



MINERA SAN CRISTÓBAL S.A.

2015

SUSTAINABILITY REPORT

Shared Successes



MISSION AND VISION ☒

Our **Vision** is to be a world-class Bolivian Mining company.

Our **Mission** is to develop a model mining operation through safe, low cost, innovative technology, social commitment and respect for the environment, creating value for shareholders, employees, and the region and country in which we operate.





WE VALUE YOUR FEEDBACK

All feedback from our stakeholders regarding our 2015 Sustainability Report is welcome. For more information, questions, or comments please contact:

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Unless otherwise noted, all currency references are to United States dollars (“\$”). The financial data displayed in the chart on page 32 is compiled from audited statements for the fiscal year ending September 30, 2015. Unless otherwise indicated, all other data has been collected on a calendar year basis for regulatory or other purposes from January 1 to December 31, 2015. While every effort has been made to ensure the accuracy of the information contained within this report, it is important to note that certain the numerical amounts disclosed are unaudited. The unaudited financial figures presented within this report would not have been required to be disclosed by International Financial Reporting Standards and are therefore not included in any previous published financial document.

MSC has developed
a model mining
operation through safe,
innovative technology.



1. About Minera San Cristobal

Minera San Cristobal S.A. (‘MSC’, or ‘the Company’) is a 100% - owned subsidiary of the Sumitomo Corporation; a leading multi-sector business conglomerate headquartered in Japan. MSC’s sole operation is the San Cristobal Mine, located in the province of Nor Lipez in the department of Potosi in Bolivia, approximately 90 kilometers (km) southwest of the town of Uyuni. MSC maintains its legal office in Potosi and an administrative office in the city of La Paz.

MSC has developed a model mining operation through safe, innovative technology with a rigorous training program for our workforce, strict controls for health and safety, and an exemplary degree of social commitment and respect for the protection of the environment.



Our Products

The San Cristobal Mine is the largest open-pit mining operation in Bolivian history, producing zinc - silver and lead - silver concentrates.



Our Markets

MSC’s mineral concentrates are transported in bulk containers by rail to the port of Mejillones in Chile. From there, they are shipped through an international marketing company to several destinations.



Our Supply Chain

MSC has a comprehensive network of local and international companies and contractors that provide a variety of mining supplies and services. In 2015, MSC had approximately 1,154 suppliers in support of our business activities ranging from mining contractors, telecommunications, and fuel supply to aviation, and rail services. Our largest categories of suppliers included transportation and storage of concentrate, as well as diesel fuel, reagents for the concentration plant, grinding media, and spare parts. Approximately 90% of transport service providers are local companies.

Operational Highlights



\$ 508 M
Revenue

\$ 25 M
Net Income

\$ 396 M
Working Capital

399,315 Tn.
Zinc/Silver
Produced

427,374 Tn.
Zinc/Silver
Sold

75,298 Tn.
Lead/Silver
Produced

71,078 Tn.
Lead/Silver
Sold

Average realized mineral/metals prices:



\$ 0.95
Zinc

\$ 0.86
Lead

\$ 16.15
Silver

Employees (Calendar Year)



1,461 ☒
Total



1,268 ☒
Male

193 ☒
Female

2. Message from the President and General Manager

Dear Stakeholders,

2015 was a year of solid success for Minera San Cristobal (MSC). Difficulties faced by the mining industry worldwide due to the fall of commodity prices did not derail us from our long-term strategic plan and we managed to maintain a profitable and sustainable operation. At this important moment, we are pleased to present the first **MSC Sustainability Report**. The report outlines our progress and achievements to date and looks ahead at the challenges and opportunities we will face in the future.

We firmly believe that our accomplishments are closely tied to our values, a “shared success”, and our vision – shared with our team, our community and the country where we operate – of being a world-class Bolivian mining company. As a direct result of our successes, Wood Mackenzie identified Bolivia as the most productive open pit zinc mining country in 2015.

Our ability to continue to prosper and provide employment and economic stimulus for the region is dependent on achieving harmony with our environment and our community. Therefore, our current strategic goals in the area of sustainability include the following: improving occupational health and safety, improving resource management practices, improving stakeholder relations, and increasing mine reserves. We have made great strides in these areas, yet feel there is always room for improvement.

In terms of occupational health and safety, since our peak rate of 1.21 in 2010, MSC has reduced the total reportable incident rate to 0.41. Although this figure compares favorably with the U.S. Mine Safety and Health Administration (MSHA) rate of 2.23 in calendar year 2015, our goal will always be zero. Meanwhile, the total reportable incident rate among contractors has been reduced 50% from 2.27 in 2010 to 1.11 in 2015, which remains a focus for improvement. Despite these significant gains, we suffered a fatality at the mine last March. This unfortunate event renews our focus and commitment to continuously identifying and reducing risks for our employees and contractors.

Resource management in order to reduce our environmental impact has been a key priority. In a period where we improved our average plant production by 8%, from 46,085 TPD to 51,253 TPD from 2009 to 2015, we have simultaneously managed to:

- Reduce **water consumption** by 56% from 47,562 m³/day to 26,774 m³/day or 1.05 m³/ton to 0.53 m³/ton treated.
- Reduce our **electrical power consumption** by 25% from a peak of 25.56 KWH/ ton treated in 2011 to 19.13 KWH/ton in 2015.
- Reduce our **camp waste generation** by 37% from a peak of 162,000 tons in 2011 to 112,000 tons in 2015.

Stakeholder relations remain a top priority for MSC. Our Social License to Operate (SLO) rating (3.67/5.0) is among the highest of more than 47 mines tracked worldwide. Consequently, we have not lost time due to labor or community disputes since 2011. To date we have paid US\$992.1 million in taxes and US\$346.6 million in royalties. Despite these achievements,



we recognize there is more work to be done, particularly with the city of Potosi and the town of San Cristobal. Thus, we are working on and improving relations with the Ministry of Finance both locally in Potosi and at the upper level in La Paz.

At the local level, the socio-economic landscape for youth in neighboring communities has seen increasing levels of unemployment and access to drugs and alcohol. To contribute to addressing these issues, we are working with community institutions to launch innovative programs to develop sustainable businesses outside the mining operation and help create more opportunities and a brighter future.

While we have been successful on several fronts, we continue to face various risks and confront these challenges based on our values. For instance, we are working closely with the government through our trade associations to address critical matters that impact the environment for doing business in Bolivia, such as tax issues and labor costs, key components of our efficiency and cost reduction program.

Weather and geopolitical conditions are also key risk factors we are addressing. Border tensions between Bolivia and Chile could disrupt our supply chain. Additionally, swells from the El Niño effect have shut down the shipping port for 31 of the first 80 days of 2016. Our contingency plans are being put to the test but we are succeeding in avoiding any shutdown of our operations.

As we look ahead to 2016 and beyond, we are certain the systems we have in place will contribute to the continuing success and sustainability of our operation. By mid-2016, we will have a new life of mine plan to ensure the economic development of the Jayula and Tesorera pits and sustainability of the current lead, zinc and silver mine and processing plant.

By late-2016, we will have a conceptual plan for development of our Silver Oxide Project, the best opportunity for extending the life of mine. This will enable us to start a detailed feasibility study for the project, including a new brine leaching plant to treat oxide ore, and a refinery to produce silver doré. This plan will also enable us to start engineering and permitting, as well as socializing the project with all stakeholders to gain their input and consensus as soon as possible, and avoiding false starts or conflicts.

This coming year MSC will continue striving to achieve our mission in Bolivia: To develop a model mining operation through safety, low cost, innovative technology, social commitment and respect for the environment, while creating value for shareholders, employees, the region and country, and continually renewing our commitment to shared success for the coming years.



Noriaki Yashiro

MSC President

CEO Summit Mining International

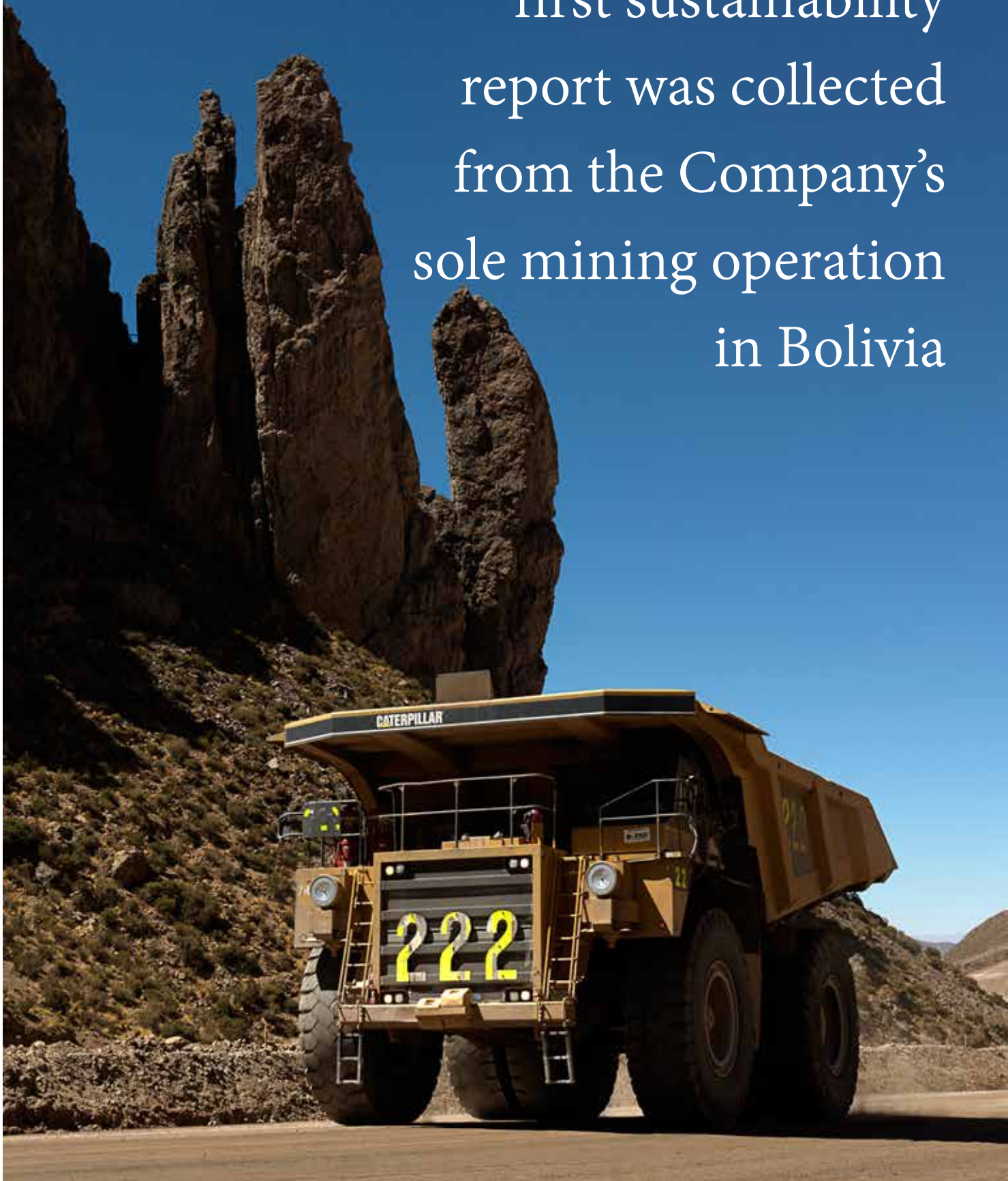


Dave Assels

Vice President and General Manager

Minera San Cristobal S.A.

