planning simulated cyanide-related emergency and 2014 Annual planning simulated cyanide-related emergency. Drill records were reviewed and found in compliance. There was no need to change the Emergency Plan due to the results of mock emergency drills See Principle 7 for more details.

7. EMERGENCY RESPONSE

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

Standard of Practice 7.1: Prepare detailed emergency response plans for potential cyanide releases.

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

Standard of Practice 7.1

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced corporate procedure PCS - 00-02-3-5-0053 – "Gestión Mayores Riesgos" duly implemented. It includes leakage and spills of dangerous chemicals. El Peñón developed an Emergency Response Plan to address potential accidental releases of cyanide. Internal documented procedure GH-R10 – "Preparación y Respuesta ante
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Emergencias" defines responsibilities and authorities (worker, supervisor, buyer, area managers, and general manager). Emergencies are classified according to the degree of damage they can generate in the people in the operational process, and the assets of the company and/or the environment as follows. Level I (Low) those that can be controlled with the resources of the place emergency occurs emergency groups activated at the request of discretion Emergency leader; Level 2 (Major) those who by their gravity always require simultaneous form internal and external resources, which are activated automatically but not total, but for its implications for the company, require the participation of the Advisory Committee Emergency (CAE); Level 3 (Catastrophic) those which by its catastrophic potential magnitude and implications, require immediate, massive and full involvement of internal and external resources, including participation of the Management Committee El Peñón. Evidenced that procedure GH-R10 is accordance with Chilean legal requirements such as Decreto Supremo DS 72 (art. 25) and defines actions to be performed by COE - Emergency Operations Center; CAE - Advisory Committee Emergency; Management Committee of Emergency: Rescue and Emergency Brigade; Emergency Brigade; Contractors, SAMU, Bomberos, Carabineros, External Brigade; Mutual Aid Plan Minera Escondida and Mutual Aid Plan Minera Zaldívar. Others documented procedures related to Emergency Response Plan were assessed such as: GH-P03/R10 - "Derrames o Fugas de Sustancias Peligrosas", GH-P25/R10 - "Plan Específico de Emergencia por Inmersión en Solución Clanurada", GH-P02/R10 - "Contingencia", GH-P24/R10 - "Uso de Refugios", GH-P01/R10 - "Preparación y Respuesta Ante Situaciones De Emergencia", GH-P20/R10 - "Plan Específico de Emergencia Catastrófica", GH-P11/R10 - "Transporte de Clanurado", GH-P18/R10 - "Plan Específico de Emergencias por Emisión de HCN", GH-P23/R10 - "Comunicación en Emergencias", GH-P22/R10 - "Plan Específico Emergencias en Transportes", GH-P21/R10 - "Plan Específico de Emergencia por Incendio o Explosión en Almacenamiento o Proceso", GH-P07/R10 - "Emergencia en Espacios Confinados", - GH-P17/R10 - Plan Específico de Emergencia por Derrame de Clanuro o Solución Clanurada.

Emergency plan includes the response for all cyanide related emergencies (requirements 7.1.1a to 7.1.1j).

DuPont Chile and Transportes Versasay have a specific emergency response plan related to road transportation of solid cyanide in Chile, which is tested on a regular basis. Evidenced that the emergency plans clearly addresses specific responses to that situations, considering internal and external stakeholders. They clearly defines use of cyanide antidotes and first aid measures for cyanide exposure, control of releases at their source and, containment, assessment, mitigation and future prevention of releases. Evidenced "Protocolo de Atención en Emergencia por Intoxicación por cianuro", which establishes daily checklist of ambulance; emergency kit for cyanide poisoning (amyl nitrite, sodium nitrite and sodium thiosulfate); transfer procedure by ambulance and transfer procedure by helicopter.

Standard of Practice 7.2: Involve site personnel and stakeholders in the planning process.

The operation is

X in full compliance with

☐ in substantial compliance with

☐ not in compliance with

Standard of Practice 7.2

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced that "Plan de Contingencias del Transporte Para Clientes Mineros de Versasay and procedure DUP-CH-020 - "Transporte terrestre de cianuro de sodio desde puertos en Chile a Compañía Minera Yamana El Peñón", were reviewed, approved and communicated to several stakeholders (internal and external), including security and health authorities (local hospital), public authorities, emergency response suppliers (DuPont Chile, air rescue supplier) and Bomberos, Cruz Roja, Carabineros de Chile. El Peñón invites specific stakeholders to participate in the emergency drills. Another key implemented control is to perform periodic meetings with stakeholders, in order to discuss and updated (if necessary) the emergency response plan. Record "Registro de asistencia" dated May 27, 2015 in order to broadcast GH R10 - "Preparación y Respuesta ante Emergencias" for Bomberos, Armada de Chile, IMS Patagonia, ESACHS, ACHS, Inser TS, SAMU being instructor Mr. José Nadaf Talca - HSEC Manager RUT 06.508.670-6, was reviewed and provided evidence that El Peñón involved its workforce and stakeholders, including potentially affected communities, in the cyanide emergency response planning process. Evidenced Mutual Aid Protocol for Emergency Situations among Minera Yamana El Peñón, Compañía Minera Zaldívar and Minera Escondida.