The data for our
first sustainability
report was collected
from the Company's
sole mining operation
in Bolivia



3. About This Report

By reporting our sustainability performance, we aim to communicate a clear link between our business strategy with our vision and values, as well as our economic, social, and environmental performance to all of our stakeholders.

The data contained within our first sustainability report was collected from the Company's sole mining operation - the San Cristobal Mine in Bolivia. Within this report, the financial data displayed in the chart on page 33 is compiled from audited statements for the fiscal year ending September 30, 2015. Unless otherwise indicated, all other data has been collected on a calendar year basis for regulatory or

other purposes from January 1 to December 31, 2015. Going forward, we intend to produce a sustainability report on an annual basis.

This report was prepared using the Global Reporting Initiative (GRI) G4 Sustainability Reporting Framework and the G4 Mining and Metals Sector Supplement in accordance with the 'core' reporting option including six 'comprehensive' General Standard Disclosures. A G4 Content Index showing the location of our standard disclosures and performance indicators for our 2015 material aspects is located on page 13.



Governance

Good corporate governance practices and maintaining high ethical standards are fundamental to the effective operation of our company.



Our People

We are committed to a safe and supportive work environment and treating everyone equally and with dignity and respect.



Health And Safety

Our Health and Safety performance and prevention program is based on the OHSAS 18001 Standard.



Economic Performance

We are focused on cost effective operational governance and financial management excellence in order to maximize stakeholder value and shareholder investment returns



Environment

We are committed to the risk assessment, mitigation, and remediation of all environmental impacts throughout the mine life cycle



Community

We will continue to make a positive long term sustainable impact in the communities in which we operate.

The Company conducted a materiality assessment for the 2015 calendar year to identify and prioritize the most important sustainability issues that affect the short, medium, and long-term economic success of our business, our

impacts or potential impacts on the environment and the surrounding community in which we operate, and the sustainable development factors most relevant to our universe of stakeholders. ☑

Our 2015 materiality assessment was conducted based on the methodology developed by the GRI. The process of identifying our most material sustainability issues was structured into three main stages i) the identification of material sustainability impacts, risks, and opportunities - including internal corporate documentation standards and corporate governance policies, and qualitative and quantitative data derived through a workshop with internal stakeholders who have the ability to represent external stakeholder input and perceptions, taking global context and industry trends into account, ii) prioritization - ranking the overall relevance and importance of sustainability issues, and iii) validation and consensus- ensuring a common understanding and consensus of material issues and determination of whether the impacts are inside or outside MSC.

The materiality assessment was conducted with the involvement and final approval of our Executive Management. The President, General Manager and the Corporate Affairs Manager are the highest positions that formally re-

view and approve the organization's sustainability report and ensure that all material aspects are included.

The table below lists the material issues for 2015, which ranked as high for both business impact and stakeholder concern, or which were deemed to have relevance from a global sustainability context, and guide the selection of disclosure for this report. Topics that were ranked low or medium, are taken into consideration during internal risk assessments and strategic planning exercises, however are not included in this report.

ASSURANCE

To provide stakeholders with a greater level of confidence in certain material topics contained within our sustainability report, we engaged Ernst & Young to perform an independent verification of a selection of our sustainability performance indicators for the 2015 reporting period.



OUR 2015 MATERIAL ASPECTS AND BOUNDARIES



Economic

MATERIAL ASPECT	BOUNDARY
Economic Performance	Inside and outside (employees, government, industry, community and investors)
Indirect Economic Impacts	Inside and outside (employees/community)
Procurement Practices	Inside and outside (employees/suppliers)
Compliance	Inside and outside (all stakeholders)



Environment

MATERIAL ASPECT	BOUNDARY
Energy	Inside and outside (employees and government)
Water	Inside and outside (employees, communities and government)
Biodiversity	Inside and outside (employees, government and communities)
Emissions	Inside and outside (employees, government, communities, global context)
Effluents and Waste	Inside and outside (employees, government, communities)
Regulatory Compliance	Inside and outside (employees, community, regulatory authorities, investors)
Grievance Mechanism (environment)	Inside and outside (employees, community)



Labour

MATERIAL ASPECT	BOUNDARY
Employment	Inside (employees)
Labour Relations	Inside and outside (employees and community)
Training & Education	Inside and outside (community and suppliers)
Grievance Mechanisms (labour and Human Rights)	Inside/inside and outside (employees, community, suppliers)



Health And Safety

MATERIAL ASPECT	BOUNDARY
Occupational Health and Safety	Inside and outside (employees, contractors, community)



Social

MATERIAL ASPECT	BOUNDARY
Local Communities	Inside and outside (employees and community)
Indigenous Rights	Outside (community)
Compliance	Inside and outside (suppliers, government, communities, investors)
Grievance Mechanisms (social)	Outside (community)

Ernst & Young is an active participant in the Global Reporting Initiative and the World Business Council for Sustainable Development, and has a significant amount of experience assuring sustainability reports in the international mining sector.

Their review was made in accordance with International Standard on Assurance Engagements (ISAE 3000) and The International Auditing and Assurance Standards Board (IAASB). The Ernst & Young limited assurance statement is included within this report on pages 81 - 82.

Excellence in corporate governance practices and maintaining high ethical standards are fundamental to the effective operation and reputation of our company.



4. Corporate Governance & Organizational Structure

Business Management Policy

We, at Minera San Cristóbal, develop safe activities oriented to the production of zinc-silver and lead-silver mineral concentrates and to its sale.

Our vision, mission and values are the basis of our Business Management System with a process and continuous improvement focus.

With the required resources and continuous management review, in compliance with legal and regulatory requirements, besides the ISO 9001, ISO 14001 ☒, OHSAS 18001, ISO/IEC 27001, ISO/IEC 17025, NB 512001, and IS-BAO standards, and the ISO 26000 guidelines, we commit to:

1. Identify, assess and ensure control of the risks with regards to the safety of our employees, contractors and visitors, in order to prevent injuries and harm to their health.
2. Protect and improve the health and quality of life of our covered population through comprehensive promotion, prevention and health care actions.
3. Respect the environment ensuring sound environmental management practices that identify, evaluate and manage risks, prevent contamination and mitigate impacts.
4. Contribute to sustainable development by implementing social responsibility principles that ensure relationships of mutual respect, transparency and compliance with commitments and generate benefits for our shareholders, our employees, the communities and the country.
5. Ensure the identification and control of risks in our flight operations and international supply chain, preventing incidents and illicit activities.
6. Protect our information considering its value and risks, while maintaining its confidentiality, integrity and availability.
7. Deliver products and services that meet our customer's requirements.
8. Ensure the quality of our chemical assays results.
9. Promote the establishment of objectives and performance evaluation mechanism for all of our processes.

We recognize that the success of our Business Management System and our operations is dependent on the continuous efforts and participation of all the personnel and other stakeholders, reason why we promote the dissemination, understanding and compliance of this policy.



CASE STUDY:

THE MSC MANAGEMENT SYSTEM: A POWERFUL TOOL TRANSFORMING CORPORATE CULTURE

Through the multiple phases of exploration and discovery of a world-class deposit, pre-development, construction, and ultimately full operations, MSC has experienced changes in ownership and management priorities and styles. At the time of acquisition by Sumitomo, there was no clearly delineated management system in place, but rather isolated departments with poorly defined processes and communication surrounding responsibilities, objectives, targets and performance measures. There was a high recurrence of incidents and a reactive, 'fighting fires' work style. With planning and vision, the General Manager at the time introduced a Business Management System (BMS), and trained a six-person, multi-departmental team to facilitate its implementation.

Resistance to change was gradually eased over time due to major communication efforts regarding the scope of the project and the benefits the Company could enjoy. The entire Company worked collaboratively to define, implement, and improve processes, and the construction of performance measures at all levels, from the strategic to the operational.

This effort was recognized in 2010 with the simultaneous certification of three separate internationally recognized standards:

- ISO 9001 Quality Management Processes
- ISO 14001 Six broad themes regarding the implementation of an environment management system
- OHSAS 18001 The international benchmark for occupational health and safety performance and risk management

TRIPLE CERTIFICATION

Since the 'triple certification', our business management system has matured and enabled us to incorporate additional partners and certifications in our continuous improvement model, including:

- ISO/IEC 17025 (Chemical Laboratory Competency)
- ISO/IEC 27001 (Information Security)
- ISBAO (Air Transport Safety)
- NB 51 2001 (Healthy Enterprise)
- OMA No 006 for the capacity to make the maintenance of our own aircrafts.



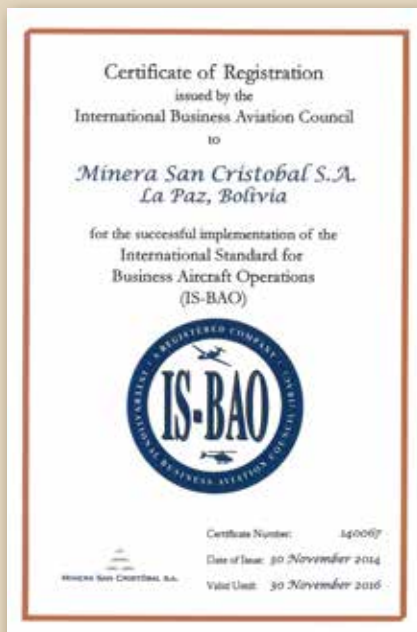
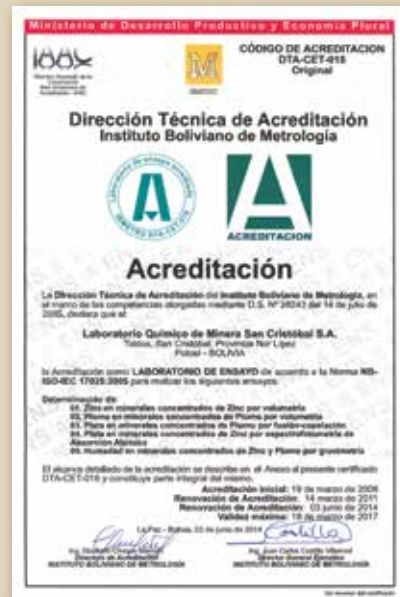
**ISO 9001:2008
ISO 14001:2004
OHSAS 18001:2007
Management
System**

**www.tuv.com
ID 9105057269**



**ISO 27001:2005
Management
System**

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ID 9105057269**



The MSC Business Management System has successfully transitioned from a basic management tool to an integrated part of our organizational culture. This has enabled MSC to manage its business activities with the involvement of all of its employees, and aligns with our vision of being a world-class Bolivian company.

ORGANIZATIONAL STRUCTURE

Excellence in corporate governance practices and maintaining high ethical standards are fundamental to the effective operation and reputation of our company. Our operational governance is guided by the Minera San Cristobal Business Management System (BMS) which includes economic, social, and environmental performance, and has been developed through a series of ongoing and integrated activities involving the management and staff of MSC.

Our corporate governance structure is as follows:



The highest decision-making body of MSC is entrusted to its Shareholders (which in this case are three institutional shareholders), who convene at Ordinary and Extraordinary Meetings. The Board of Directors is the administrative body of the Company, its members are appointed by the shareholders via an Ordinary Shareholders' Meeting and are accountable to the shareholders. The currently all male Board consists of three principal members and two alternate members: All board members are persons related to the Sumitomo Group. ☑ The Chairman of the Board is the only member who is also an executive officer within the company as Executive Chairman of MSC. The Board can, and normally does, delegate its executive functions over the administration of the company appointing a General Manager and other Managers with specific faculties and obligations.

Board members are appointed for an annual term, and may be re-appointed based upon shareholder approval of their performance. One of the main reasons for occasional re-

placement of a Board member is the appointment of the outgoing member to another position within the corporate structure. MSC Board members do not receive compensation for their duties as Board members; they are compensated (and their performance evaluated) as Sumitomo executives. The Chairman of the Board is also an MSC executive and is therefore on a fixed salary.

The Operating Committee is composed of two members appointed by the Board. This committee is empowered to make high level decisions regarding MSC's operations, which are later validated by the Board of Directors.

In this rather unique structure, while there is no direct line of casual communication between employees and the Board, MSC has a Whistleblower Policy in place (see details on page 22) to formal mechanisms and confidentially report any breaches of financial accounting or violations of the Code of Ethics. Additionally, any issues or concerns on behalf of employees and other stakeholders are conveyed through staff meetings and an open-door policy with managers who can elevate these topics to senior executive level positions.



AWARDS RECEIVED



In 2013, 2014, and 2015, MSC was included in the MERCOR (Monitor Empresarial de Reputación Corporativa), listing of top 100 Bolivian companies ranked by corporate reputation. Evaluation included excellence in corporate responsibility and corporate governance. To be considered for inclusion, not only must a company be efficient and profitable, but also transparent, sustainable, ethical, committed to its employees and to society. In 2013, MSC was the highest ranked mining company in the country.

COMMITMENTS TO EXTERNAL INITIATIVES

MSC maintains the following certifications, subscribes to, or has adopted the following voluntary, external, national or globally recognized standards or frameworks:

The United Nations Universal Declaration of Human Rights	Adheres to the principals contained within as integrated into the Bolivian Constitution
ISO 14001 - Environmental Management	Certification received in 2010 and maintained to present
ISO 9001 - Management Systems	Received Certification in 2010 and maintain recertification status
(OHSAS) 18001 - Occupational Health & Safety Advisory Services	Received Certification in 2010 and maintain recertification status
ISO / IEC 27001- Security of information	Received Certification in 2014
ISO / IEC 17025 - Technical competence of its chemical laboratory	Received Certification in 2014
NB 512001 - as Healthy Workplace	Received Certification in 2014
ISO-BAO - Best aviation practices in transporting people	Received Certification in 2014
National & International Labour Standards	Follows Bolivian regulations as well as the conventions of the ILO (International Labour Organization)
The Global Reporting Initiative G4 Sustainability Reporting Guidelines	Adopted as the framework for sustainability reporting

MEMBERSHIPS AND ASSOCIATIONS

Within its relationship and stakeholder engagement strategy, MSC has placed special emphasis on key industry and business associations. MSC's participation in these organizations is intended to foster an ongoing and clear understanding of the economic and social context of the mining sector at the national and regional levels. In this regard, MSC has developed proposals aimed at improving and developing the industry.

At December 2015, MSC was a member or participant in the following industry and business associations: ☒

LEVEL	INDUSTRY OR BUSINESS ASSOCIATION	POSITION
National	The National Association of Mid-Sized Miners (Asociación Nacional de Mineros Medianos)	President of Board of Directors
National	The Confederation of Private Entrepreneurs of Bolivia (Confederacion de Empresarios Privados de Bolivia)	Member of Board of Directors
National	The National Chamber of Exporters of Bolivia (Camara de Exportadores de Bolivia)	Participant as member of Chamber of Exporters of La Paz
National	The National Chamber of Commerce (Camara Nacional de Comercio)	Participant
National	The National Chamber of Industry (Camara Nacional de Industria)	Participant
Regional	Chamber of Exporters of La Paz	Member of Board of Directors
Regional	The Federation of Private Entrepreneurs of Potosi (Federacion de Empresarios de Potosi)	Member of Board of Directors

We are committed to meet the
highest ethical standards
to achieve
our corporate interests.



5. Ethical Conduct

Our Values

At Minera San Cristobal, among our most important shared values are honesty, integrity, and mutual respect. We do what we say we will do, and we strive to ensure that our policies and practices go beyond the requirements of regulations and laws. Our work environment is characterized by mutual trust, teamwork, professionalism, transparency, continuous improvement, and the absence of intimidation, oppression, and exploitation. MSC has a Mutual Respect Policy that must be adhered to by all employees regardless of office.

MSC is committed to these values and achieve high standards of Corporate Governance, which is vital in creating shared value for all of our stakeholders.

Code of Ethics and Business Conduct ☒

Our directors, employees, and contractors have a responsibility to act with honesty and integrity and in accordance with the highest ethical and legal principles and our Code of Ethics and Business Conduct (the Code).

The Code has been adopted by the Company to promote:

- An honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Compliance with laws, rules and governmental regulations;
- The disclosure of full, fair, accurate, timely and understandable disclosure in reports and documents that the Company records or made;
- Prompt internal reporting of violations of the Code to the appropriate person or persons identified in the Code; and
- Accountability for compliance with the Code.
- Conducting the business of the Company in compliance with applicable laws, rules and government regulations.
- Acting ethically in all transactions with contractors, suppliers, customers, employees and others.
- Avoiding situations where personal interests are, or appear to conflict with the interests of the Company.
- Protecting and responsibly using Company assets, including property, equipment, facilities, funds, and information.
- Maintaining confidentiality of private information and not use this information for purposes of personal gain.

Our Code contains expectations related to the prevention of conflicts of interest, which is communicated to our employees as part of their induction training, as well as the requirement to understand and avoid situations where personal interests or activities interfere or appear to interfere with the interests of the Company. The Board is held to the same standard and is expected to adhere to the Company's Code of Ethics including its conflict of interest provision. ☑

Whistleblower Policy

MSC is committed to maintaining the highest standards in our business conduct and ethics in our standards including accounting practices and controls, financial disclosure, and auditing practices. It is a Company policy to require all directors, officers, and employees to comply with all applicable regulations and legal requirements related to corporate financial reporting and disclosure, accounting and auditing procedures and other matters relating to fraud against shareholders or any violation of the Code of Ethics and Business Conduct.

The Company has a Whistleblower Policy in place, ☑ which is communicated and distributed to employees upon hiring, and provides instructions for the formal and confidential mechanism for employees to report violations or potential violations of the Code, through the Company intranet, or they may be communicated directly to the President

of the Company, human resources, or any member of the management team. There will be no discrimination or retaliation against any employee who files a report associated with this Policy.

Anti-Corruption/Anti-Bribery

MSC management team regularly analyzes all departments for operational, financial, and strategic risks, which includes risks relating to anti-corruption and anti-bribery as a part of its regular risk assessment activities. No risks relating to corruption were identified in 2015.

Consistent with our Management System, the Regulation of Financial Reporting, and our Code of Ethics (which is in compliance with Bolivian laws, the Japanese Penal Code and the *United States Foreign Corrupt Practices Act*), all MSC employees are trained in matters of anti-corruption and anti-bribery as part of their induction training. These policies are reinforced through follow-up training and human resources workshops conducted on a periodic basis. ☑

The Company does not tolerate any act of bribery or fraud on the part of our board, employees, contractors, suppliers, or others. We take immediate and serious action against those responsible regardless of their years of service or position they hold in the Company. There were no incidents of fraud or corruption in 2015.

6. Human Rights

MSC adheres to the human rights principles contained within the Bolivian Constitution, the United Nations Universal Declaration of Human Rights, and the conventions of the International Labour Organization. We are committed to honest and transparent communication with our communities of influence and practice a great amount of respect for the cultural heritage, traditions, and customs of the communities in which we operate.

Our Code of Ethics and Business Conduct contains provisions to ensure a workplace which promotes mutual respect at all levels of the Company, which is further strengthened by the Mutual Respect Policy clearly articulating that harassment, discrimination, or verbal or physical actions which threaten or intimidate another person will not be tolerated. There were no incidents of discrimination or other human rights impacts in 2015 reported through formal grievance mechanisms.

While the risk of child labour is present in Bolivia and can occur in privately-owned, small-scale family or artisanal mining

operations, it is not identified as a risk at San Cristobal Mine. There are a number of safeguards in place that prevent children under 18 years of age from working at the mine. The Bolivian law - Code of Children and Adolescents, 2000 - is the most important legislative instrument for protecting the rights of children and stipulates that children under 18 are not permitted to work in strenuous, dangerous, or hazardous positions and industrial roles such as mining are within these restrictions. Furthermore, our human resources department ensures that all applicants are over the age of 18 years, and require proof of age upon application for work. Photo identification must be worn at all times, and periodic spot checks are conducted to ensure that the individual working is the individual with the identification.

The risk of child labour does exist within the supply chain, however the Company articulates the expectation for service providers and vendors to comply with the law in its supplier contracts in this regard. ☑



Our continuous approach
of interaction with our
stakeholders contributes
to confidence and
credibility.



7. Stakeholder Engagement

Approach to Stakeholder Engagement

MSC is committed to, and supports actions aimed at, strengthening and empowering communities to achieve a better future through technical assistance, training, capacity-building and institutional support to both individuals and organizations.

We define our stakeholders as individuals, groups of persons, or organizations being positively or negatively affected or impacted by the activities or operations of MSC. We identify, map and analyze stakeholder networks onVs and we work proactively with our impacted and affected stakeholders to incorporate their feedback and concerns, and to share ideas on how to make our operations a more positive factor in their lives.

Our stakeholders have several avenues to express or raise concerns regarding any aspect of our operations. In addition to having a formal grievance mechanism in place, we aim to be approachable and accountable and receive concerns or requests through emails, telephone calls, in-person visits. We listen, verify, and validate these concerns and will follow-up with the individual stakeholder or stakeholder group within a reasonable timeframe.

MSC works in close collaboration with the Consejo Advisory Council "Los Lipez San Cristobal", made up of leaders and authorities of the communities of San Cristobal, Culpina K, Rio Grande, and Vila Vila, in the design and coordination of projects for the social and economic development of their district. We accept community investment requests and support the provision of technical assistance to social organizations and community institutions, which enables them to achieve independent and effective organizational management. Small scale organizations and productive enterprises are also beneficiaries through strategic alliances that contribute to sustainable development in the region (see Case Study on Page 36).

Our continuous approach of interaction with our stakeholders contributes to confidence, credibility and our ability to maintain our social license to operate. In 2015, the measurement of Social License at MSC has been increasingly positive. Our comprehensive and ongoing commitment to Social License is described further in the case study below.

Our Stakeholders

What follows is a listing of our stakeholders and their key concerns during the 2015 calendar year:



Customers

We are fully committed to provide the highest level of service to our customers. Product quality is one of our key corporate objectives. We also share information on product characteristics with our customers so that they can reliably implement their own product stewardship initiatives.

Key Concerns: Quality of metal concentrates, supply chain integrity

Investors

We meet regularly with our parent company to keep them well informed.

Key Concerns: Maximize project value, maintain positive stakeholder relations

Media

The media plays an important role in the dissemination of information and the communication of ideas and perspectives in Bolivia. We recognize the need to have a more meaningful relationship with them.

Key Concerns: Lack of information

Employees

Our success is dependent on the people who work with us. We strive to create a cohesive working environment where we share the same values and are focused on the same goals. Our workforce is almost entirely Bolivian, with some 50% drawn from the rural communities close to the mine. We share their pride in being one of the largest contributors to the national economy and to social and economic development in North Lipez. We recognize that there are close links between our workers and the local communities around the mine and that operational decisions have impacts throughout these small population centers.