Standard of Practice 7.3: Designate appropriate personnel and commit necessary equipment and resources for emergency response.

The operation is

X in full compliance with

☐ in substantial compliance with

☐ not in compliance with

Standard of Practice 7.3

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced that El Peñón defined, documented and implemented procedures to respond to cyanide related emergencies. Evidenced Cyanide related emergency plans such as "Plan de Contingencias del Transporte para Minera El Peñón".

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Clientes Mineros de Versay y procedure DUP-CH-020 – Transporte terrestre de cianuro de sodio desde puertos en Chile a Compañía Minería Yanama El Peñón. Responsibilities and authorities are clearly defined and communicated to all involved stakeholders (internal and external). Evidenced the emergency committee organizational flowchart which is available in several areas. Besides, internal documented procedures such as GH-P03/R10 – "Derrames o Fugas de Sustancias Peligrosas", GH-P25/R10 – "Plan Específico de Emergencia por Inmersión en Solución Clanura", GH-P01/R10 – "Preparación y Respuesta Ante Situaciones de Emergencia", GH-P20/R10 – "Plan Específico de Emergencia Catastrófica", GH-P18/R10 – "Plan Específico de Emergencias por Emisión de HCN", GH-P23/R10 – Comunicación en Emergencias; GH-P22/R10 – Plan Específico Emergencias en Transportes", GH-P21/R10 – "Plan Específico de Emergencia por Incendio o Explosión en Almacenamiento o Proceso", GH-P07/R10 – Emergencia en Espacios Confinados", – GH-P17/R10 - Plan Específico de Emergencia por Derrame de Cianuro o Solución Clanura cya-ride-related elements of the Emergency Response Plan clearly define cyanide-related elements of the Emergency Response Plan. Besides, Evidenced that Emergency Response Plan clearly designate primary and alternate emergency response coordinators who have explicit authority to commit the resources necessary to implement the Plan. The emergency response brigade members are voluntary and passed through a selection process (medical, theoretical and practical), to be assigned as a brigade member. The brigade members were trained and qualified before being assigned as emergency brigade members. Evidenced training records of Emergency Response Teams duty established and maintained. Interviewed personnel involved with Emergency Response showed to be aware of all activities, responsibilities and authorities related with Emergency Response. Evidenced that El Peñón defined and documented call-out procedures and 24-hour contact information for coordinators and response team members. Evidenced a master list containing this information about the brigade members, including contact details of internal and external stakeholders he emergency brigade organizational flowchart clearly defines the role of each member. Ev-and-ly implemented. Interviewed Coordinators and Emergency Team members showed to be aware of pertinent duties and responsibilities. The emergency response plans (internal and the DuPont Chile one) identifies the emergency response teams that are necessary to each situation. The basic emergency equipment is consisted of one ambulance(complete equipped), auxiliary equipment (PPEs) for the brigade members, such as chemical/flame resistant overall, chemical gloves, oxygen masks and cylinders, chemical masks. The DuPont Chile emergency plan covers that situations outside the operation (during transportation), in conjunction with Versay Transports, both ICM certified. Auditing in the field evidenced that it is properly implemented. Evidenced that internal documented procedure GH – P19 / R10 – "Mantenimiento Equipos de Emergencia" is applicable to mobile equipment, hydraulic equipment, tire and tools for emergencies. The goal is to establish procedures for the implementation of activities inspection and maintenance of this equipment. It defines the guidelines for inspection and maintenance of the emergency teams as follows: Every task of maintenance, repair, or modification network including living room fire pumps, and fire equipment in El Peñón should be preplanned. Planning is done, agreed and approved between the executing agency and the head of emergency. Work planning should contain all measures to ensure that the system or systems to be operated and that do not work for being in maintenance, repair or modification takes measures that replace effectively the system involved. Evidenced that the emergency response plan was reviewed, approved and communicated to several stakeholders (internal and external), including security and health authorities, public authorities, emergency response suppliers. When performing emergency drills, the operation invites specific stakeholders to participate in the drills. Another implemented control is to perform periodic meetings with stakeholders, in order to discuss and updated (if necessary) the emergency response plan. Basically, the external emergency responders are involved in road control (policia nacional de carreteras/ carabineros de Chile), cyanide supplier (DuPont Chile/ emergency response management) and cyanide transporter (Versay).