Key Concerns: Life of mine, employment continuity and stability, safety, training

Communities

We wish to become part of the communities where we operate. We meet and engage with the communities to share information about our business activities, key risks and control measures, and to understand their views and expectations. Similarly, we work closely with the community-based Consejo Consultivo to identify development alternatives from mining. We strive to become partners with the communities in the social and economic development of North Lipez, a shared responsibility that must be honored and respected. We have community relations offices for information sharing, questions, and requests, and we have a grievance mechanism in place to address community complaints or concerns.

Key Concerns: Water, employment, infrastructure, keeping our promises

Civil Society

We engage with non-governmental organizations, educational institutions and business associations that share our objectives, interests, and concerns, which range from policy issues with a national or international relevance to local matters that affect the communities in our sphere of influence. We welcome their constructive criticism as a source of continuous learning and improvement. Through the Consejo Consultivo, we have formed strategic and operational partnerships with civil society organizations to implement programs of social and economic development in the communities and also conduct social and scientific investigations.

Key Concerns: Social and economic development, health, education, infrastructure

Business Partners (Suppliers/Contractors)

We consider our suppliers and contractors to be partners who will operate to the same standards and values as ourselves. We meet with them frequently and seek to understand their perspectives, challenges and expectations so that we can work more successfully together.

Key Concerns: Safety standards, renegotiation of contracts, reduced quantities of consumables

Labor Union

We respect our workers right to freedom of association and collective representation. We are committed to engage with them honestly, transparently and in good faith. Union representatives are members of our Safety Committee and play a key role in maintaining a high level of health and safety performance at the mine site.

Key Concerns: Life of mine, employment continuity and stability, safety, training

Government

As one of the largest business enterprises in Bolivia, we interact directly with government at all levels and have successfully developed constructive relationship with them. We are subject to regulation by various Agencies of the national government and payment of taxes and fees to all levels of government. We do not participate in party politics and we do not make contributions of any kind to political parties, individual politicians, government officials, or employees.

Key Concerns: Tax revenues, employment, local economic development, safety



CASE STUDY: SOCIAL LICENSE TO OPERATE

The term social licence to operate (SLO) is widely used in the mining industry as a metaphor for the quality of the relationship with a mine as perceived by the local community and other key stakeholders. Social License can be further classified into escalating levels of the relationship from a low of rejection through acceptance and approval to a high where stakeholders develop a sense of co-ownership in the project (See Figure on the right).

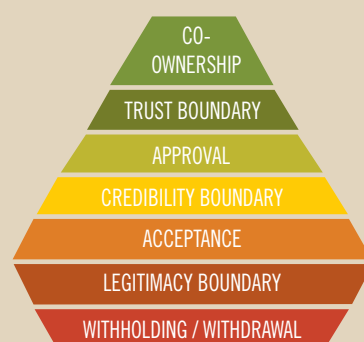
MSC was the first mining company to successfully apply standardized metrics to define the quality of its SLO and identify the factors affecting its status to create an instrument for enhanced understanding of social dynamics and strategic planning. This was first achieved using qualitative indicators between 1994 and 2008, and since 2009 by employing a quantitative approach. MSC now tracks its SLO weekly, monthly, and more intensively every fifteen months, to set both short and mid-term stakeholder relations goals and priorities alongside related strategic planning.

For the fifteen month SLO process, MSC contracts an independent party to conduct interviews with a common population of stakeholders (predominantly members of local and regional communities) using a standardized questionnaire that includes qualitative questions, a validated quantitative measure of the SLO, and questions on the network of relations among the stakeholders.

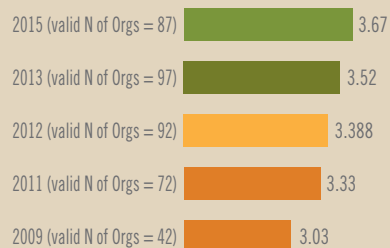
Successive fifteen month surveys in 2009, 2011, 2012, 2013 and 2015 record a steady increase in the quality of the SLO enjoyed by MSC. The interviews conducted as part of each survey have also revealed systematic changes in community and stakeholder concerns as MSC responded to issues and socio-economic conditions evolved across the region in ways deemed favourable by the local population.

MSC appreciates that its stakeholder engagement efforts and focus on social license are both ongoing and dynamic. The Company values the perceptions and opinions of our stakeholders and we intend to sustain our high level of commitment to our Social License to Operate initiative.

Measuring the social licence



The four level, three boundary model of SLO



LEVEL	RANGE AND LABEL
6	> 4.27 to 5.00 0 full trust
5	> 3.88 to 4.27 = high approval
4	> 3.47 to 3.88 = low approval
3	> 3.00 to 3.47 = high tolerance
2	> 2.33 to 3.00 = low tolerance
1	1.00 to 2.33 = withheld / withdrawal

Our Sustainability Targets



Economic/Operational

2016 Goals

- Being a low cost producer through cost reduction and maximizing the value of the product using innovation and planning to optimize tonnage, head grade, recovery, and quality of concentrate
- Increase mineralized reserves through continued exploration, drilling, and optimization of silver recoveries



Our People

2016 Goals

- Manage the different MSC teams under the high performance approach of team work and cooperation.
- Implementation of an automated human resources documentation system
- Implement a customer services platform in the different work areas and possibility of a virtual customer services platform.
- San Cristobal Childcare Center management.



Health And Safety

2016 Goals

Continuously improve safety performance

- Zero Harm
- Complete the contingency and emergency plan and test it annually
- Ensure that contractor safety performance is equivalent to that of MSC (See Case Study on page 52)



Environment

2016 Goals

Best practices in resource management

- Maintain below maximum recommended withdrawal of 39,000 m3 per day of water from wells
- Reduce waste generation and increase recycling by 2%
- Reduce energy consumption by 1%



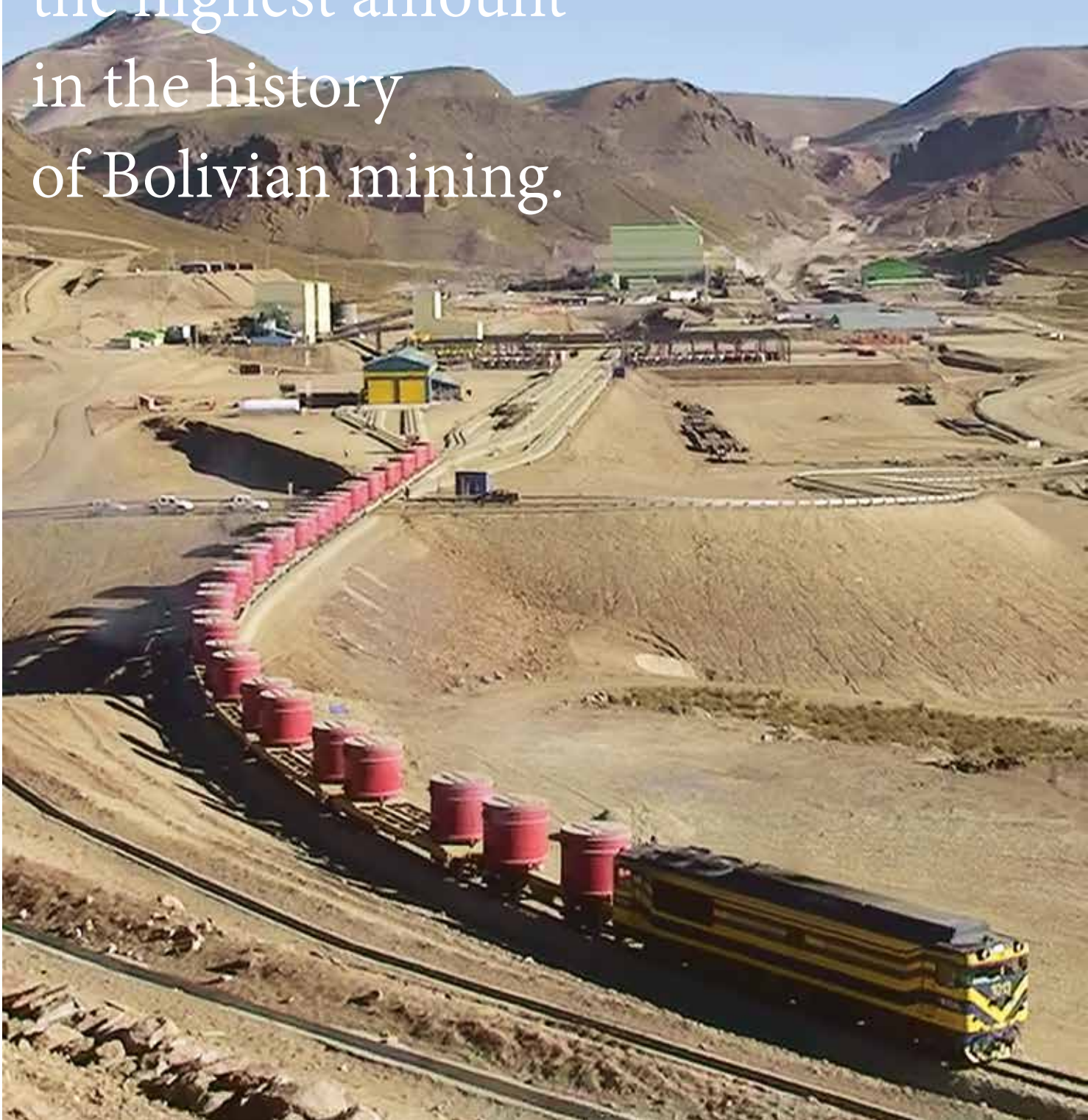
Social / Communities

2016 Goals

Maintain or improve stakeholder relations

- Keep our Social License at a value greater than 3.5 (see Case Study on page 28)
- Maintaining Customer Satisfaction at a value above 4.0

San Cristobal Mine
invested approximately
\$1.8 billion to date,
the highest amount
in the history
of Bolivian mining.



8. Our Economic Performance and Contributions

OUR APPROACH

MSC is focused on cost-effective operational governance and financial management excellence to maximize its economic performance which benefits both our stakeholders and our shareholders. Our Company has a comprehensive finance team, which ensures policies and responsibilities regarding economic performance and economic sustainability are established annually and monitored on an ongoing basis by management. Our top economic priorities for 2015 included a continued focus on operational efficiencies, cost optimization and savings, as well as goals for continuous improvement, including improved silver oxide recovery.

MSC has been committed to Bolivia since the beginning of its operations. The State Constitution guarantees private investment, and MSC maintains its confidence that the State will fully comply with these guarantees and will continue to support our business enterprise.

The development and construction of San Cristobal Mine required an original investment of approximately \$1.8 billion - the highest in the history of Bolivian mining to date. Financial resources were allocated to exploration, feasibility studies, environmental and social impact assessments, engineering projects, mine preparation, construction of the plant and supporting infrastructure, and working capital. A significant portion of funds were also allocated to social projects, road and power infrastructure, and sustainable development for neighboring communities during this time.

The magnitude of the operation, expertise and experience of management required, and the number of staff involved, not only had a positive economic impact on the economy of Nor-Lipez (one of the poorest regions of the country), but also continues to generate significant economic benefits to Potosi and the country as a whole, through employment and local procurement opportunities, as well as the ongoing payment of taxes and royalties.

MSC complies fully with all Bolivian legislation and tax obligations arising from its operations and ensures its accounts have been prepared in strict accordance with the technical and legal guidelines for this purpose, corroborated by the audit opinions issued by the most prestigious national and international level firms. There were no fines or non-monetary sanctions for noncompliance with laws and regulations in 2015.



CASE STUDY: COMPANY-WIDE EFFICIENCY AND COST REDUCTION INITIATIVE

By late 2014, MSC was faced with two operational challenges: Falling metal prices threatened overall economic viability of the San Cristobal Mine and the need to optimize the mine plan given the current economic climate.

In 2015, in response to the continuing drop in metal prices, MSC management implemented a strategy to improve efficiencies and reduce costs (the Efficiency Program) while maintaining production and keeping the company profitable, which included:

- Operational adjustments: a temporary suspension of pre-strip-ping of the open pits (and 'parking' equipment) while the geological team improved the reliability of the ore grade control (change in mine plan design). Simultaneously, the movement of ore and waste rock was re-optimized to control haulage lifts and distances. Both changes led to cost reductions. Long term increases in mill throughput and metallurgical recoveries were sustained through 2015 leading to combined efficiencies that also led to unit cost reductions.
- Contracting work that could be completed internally by our own staff. Financial Services and Procurement evaluated the services provided by contractors, looking for opportunities to introduce efficiencies while satisfying the needs of both internal and external clients. Spending in the procurement of services was reduced, particularly for construction projects that, while important, could be deferred for this initiative. In addition,

contracts were renegotiated with suppliers of the highest dollar value items (diesel, tires, spare parts, etc.) with a result that, over the next three to five years, cost savings in excess of \$10 million dollars can be achieved.

- Focus on a change of the maintenance strategies and the maintenance of the mine yielded total cost reductions of approximately 40% (\$20M in mine maintenance and \$13M in mine operations).
- Reallocation and relocation of staff – approximately 100 employees relocated from the mine to the administrative office in La Paz reducing commuting, food, accommodation, and shift premium costs. Merging of departments and reduction of the management team (from 18 supervisors to 6).
- Digital record keeping - modified processes for recording taxes, accounts payable, accounting and other information was introduced leading to improved efficiency by allowing for more rigorous monitoring, control and analysis of transactions.
- External factors – the decrease in fuel pricing and associated costs (approximately 25%) served to significantly reduce this operational expense.

The Efficiency Program led to the total reduction of approximately \$55 M in cash costs. Other benefits included the commitment of personnel, including greater work satisfaction, as well as pride and increased morale in this shared achievement

ECONOMIC PERFORMANCE

In Fiscal Year 2015, we generated approximately US\$508 Million in economic value (as defined by the Global Reporting Initiative) from our operations as presented below.

Economic Value Generated FY 2015 (000s) ☒

\$ 508,479
Revenue

\$ 508,479
Total economic
value generated

Economic Value Distributed FY 2015 (000s) ☒

\$ 228,624
Operating Costs
(excluding salaries
and some taxes)

\$ 74,357
Wages and
salaries

\$ 13,074
Capital
Expenditures



\$ 117,000
Payments to
Providers of Capital

\$ 47,635
Payments
to Government

\$ 636
Community
Investment

\$ 481,326
Total Economic
Value Distributed

INDIRECT ECONOMIC IMPACTS

Since the initial development and construction of the San Cristobal Mine, the construction of more than 200 kilometres of roads and bridges, 172 kilometres of transmission power lines, and 65 kilometres of rail was fully funded by the Company. From inception to today, this has allowed for increased mobility and communication and better integration of communities in the region, the department of Potosí, and the country.

MSC has, over time, supported studies to collect and capture water and for water treatment, built waterworks connections and installed water tanks in communities, benefiting hundreds of families the area. The Company continues to conduct maintenance and ongoing operation of water systems, sewage, and landfills, as well as providing and sustaining electricity service to communities.

In the 2015 fiscal year, approximately \$713,671 ☒ was spent on road maintenance in the area surrounding the San Cristobal Mine, and on major roadways leading to the border.

LOCAL PROCUREMENT AND OUR RELATIONSHIP WITH LOCAL SUPPLIERS

Approach

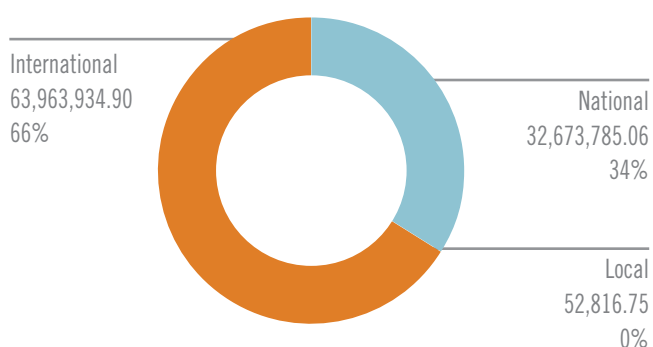
MSC is committed to both the country and the region in which it operates, and has focused on a series of efforts to ensure domestic vendors and local suppliers are the economic procurement beneficiaries of the project. Although there is no formal local procurement policy in place, the Company's regular practices in this regard are to prioritize local community providers and to build capacity

with local vendors. MSC contractors must submit relevant certificates and documentation according to the MSC Supplier Qualification process (through public tenders, quotes, and direct invitation), which guides local businesses in the necessary administrative and legal requirements. Contractors must also agree to comply with the policies and standards of safety and environment implemented by the Company - clauses from the MSC Code of Business Conduct and Ethics are embedded into supplier contracts to bring awareness to, and alignment with, MSC's expectations in this regard.

Similarly with anti-corruption and anti-bribery, clauses are embedded into supplier contracts defining and prohibiting such activities. Continuous monitoring and performance evaluations are conducted, ensuring that the quality of service reaches expected levels by MSC's integrated management system.

2015 was a year in which MSC concentrated on cost cutting, which included less spending in the procurement of services, particularly construction projects that while important, were deferred for this initiative. In addition, contracts were renegotiated with suppliers of the highest dollar value items (diesel, tires, spare parts, etc.) with the intention of achieving cost savings of over \$10 million dollars in the next three to five years.

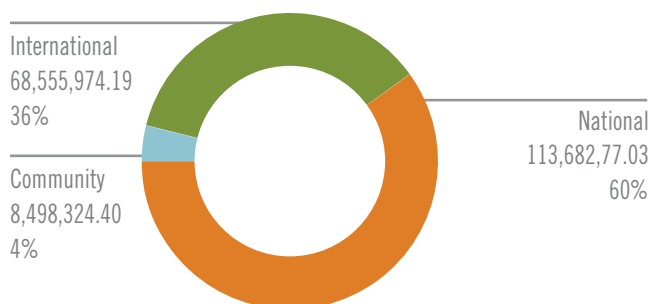
Procurement of Goods (2015)



In 2015, approximately \$287 million was spent on the purchase of goods and services combined. Of this amount, approximately \$96.7 million was from the procurement of goods, \$32.7 million of which (almost 34%) was from national/domestic sources. The fact that there is currently no other operation of its kind (overall size and open-pit nature) in Bolivia, means the bulk of MSC's supplies - particularly diesel oil explosives, chemicals and reagents, mill, pump, and engine parts - must be sourced internationally.

In 2015, approximately \$190.7 million was spent in the procurement of services (transport services, electricity, catering, maintenance, specialized consultants etc.) The ratio between domestic and international procurement is quite different in the case of services. In terms of the geographical composition of our service providers, 4% of all service procurement (approximately \$8.5 million) was from communities within MSC's area of influence (Culpina K, San Cristobal, Colcha K, Rio Grande, Uyuni and Vila Vila), and 60% of the total services (approximately \$113.7 million) were procured from within country for a total of 64%, including local communities.

Procurement of Services (2015)



Beyond the economic benefits received by goods and services contractors in the region for their work, MSC will continue to promote local vendors, their registration and formalization, as well as assisting with ongoing performance improvement (See Case Studies on page 35).



CASE STUDY: SUPPLIER CENSUS AND VENDOR CERTIFICATION PROGRAM

In 2013, MSC (in conjunction with San Cristobal Foundation), conducted a census in the local area of influence to identify suppliers and entrepreneurs that were not officially registered as companies. The goal was to proactively seek out these local operators and elevate them to legal standards so they could be included in the contract bidding process. Throughout 2014 and into 2015, local entrepreneurs received MSC company protocols and institutional procedures to formulate next steps in this regard.

Similarly, MSC has introduced programs to improve the performance of critical service providers for the operation, ensuring compliance with internal policies and legal requirements. In addition, surveys have been conducted in local communities all potential suppliers of goods and services

to identify issues that require attention to strengthen the development of local suppliers.

And finally, MSC and the Foundation are collaborating on ways to facilitate the graduation larger companies (that do presently meet legal standards) to ISO Certification levels. If larger local companies can maintain both a local presence and have certification status, they will be competitive for new opportunities upon mine closure.

During 2015 this initiative slowed somewhat in favour of cost analysis and savings, however over the long term, the supplier census and vendor certification programs represent an innovative collaboration between supply chain management and sustainable development.



CASE STUDY: DEVELOPMENT OF A NEW LOCAL BUSINESS

In 2015 MSC teamed-up with a local supplier in an innovative local business initiative that also resulted in significant a cost reduction. MSC is the only company in Bolivia using a very specific type of large tires, which are imported from Antofagasta, Chile. Previously, the Company contracted a local company to pick-up and deliver the tires, until a change in Chilean legislation whereby only trucks with a certain configuration (special vertical slots for the tires) were permitted to transport the tires in Chile. In light of this change, MSC had to contract a Chilean trucking company

with the required specialized fittings. MSC approached and worked with a local supplier, encouraging them to invest in the rigging for one their trucks to accommodate the new regulations. The local contractor now has this tire transportation business.

MSC developed a new local business, ensured a market for them, and eliminated a Chilean supplier, while reducing the cost by approximately 50% - representing a true shared success initiative for local procurement.

COMMUNITY INVESTMENT

Minera San Cristobal conducts its business with a social vision. Social responsibility is a serious commitment of the Company, and guides our behavior towards our impacted and affected communities and corresponding sustainable development initiatives for the welfare of all the residents of the region.

Within the area of direct influence of MSC are the communities of San Cristobal, Culpina K, and Vila Vila. MSC acts as

a facilitator to promote the conditions for the people living in these communities and to develop self-sustaining and independent ventures alongside our mining activities, seeking a better future and self-empowered destiny.

MSC's Community Relations Department accepts and coordinates proposals and projects for community development in cooperation with the Advisory Council "Los López San Cristobal", which is made up of leaders and authorities

of the communities of San Cristobal, Culpina K, Vila Vila, and Rio Grande.

MSC and the Advisory Council "Los López San Cristobal" collaboratively perform the following activities:

- Manage strategic alliances with organizations and social actors to generate favorable conditions for mutually beneficial relationships towards local development.
- Provide technical assistance to social organizations and community institutions to achieve independent and effective organizational management.
- Support the capacity building sustainable development initiatives and of local authorities to manage their concerns and claims before competent authorities

- Provide support to social organizations and productive microenterprises in managing strategic partnerships for sustainable development in the region.