Standard of Practice 7.4: Develop procedures for internal and external emergency notification and reporting.

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

Standard of Practice 7.4

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced that contact information for notifying management, regulatory agencies, outside response providers as well as medical facilities of the cyanide emergency is defined and documented. Sampled example was the "Telefonos de emergencia" which includes for instance the following phone numbers: Internal contacts: Policlinico; Check Point; Emergency; Plant Coordinator; Mine Coordinator; Geology; Projects and external contacts: ACHS; Mutual CCHC; SAMU; SERNAGEOMIN; Servicio de Salud; Dirección del Trabajo; SEREMI de Salud; Carabineros; Bomberos, Aerocross, Aerocross Central 1, Aerocross Central 2, servicio de Ambulancia.Policlinico, Lead Doctor, Paramedics, Versay Emergencias, DuPont Emergencias, Cituc Emergencias Tóxicologicas, Cituc Emergencias Químicas.

Evidenced that the emergency response plan was reviewed, approved and communicated to several stakeholders (internal and external), including security and health authorities, public authorities, emergency response suppliers, community representatives. When performing emergency drills, the operation invites specific stakeholders to participate in the drills. Another implemented control is to perform periodic meetings with stakeholders, in order to discuss and updated (if necessary) the emergency response plan. The emergency communication loop is clearly defined and also contact information is available in the

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plan. Communication procedures with external media were found in place (crisis management). Sampled example was: "Registro de asistencia" dated May 27, 2015 in order to broadcast GH R10. - "Preparación y Respuesta ante Emergencias" for Bomberos, Armada de Chile, IMS Patagonia, ESACHS, ACHS, INSS, SAMU being Instructor Mr. José Naddaf Tala - HSEC Manager RUT 08.508.670-6.

Standard of Practice 7.5: Incorporate into response plans and remediation measures monitoring elements that account for the additional hazards of using cyanide treatment chemicals.

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

Standard of Practice 7.5

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced internal documented procedures define the pertinent responsibilities and authorities which are communicated to all involved stakeholders (internal and external). The emergency committee organizational flowchart was also evidenced. The mentioned above procedures describe specific, remediation measures as appropriate for the likely cyanide release scenarios, such as: Recovery or neutralization of solutions or solids, Decontamination of soils or other contaminated media, Management and disposal of spill clean-up debris. Provision of an alternate drinking water supply. Evidenced that Emergency Plan clearly states that chemicals such as sodium hypochlorite, ferrous sulfate and hydrogen peroxide are not allowed to be used in surface water treatment. The operation emergency brigade does not have these kind of chemicals in their emergency response kit, as evidenced in the field audit. Evidenced that the Emergency Plan clearly defines the required monitoring procedures to be implemented in the event of soil and water potential contamination. An environmental monitoring plan is addressed at the emergency response plan.

Standard of Practice 7.6: Periodically evaluate response procedures and capabilities and revise them as needed.

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

Standard of Practice 7.6

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced the 2015 Emergency Drill Plan and the 2014 Emergency Drill Plan. Evidenced that El Peñón planned and performed mock emergency drills as required in the pertinent Emergency Drill Plans. During the audit were reviewed the following simulated emergency, "Informe de simulacro de Intoxicación por cloruro" issued by the Emergency Leader Nelson Lillo Olivas dated May 20, 2015. Type of emergency: Poisoning by HCN. Exact place: Lower plant cyanide preparation. Evidenced that the mentioned report includes strengths, opportunities, improvement points as well as an action plan defining steps, responsibilities and costs involved. Concluded that there is no need to revise the response plans that were tested. Also reviewed reports of simulated emergency, dated November 23, 2014 and November 23, 2013, related to the simulation of occurrence of accidents in cyanide transport to El Peñón. Both were carried out in conjunction with DuPont Chile and Verasay Transportes and conclude that in the moment was not necessary to revise the pertinent Emergency Response Plan applicable to cyanide transportation. Interviewed personnel showed to be aware of Emergency Response Plans that they can be involved. Evidenced that El Peñón evaluates, after each emergency drill, the drill results. They are reviewed and discussed among the participants and when necessary, the opportunities of improvement raised during the drill are considered as corrective or preventive actions and managed adequately. Reports related to the drills and their review were found in place.

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

Standard of Practice 8.1: Train workers to understand the hazards associated with cyanide use.