(See our Case Study on the Advisory Council on page 80)

Community investment programs are accepted for consideration that:

1. Improve education and health services
2. Optimize agricultural activities and tourism opportunities
3. Promote micro and small enterprises
4. Support local culture and cultural revitalization

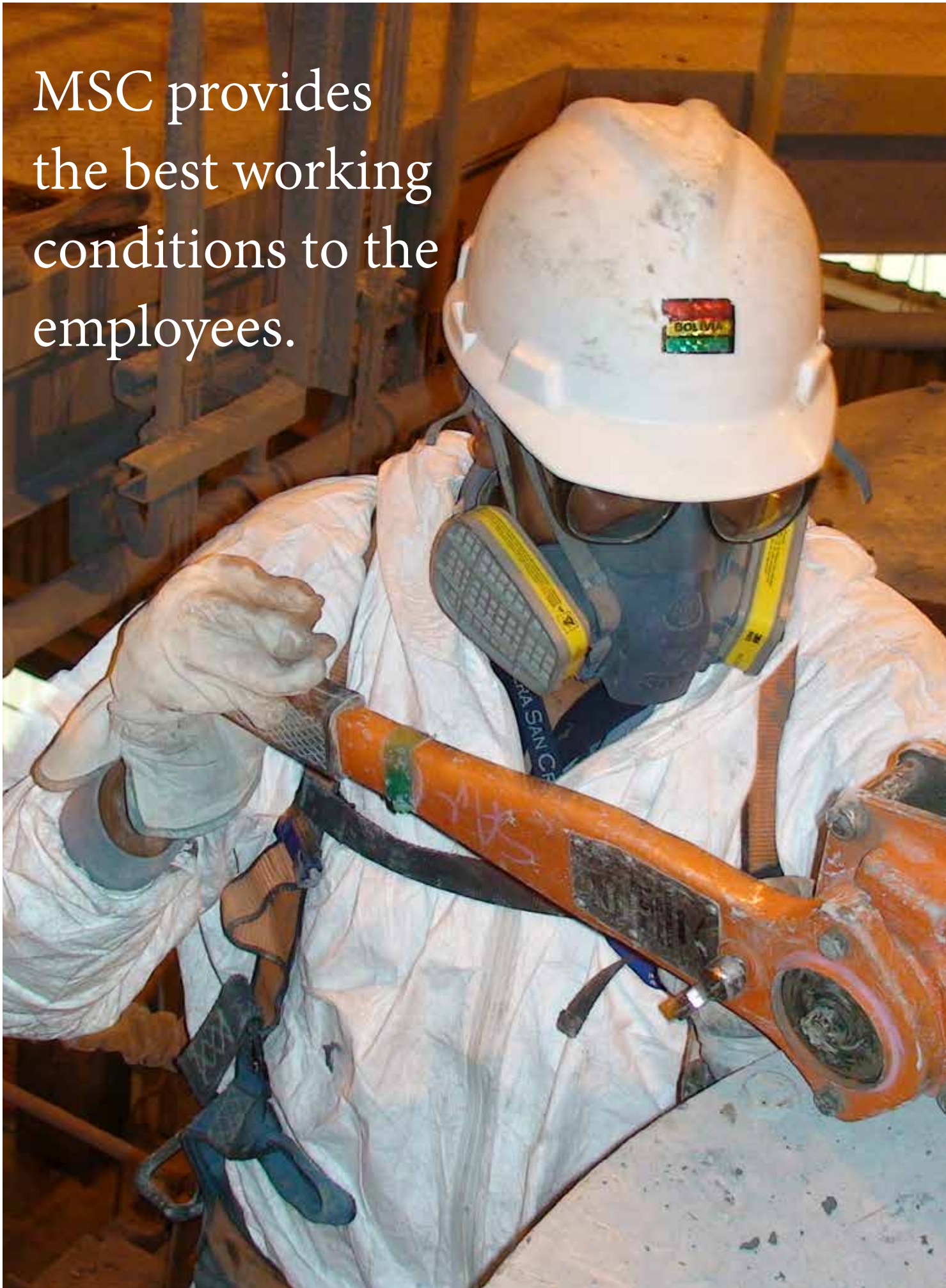
COMMUNITY INVESTMENT IN 2015

(Us Dollars)

(From January 1 to December 31, 2015)

PROJECT/ACTIVITY	AMMOUNT
Technical assistance	99,851
Care applications, supporting events and Social Investment Projects	86,823
Improved community infrastructure (maintenance and operation basic services, spare space, housing, expanding micro-irrigation, potable water system)	65,995
Resettlement and Mitigation Works	118,230
Improving basic services (water uptake, modification powerline)	162,988
Education	
Students (Scholarships in education, Superior educ., support. Alternatively, educational establishments, scientific Olympics, etc.)	30,175
Teachers training	5,540
Health	
Support to old people, average social project, communication and environment	39,955
Health Promotion Network, Hospital of 2nd level	43,845
Psychological support specialist	24,003
Productive development	
Sinking Fund	100,000
Development and implementation of projects	241,037
Social Organizations Support for participation in events of the province (organizational strengthening, logistics, etc.)	73,673
FINAL TOTAL	1,092,115

MSC provides
the best working
conditions to the
employees.



9. Our People

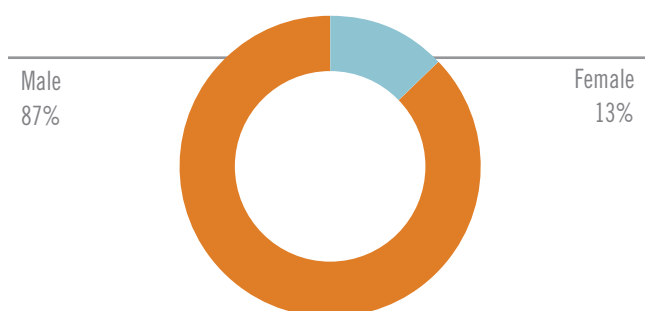
OUR APPROACH

We consider our people to be our most important asset, and in this regard we implement ongoing training and development programs and aim to tangibly improve the quality of life of our employees; providing and prioritizing high standards of health, safety. We are committed to a high performance, yet safe and supportive work environment, while treating everyone equally and with dignity. Our objective is to make working at our operations attractive both in the short and long term for our workers and their families, and for the benefit of the entire operation.

In addition to contributing to the creation of quality jobs in Bolivia, MSC provides its employees and contractors with the best working conditions possible: stability, competitive remuneration, ongoing training and opportunities for professional development, occupational safety, occupational health care, and a warm atmosphere characterized by values, ethical principles, and equal opportunities.

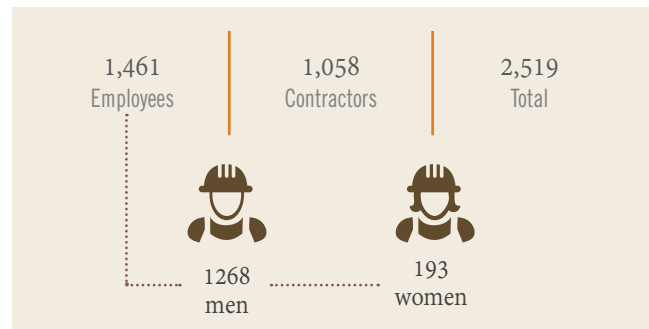
Human Resources regularly engages with a significant number of internal and external stakeholders, including employees, the workers union, contractors, the Ministry of Labour, National Health Ministry and immigration. Monthly or as-required meetings are required to keep current on a number of topics relating to the coordination, supervision, and legal aspects of employment and employment standards at MSC.

MSC employees by gender



Features of our Workforce

On December 31st, 2015 Minera San Cristobal had 1,461 employees including personnel at the mine site and those located at the executive office in La Paz. Our total workforce in 2015 including contractors was 2,519 and generated approximately 5,000 indirect jobs, giving priority to the people of the surrounding communities.

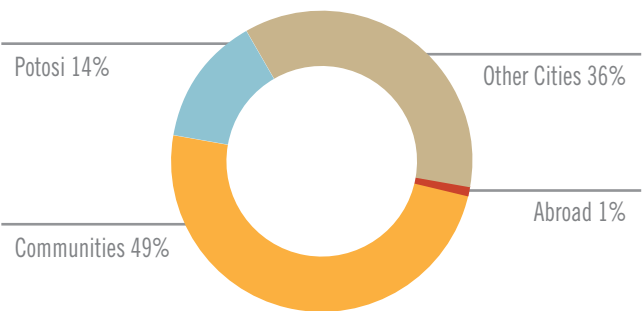


Local Hiring

MSC's hiring process is the same for all positions in the Company, regardless of the location where recruitment activities are conducted. We prioritize the selection and evaluation of local personnel first from the directly impacted communities of San Cristobal, Culpina K and Vila Vila. It is compulsory under Bolivian Labour Law for operational posts (which do not require an academic or a high level of technical expertise) to be filled with local community members. If qualified candidates cannot be drawn from local communities, the search expands regionally, and then country-wide, prior to seeking international experience. Due to the specialized industry experience or technical certifications required, none of our senior management are currently from local communities. ✓

Approximately 99% of our workforce is from Bolivia: 50% are from the local communities of San Cristobal, Culpina K, and Villa Villa, 64% combined with employees from the department of Potosi.

MSC Employees by Place of Residence

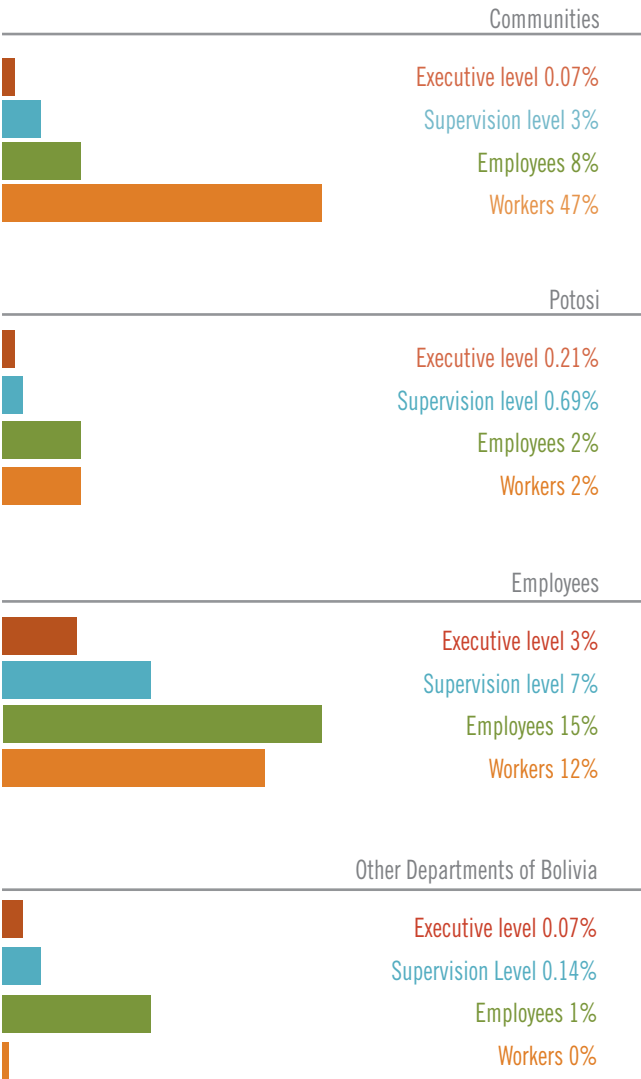


Women and Equal Opportunity

There are no formal policies or procedures in place with respect to gender and hiring at the San Cristobal Mine, as any protocols in this regard would be considered favoritism under the Bolivian constitution. Under Bolivian law, women must be paid the same wages as men for the same jobs, and women also receive slightly more pay for work on a Sunday - a traditional family day. Men and women who work for MSC receive the same remuneration for the same position; any differences are the result of different positions or seniority where they have benefitted over time from salary increases (either performance based or government decreed). In 2015, women received 82% remuneration compared to their male counterparts in worker positions, 79% in executive positions, and 111% in supervisory positions.

MSC takes great care to ensure that there are equal opportunities for employment, and in fact, has a significant number of women working in some of the most sought-after and highest paying jobs in the mine (see Case Study on page 41).