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

Standard of Practice 8.1

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced that El Peñón defined and documented procedure GH-P- 05/ R01 - "Capacitación y Desarrollo de Personal" in order to establish mechanisms, guidelines and steps for determining and grading the skills required by

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workers to the exercise of activities in the organization. The procedure applies to all matters relating to training, knowledge and skills required for the activities of workers of El Peñón.

Evidenced methodology for determining the necessary competencies and developing, take action (training, training, etc.) to achieve the competencies necessary and evaluate the effectiveness of actions taken. Training and development process include the following steps: Detection needs (Survey Training Needs Analysis: Using Sheet Training Needs Assessment (GR-DO-F-02), each Superintendent Head of area or identify the training needs of your team); Training Plan (from the information gathered in the needs assessment it is constructed Training Plan, it defines the major issues and thematic areas associated to them, in which they will work in the following years); Implementation of Training Program (The work involves the implementation of the Annual Training Plan are related with search and analysis of agenda and trainer to better fit the need that want to meet, cost analysis, budgetary control, selection, enrollment and notices to participants, logistical support (room, equipment, coffee, hotels, etc.), recruitment the trainer, monitoring during development; information recording and final evaluation of curriculum and maintenance employees); Monitoring and evaluation: Effectiveness Evaluation in order to identify the effectiveness of each training will be used the results of the "Behavioral Observation Post Training" of each worker (considering applications made after 3 and 6 months), the results of this pattern will allow observation effectiveness calculate an index that will be registered in the form of the same name. (GR-DO-F-05). There are six types of records defined by the mentioned procedure as follows: "Plan de Capacitación y Desarrollo" (GR-DO-F-01), "Ficha de Evaluación de Desarrollo" (GR-DO-F-02), "Evaluación de Actividad de Capacitación" (GR-DO-F-03), "Observación Conductual Post Capacitación" (GR-DO-F-04), "Registro de Asistencia" (GH-P-05-R01), "Indice de Efectividad de Capacitación" (GR-DO-F-05). Reviewing these records Noted that El Peñón has been implemented training activities as required. All employees and contractors pass an induction training where relevant information about cyanide they are exposed. It is clearly informed how to transport, storage, handling cyanide and disposal contaminated waste with cyanide in such way to prevent damage to safety, occupational health and environment. Auditing in the field Evidenced that all interviewed personnel (workers and contractors) showed to be aware of the cyanide hazards and risks. Records reviewed provided evidence that operation train all personnel who may encounter cyanide in cyanide hazard recognition. Reviewing 2014 Annual Training Program, 2015 Annual Training Program and several training records related to cyanide Evidenced that El Peñón conduct hazard recognition refresher training periodically as required Verified pertinent records duly retained

**Standard of Practice 8.2:** Train appropriate personnel to operate the facility according to systems and procedures that protect human health, the community and the environment.

The operation is
- X in full compliance with
- □ in substantial compliance with
- □ not in compliance with

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

Verified that El Peñón train workers to perform their normal production tasks, including loading, mixing, production and maintenance with minimum risk to worker health and safety and in a manner that prevents unplanned cyanide releases. During the field audit evidenced that all interviewed personnel (workers and contractors) showed to be aware of perform their normal production tasks, including unloading, mixing, production and maintenance, with minimum risk to worker health and safety and in a manner that prevents unplanned cyanide releases. Reviewing training documentation evidenced that the training elements necessary for each job involving cyanide management are identified in training materials. It is not permitted that workers and contractors work without the required training. Comparing dates of training records and starting working evidenced that employees have been training before working with cyanide. There is refresher training on cyanide management provided to ensure that employees complete to perform their jobs in a safe and environmentally protective manner. The procedure GH-P-05-R01 "Capacitación y Desarrollo de Personal" state that all employees be refreshed annually. Records were reviewed and found in place. El Peñón evaluates the effectiveness of cyanide training by testing and observation, as checked in evaluation records which should be applied three to six months after training. In case of low evaluation result, the employee is re-trained again, restarting the entire process. Evidenced methodology of "Evaluación de Conocimientos de NaCN" properly implemented. Evidenced that all training records assessed include the names of the employee and the date of training the topics covered, and if the employee demonstrated an acceptable understanding of the training materials.

Reviewing training documentation evidenced that all training have been performed by personnel previously qualified as required by internal documented procedures. All instructors were trained in specific teaching techniques and comply with the code requirements. Appropriately qualified personnel provide task training related to cyanide management activities,

**Standard of Practice 8.3:** Train appropriate workers and personnel to respond to worker exposures and environmental releases of cyanide.

The operation is
- X in full compliance with
- □ in substantial compliance with
- □ not in compliance with

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Summarize the basis for this Finding/Deficiencies Identified:

It was evidenced that plant operators and maintenance workers participated in the design of the plant Emergency Response Plan. Was reviewed the operation emergency training program, internal documented emergency procedures and plans related to training of workers and personnel which need to respond to workers exposures and environmental releases of cyanide. Records of emergency related training were verified and it was evidenced that pertinent employees (all have been trained in the operation response procedures as required). Evidenced that workers that may be the first on the scene of a cyanide exposure were trained in cyanide decontamination and first aid procedures as well as that all personnel that may be expected to provide such a response have been taken part in routine emergency response drills to ensure they are able to perform these tasks if and when required. Training records for rescue team and first aid were found, including plant operators and maintenance employees. Evidenced through interviews with Coordinators and members of the Emergency Response Team that they are familiar with their response roles as described in the Emergency Response Plan and other applicable emergency response procedures, as well as the use of the necessary response equipment. Evidenced communication with community members, medical providers, hospital, and police officer, about the elements of the Emergency Response Plan related to cyanide. Verified the records of refresher training related to all employees with designated roles or responsibilities in the event of a cyanide exposure and releases have been conducted annually as stated. Evidenced that El Peñón uses mock emergency drills to evaluate its response plans and procedures and that mock drills have been used as training tools for designated responders. These mock drills cover the work exposures and environmental releases. Reviewing training records noted that the evaluation of drills considers the adequacy of training. When applicable, training procedures have been revised in response to the outcome of a drill. verified records retained documenting the cyanide training, including the names of the employee and the trainer, the date of training, the topics covered, and how the employee demonstrated an understanding of the training materials.


Standard of Practice 9.1: Provide stakeholders the opportunity to communicate issues of concern.

The operation is

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

Standard of Practice 9.1

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced that El Peñón provide opportunity for stakeholders to communicate issues of concern regarding the management of cyanide. Sampled example were, related to Emergency Concepts with Cyanide in order to indicate the main activities in the transport, storage and handling of cyanide, control measures, hazards and associated risks and actions to be taken in the event of accidents and incidents. Also evidenced, through interviews, that the internal stakeholders are aware about the management of cyanide.

Standard of Practice 9.2: Initiate dialogue describing cyanide management procedures and responsive address identified concerns.

The operation is

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

Standard of Practice 9.2

Summarize the basis for this Finding/Deficiencies Identified:

Evidenced that El Peñón defies opportunities for the operation to interact with the stakeholders and provide them with information regarding cyanide management practices and procedures. Evidenced a specific meeting conducted with several external stakeholders (one-day seminar), provided by El Peñón in conjunction with the cyanide supplier, DuPont Chile.

Standard of Practice 9.3: Make appropriate operational and environmental information regarding cyanide available to stakeholders.

The operation is

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

Standard of Practice 9.3

Summarize the basis for this Finding/Deficiencies Identified:

Minera El Peñón

[Signature]

22/12/2015
SUMMARY AUDIT REPORT

Specific folders (for external stakeholders) where all the mentioned documentation is available to the public was also evidenced to be available. Evidenced that El Peñón held several meetings with cyanide producer, cyanide transporter, municipal organizations, police, municipal secretariat, hospitals, firefighters, Inser, Hospital del Trabajador Santiago, Carabineros, Aerocrescote, ESACH, ACHS, where the cyanide related material was also distributed.

Although any incident involving cyanide had occurred in the last three years, El Peñón defined and documented internal procedure GH-P23/R110 - "Comunicación en Emergencias" in order to make information publicly available related to cyanide related incidents, as follows:

a) Cyanide exposure resulting in hospitalization or fatality?

In the event of such incident, the operation shall communicate the ACHS (Asociación Chilena de Seguridad) and ESACH (Servicios de Salud).

b) Cyanide releases off the mine site requiring response or remediation?

In the event of such incident, the operation shall communicate DuPont Chile (consigner) and local EPA (COREMA), according to the emergency response plan.

c) Cyanide releases on or off the mine site resulting in significant adverse effects to health or the environment?

In the event of such incidents, the operation shall communicate the ACHS (Asociación Chilena de Seguridad) and ESACH (Servicios de Salud) and DuPont Chile (consigner).

d) Cyanide releases on or off the mine site requiring reporting under applicable regulations?

In the event of such incident, the operation shall communicate with SERGEOMIN (Chilean Mining Authority) and local EPA (COREMA).

e) Releases that are or that cause applicable limits for cyanide to be exceeded?

In the event of such incident, the operation shall communicate with SERGEOMIN (Chilean Mining Authority) and local EPA (COREMA).