MSC Employees by Location of Residence





CASE STUDY: EQUAL OPPORTUNITY: WOMEN WORKING IN UNCONVENTIONAL ROLES

MSC is proud of one of its most progressive gender diversity statistics – having a significant number of women employed in “unconventional roles”.

Original community sentiment during the development and construction of the mine was resistant to women receiving jobs outside conventional roles such as catering, housekeeping, and administration. However, by the end of 2015, not only were there a significant number of women working at San Cristobal Mine, but they held a higher than industry average in “unconventional” roles - some of which are the most esteemed and sought-after positions at the operation.

In 2015, MSC identified a total of 67 women as being in unconventional occupations, including (but not limited to), chemical engineering and systems analysts, mechanics, electricians, plumbers, heavy equipment operators (including heavy equipment dispatch), control supervisors and operators in the plant, and security guards.

Women represented 13.29% of the total workforce (all roles), 20% of the work-force in the plant and 4.85% of the workforce in the open-pit mine and related activities. The advance from “no women” to a significant number of women in unconventional roles in the mine and plant is worthy of attention. The figure of 20% in the plant is a major step towards the 30% considered to represent a key threshold for gender inclusion in the International mining industry.

The largest concentration of women in unconventional occupations was found in the plant where there are 43 women.

Two of eight employees in the control room are women, as are three of four employees responsible for managing flotation circuit reagents. There are 14 women out of a total workforce of 251 working in the open-pit mine, which, in the social context of San Cristobal, would be considered the “most unconventional” and also represent the most prestigious and highest-paid positions at MSC.

We believe the main reasons for above average gender statistics at MSC are:

1. Company-community agreements which included clauses for the prioritization of local employment that opened the opportunity for women to apply for work.
2. Somewhat later, vulnerable women (single head-of-household mothers) were identified by the community as a priority for permanent employment opportunities – and some of these women have moved into unconventional roles.
3. A slow but steady increase in acceptance on behalf of the local community and male co-workers as more women prove themselves in unconventional roles.
4. More women acting as role models for professional development - occupying positions for other women to aspire to.

The path to gender inclusion at MSC is another example of our shared successes, has evolved cooperatively by the Company and women taking initiative - transcending both workplace stereotypes and cultural barriers within the community.



Human Resources Changes in 2015

In response to overall market conditions, a portion of the Company-wide cost reductions and efficiency measures impacted the human resources department, which underwent complete restructuring to meet the needs of both internal and external stakeholders, simplifying descriptions or work, reporting structures and processes.

While we hired 46 males and 5 females in 2015, ☒ a significant portion of contract workers were not renewed at the completion of their contracts, and several positions were moved to the head office in La Paz to reduce commuter and housing costs. The turnover rate in 2015 was 7.3% for women and 3.7% for men. Expatriate turnover was extremely low in 2015, at 68.4% for men and 0% for women. Factors relating to employee turnover in 2015 included personal reasons (changing jobs or cities, starting businesses etc.) Our retention rate for parental leave* in 2015 was 100%, with eight women taking maternity leave and 43 men taking paternity leave - all of whom returned to work.

* PARENTAL LEAVE

Women receive 45 days leave before childbirth and 45 days after, plus 4 extra days Men receive 4 days of parental leave at or around childbirth. ☒

It is believed that continued positive workplace factors contributing to employee retention at MSC may include:

- Recognition as one of Bolivia's top companies by MERCO (Monitor Empresarial de Reputación Corporativa), which ranks by reputation and excellence in corporate responsibility and corporate governance in 2013, 2014 and 2015.
- According to a yearly salary study in Bolivia, MSC is one of the best paying companies in the country.
- Benefits provided to all employees (full time or temporary/contract) include performance bonuses, rotational schedules that are optimized to spend more time with family, and private health insurance. ☒
- Alternative earning options outside MSC are limited to agriculture or other activities which at present are not as profitable.
- A focus on the health and safety of employees through robust protocols and participatory committees make MSC one of the best companies for employee care.
- Almost all women return from maternity leave.

A low turnover rate has positive implications and efficiencies for MSC, including less new-hire training as roles can be very technical and specific - some taking three to four years to fully train. Longer employee tenures and staffing stability also leads to increased safety awareness, fewer accidents, and higher morale.



CASE STUDY: COMPANY INITIATIVES TO SUPPORT EMPLOYEES IN THE WORKPLACE THE SAN CRISTOBAL DAYCARE

There was recognition on the part of MSC management and Human Resources that working at the mine site generally (and on extended rotation specifically) is particularly difficult for women with children. In this regard, the Company implemented a range of initiatives to assist women with work-family balance and to keep in better contact with their families while at the mine site, including: increased telephone and internet capacity and access, changes in shift work and rotation schedules to better balance work and family life, and most recently - the opening of the Daycare in San Cristobal.

Prior to 2012, the San Cristobal community had a nursery for children administered under the "PAN Program" supported by the State of Bolivia. The program had very basic options for childcare and meals for a maximum of 20 children under 5 years old. The nursery was only open Monday to Friday from 09:00 to 16:00, was attended by personnel with little or no training, and the budget for each child was less than a dollar per day.

MSC supported a proposal from the community authorities of San Cristobal to enhance the quality of life for workers and

families by improving the conditions of the nursery, thereby providing better quality service and care for the community's children - who are by extension the worker's children of our Company. In November of 2013, the newly repaired and modified Children's Care Center (the "Daycare") was opened. All renovations, repairs and construction, furniture, equipment, toys, accessories, kitchen supplies, and books were sponsored by MSC.

Currently, the MSC sponsored Daycare is open Monday to Sunday from 07:45 to 19:00 and cares for over 40 children (aged six months to just under 5 years old). The Daycare not only tends the children while their parents are at work, also focuses on hygiene, health care, and development. Children receive age appropriate lessons and education, are fed well-balanced and healthy meals, and receive medical visits from a pediatrician.

The Daycare also operates with specialized staff who have been trained in care and education of children and also have experience administering the center.



Labour Relations

Labour unions have a strong presence and history in Bolivia. MSC has no operations nor has identified any suppliers where the right to freedom of association may be at risk. We support the right to freedom of association and collective bargaining, and currently enjoy a good relationship with the 'Union Workers of Minera San Cristobal', which was formed in 2010. Our approach to labour relations is focused on regular engagement with union leaders, respectful dialogue relating to the needs of our workers, and the collaborative resolution of issues if they do arise. Respect, honesty, and win-win are the principal characteristics in every negotiation process, striving for continuous improvement within the MSC family.

Approximately 51% of the total eligible workforce is covered under the collective bargaining agreement with the MSC Workers Union. ☑ This equates to 845 employees or approximately 34% of the entire workforce, which may seem somewhat low, however is due to the fact that one of our principal contractors (responsible for food catering and camp services with over two hundred workers) participates in its own union, and certain administrative (and all executive staff positions) are outside the union structure.

The Collective Agreement, is renegotiated annually (approximately mid-calendar year) and in 2015 included:

- A salary increment agreement
- The creation of a health committee in participation with the Superintendent of Health

- The formation of a Library Association and construction of the Union Library
- Support for a project appraisal for union head office
- The development of sports activities and soccer tournaments (with Company sponsored sportswear and awards)
- A safety incentive for 2,000,000 hours without a Lost Time Injury

Additionally, MSC continues to provide university scholarships to employees and their children. There were no strikes or lockouts at San Cristobal Mine in 2015. ☑

Employee Grievance Mechanisms

MSC has an open-door communication policy; our employees are encouraged to approach their direct supervisors with any issues or concerns relating to the workplace. If concerns involve supervisors, they can be elevated to the management level for resolution. We also have a more formal system in place (through our Company intranet) to relay concerns or to report violations or suspected violations of our Code of Ethics on a confidential basis (our Whistleblower Policy).

We received five labour practices complaints from employees in 2015: three relating to not being granted permission for absence from work and two regarding relations between supervisors and staff. All concerns were resolved in 2015 through interviews and dialogue with the parties involved. ☑





Training and Development

We believe that ongoing training and the opportunity for self-development and continuous improvement of our employees is a fundamental aspect of both our Human Resources philosophy and for the success of our business. Performance evaluations, feedback, and salary increases are also an integral part of fostering a positive workplace and developing our people. MSC has a process for assessing the annual performance that seeks to evaluate the largest possible part of all staff. In 2015, 93% of the universe subject to assessment was effectively evaluated, including superintendents, supervisors, employees and operational staff (workers).

In 2015, MSC invested approximately \$ 0.8 Million in training for our employees, which amounted to the equivalent of 23,568 training hours. This figure does not include additional hours and courses from the Technical Institute (See Case Study on Page 46).

There are two main types of training at MSC: Health and Safety training, and training which directly relates to employee roles and performance (specific).

Ten employees were selected to participate in a program of professional development designed to help them advance as managers. The group was also given training to improve their professional performance through the use of specific skills and techniques.

Training 2015 ☒

CATEGORY	TOTAL TRAINING HOURS MALE	TOTAL TRAINING HOURS FEMALE	AVERAGE HOURS MALE	AVERAGE HOURS FEMALE	AVERAGE TRAINING HOURS COMBINED
Employees and workers	23,907.0	2,921.0	18.9	15.1	18.4
Executives	501		10.2	0.0	10.2
Supervisory Positions	2,260.0	147.0	16.5	24.5	16.8
Contractors	24,644.5	4,129.0	29.1	19.5	27.1



CASE STUDY: TECHNICAL TRAINING CENTRE (CENTRO DE ENTRENAMIENTO TÉCNICO)

MSC has a strategic relationship with the Technical Training Centre of San Cristobal for the training of MSC employees and community members. The program commenced in June of 2009 and is fully funded by MSC. The total investment since inception is approximately US\$ 2.0 million.

MSC has commissioned Infocal Foundation Cochabamba (CFTSC) to assist with the support, guidance, coordination, and administration of the technical institute. CFTSC currently has 6 permanent Infocal instructors, and several specialty trainers are also sent to CFTSC as required.

CFTSC offers advanced technical training in industrial mechanics and industrial electrical engineering. The technician level students enjoy full scholarships covering tuition, materials, work clothing, and personal protective equipment.

Additionally, basic short training courses are offered to MSC workers, the population of local communities, or anyone who wishes to train on topics such as: mechanics, electronics, programming PLCs, welding, plumbing, and Office software (Word, Excel, etc.).

CFTSC students can also receive short courses run by MSC instructors on topics such as: personal protective equipment, fire prevention and control, first aid and basic CPR, risk assessment, controlled substances, waste management & handling of hazardous substances, defensive driving, team building, the Five Ss (the Japanese methodology of workplace organization and efficiency), and communications.

Detail of current and graduated students at the San Cristobal Technical Institute:

YEAR	GROUP NUMBER	NUMBER OF STUDENTS	STATUS
2007	Group 1:	16	Graduated (completed the curriculum)
2009	Group 2:	10	Graduated (fulfilled the curriculum)
2012	Group 3:	29	Graduated (completed the curriculum)
2013-2014	Group 4:	27	In the fourth semester of races industrial mechanics and electrical engineering industry
2014	Group 5:	30	In the first half of 2015 management begin their studies in the careers of industrial mechanics and electrical engineering industry
2015	Group 6:	71	Three career tracks - industrial mechanics, electrical engineering and the tourism industry
TOTAL	6 GROUPS	183	

The CFTSC currently has the teaching expertise, infrastructure, and equipment necessary for higher technical education, and MSC is proud to sponsor and facilitate a program in which our graduates can participate in a level and quality of academic and technical training that is to same or better standards than can be achieved at any other location in the country.



CASE STUDY: TOMAS FRIAS AUTONOMOUS UNIVERSITY



As part of our ongoing commitment to contribute to the economic development in the communities and regions in which we operate, since 2011 MSC has enjoyed an agreement and partnership with Tomas Frias Autonomous University in Potosi - the most recognized institution for the advancement of scientific knowledge in the region.

Management initially approached the University in 2010 to develop a program that would benefit students with program focus and career ambitions related to the mining industry – specifically the colleges of Geology and Mining Engineering. The pilot program consisted of 3-6 month, on-site practicums, whereby students would merge theory with practice, acquiring on-the-job training with an MSC supervisor/mentor in support of high performance standards in their respective work and related thesis research (if applicable). A part of the program, MSC also sponsored all PPE (personal protective equipment), accommodation, food, and transportation to and from the home towns of the students to site.

The program ran from 2011-2014, and in this three-year period MSC received a total of 64 students (49 male and 15 female); 40 of whom were practicum students and 24 completing theses. The largest percentage of students were placed in the plant,

the mine, and the environment and geology departments at the San Cristobal Mine, en-route to various engineering specialties including processing, geological, mechanical, mining, systems, electrical and civil. There were also two program participants in tourism.

The very successful results of this first experience include:

- A strengthened (or in some cases new) relationship between MSC and Tomas Frias University
- A high level of inter-agency cooperation resulting in a high degree of satisfaction from both parties
- The practicum and thesis students were both stakeholders and direct beneficiaries in this process
- The merging of theory with practical experience for students doing their practicum has shown better than average results: The opportunity for training at a world-class company improved the qualifications of students, creating better-equipped professionals to enter the highly competitive Potosi labor market.

This mutually beneficial program has led to the development of a strong and credible institutional bond that can be built upon in future – for academia, business, and society as a whole.



Protecting the health
and safety of our people
is our top priority.

10. Health and Safety

Protecting the health and safety of our people is a top priority. Minera San Cristobal is committed to achieving a safe working environment in which no injuries are recorded. We ensure that our employees and contractors are trained to: improve their knowledge and skills in safety, increase awareness regarding personal responsibility to work safely for themselves and their co-workers, and to ensure they go home safe to their families. MSC complies fully with all Bolivian legislation and international regulations for Occupational Health and Safety.

Our Approach

We are in regular contact with a variety of internal and external stakeholders regarding aspects of health and safety including our employees, workers and their families, contractors, the union health commission, community members, as well as regional and national health authorities. We engage with these impacted stakeholders regarding topics such as the quality of health care for our employees, emergency care, holistic approach to community health care, certification audits, and regular meetings to meet the requirements and expectations of our health and safety protocols. We conduct risk assessments with respect to health and safety which aim to develop a preventative culture with a safe labour approach. Detailed performance indicators regarding safety performance (for both employees and contractors) are prepared and submitted to management for review on a monthly basis.

Our safety mission is to provide technical and operational support to all areas related to safety, hygiene, hazardous substances, and general health. Establishing a preventative safety culture that supports consistent behaviors and safe processes is one of our main health and safety goals and is framed within our Business Management System, policy documents and standards, and is in full compliance with legal and regulatory requirements of both the Company and the country.

Our Occupational Health & Safety Policy is officially communicated through mandatory OHS training and is readily accessible on our Company intranet. The Policy is also posted in every health services area on site, in camp, and in local communities.

MSC received OHSAS 18001 certification in 2010 and we maintain this certification of best practices in health and safety annually.



CASE STUDY:

HEALTH PREVENTION AND PROTECTION IMPROVING WORK PERFORMANCE AND QUALITY OF LIFE OF OUR WORKERS

MSC has prioritized the implementation of its comprehensive Occupational Health Program. This coordinated initiative of promotion, prevention and attention to the health of our workers is aimed at reducing the incidence and prevalence of work place illnesses. The Program includes medical assessments from the time of hiring with the Company, follow-up with annual check-ups to ensure continuous monitoring of the health status of each worker, taking into account specific potential risks involved in different roles and tasks, ensure early identification of chronic illnesses, and to prevent complications from exposure to work-related risks.

Additionally, all employees are entitled to receive assessments for a number of potential occupational symptoms including hearing and vision tests, monitoring of lead levels, prevention and control of musculoskeletal disorders, with specialized testing for men and women including the early detection of chronic altitude sickness, prostate and breast cancer. Employees also receive immunizations as well as general information on health and nutrition.

Alongside these efforts, we also implement strategies to promote the general health of our workers, through training and dissemination of information aimed at increasing levels of knowledge and attitude towards self-care health in the workplace, as well as family and community health. Examples include access to company provided health services, hygiene, nutrition and healthy eating, and fitness, as well as education and prevention regarding the social aspects of substance abuse and domestic violence.

Our protocols to identify, prevent, control, and monitor the health of our employees, enabled Minera San Cristobal to receive the Healthy Company Certification NB 512001: 2008, granted by the Bolivian Institute Standardization and Quality (IBNORCA).

These efforts have been expended not only to effectively support the production process of the Company and facilitating our workers to maintain optimal performance capacity, but also to ensure a healthy work environment and ultimately to help maintain and improve the health and quality of life of our employees.

HEALTH AND SAFETY PERFORMANCE

Occupational Health and Safety requires the ongoing attention of and involvement of several stakeholder groups, including employees, the workers union, contractors, government health agencies and national health commissions, suppliers, community members, and our safety committee. We meet with our stakeholders on an ongoing basis and more formally either monthly or quarterly, with respect to safe and healthy working conditions, training and access to personal development, and we ensure our standards are maintained with continuity in our external business relationships.

Our Health and Safety performance and prevention program is based on the OHSAS 18001 standard which includes among others isolation, work at heights, incidents risk management, and industrial hygiene programs, which are supported by MSC's Golden Rules.

Safety meetings are held on a daily basis at the beginning of each shift. We monitor and track occupational safety performance for both our employees and workers. In 2015, there were no occupational illnesses recorded at San Cristobal Mine.

Safety Performance

North American Standards Per 200,000 hours <input checked="" type="checkbox"/>	2015
Frequency index ¹ (Injury rate)	
Employees	0.41
Contractors	1.11
Fatality	1
Absentee Rate Employees	1.53/4.63

(1) Frequency index refers to the frequency of injuries relative to the total time worked by the total workforce multiplied by a factor of 200,000

- In 2015 the MSC frequency rate for incidents with injuries reached 0.41 incidents per every 200,000 worked hours (19 worked days) which represents one injury for every 46 days worked.

- In 2015 the frequency rate for MSC Contractors was of 1.11 incidents per every 200,000 worked hours (33 worked days) which represents one injury for every 29 days worked.

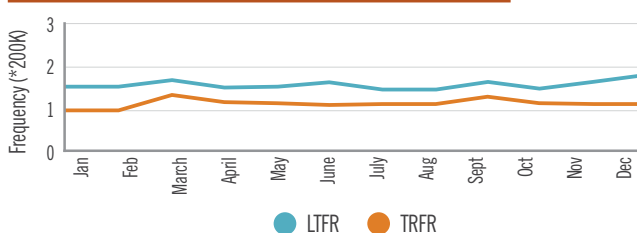
One of our top safety initiatives in 2015 was the delivery of a Contractor Safety Management Program, the implementation of which resulted in the reduction of accident and lost time injury rates and overall safety performance improvement (See Case Study on page 52). Other 2015 Health and Safety accomplishments included:

- The completion of the Safety Through Observation & Prevention (STOP) training program with an increase in personnel involvement.
- Areas involving safety programs and development were part of the organization-wide risk assessment.

In March of 2015, there was an accident at the San Cristobal Mine relating to a pit-wall slide involving two employees. One employee received only minor injuries: unfortunately the accident was fatal for the other employee. Comprehensive seismic monitoring systems are in place to assess pit-wall stability risk on a daily basis, as well as long-standing and thorough safety procedures and protocols. The Company immediately investigated the accident, reviewed the procedure, improved on controls and norms, provided extra training, and included this specific risk in the Company's Golden Rules.

MSC is confident that, with the current training and controls now in place, the Company is able to prevent this type of accident from reoccurring in the future.

LT & TR Frequency Rate MSC - Rolling 12 Months





CASE STUDY: CONTRACTOR OCCUPATIONAL HEALTH AND SAFETY IMPROVEMENT PROGRAM

Minera San Cristobal's workplace environment includes many characteristics which are unique in Bolivia. Notably, our specific requirements in the areas of occupational health and safety go beyond Bolivian legal requirements to align with the vision of the Company; the health and safety of both our employees and contractors is considered to be one of our most important shared values.

The demands on occupational health and safety presented a major challenge when working with our strategic partners, (our contractors), most of whom came to MSC with little formal instruction or training on safety issues. Once on the job it became evident that their training was not up to the same standard as MSC and this gap was reflected in our accident and lost time injury (LTI) rates, leading to the need to prioritize enhanced safety training for contractors.

During 2015, approximately 1,000 contractors per month were working on site. Hence, training was a critical necessity to establish a preventative approach to worker safety and application of the standards established by MSC. In order to address this safety performance gap, implemented a 'Contractor Management Program', which focused on topics such as: compliance with basic Bolivian legal requirements for OHS, and compliance with the specific Occupational Health and Safety Standards of our Company.

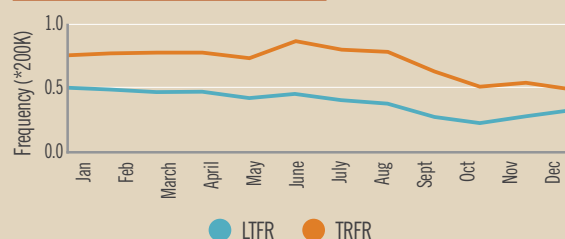
MSC engaged health and safety specialists to deliver 15,425 hours of training to contractor personnel in 2015, which repre-

sented just over 50% of the total training hours within the Company, 1,146 Occupational Health and safety course units and 3,742 hours of trainer time.

Two critical components of this program were: a) the training and adoption of MSC standards, to improve the level of knowledge of workers and contractor safety supervisors; and, b) complimentary activities in the form of: inspection campaigns, monthly and quarterly meetings, and monitoring contract supervisors focusing strictly on improving OHS performance.

This specialized contractor health and safety training initiative led to a decrease of 72% LT and 46% TR of accidents and injuries in 2015 bringing our contractors closer to the safety levels of our permanent employees and allowing all individuals to share the benefits of a safer working environment.

LT & TR Frequency Rate
Contractors Rolling 12 Months



Preventing Occupational Illnesses

MSC has a program on Occupational Health for the development of strategies for prevention and health promotion in the workplace including the following lines of action:

- Occupational Review, which aims to determine the skill level of the worker in order to achieve the highest attainable standard of physical and mental wellbeing in the workplace

- Regular monitoring of health, which is a specialized annual assessment aimed at monitoring the health status of all workers according to the work they do and the risks they are exposed in their work environment. The 2014 96.54% coverage (1423 workers tested) was reached.

Sub control programs, prevention, promotion and monitoring, developing a set of control actions, prevention, monitoring and health promotion in terms of exposure to risk factors. Which are:



349
workers in control
Health and
Nutrition



1327
workers evaluated
Prevention and Control of
skeletal muscle disorders



242
workers detected
Prevention and Control of
chronic altitude sickness



123
workers with
gynecological control
Comprehensive Health of
women workers



1405
workers with
audiometry
Hearing
Conservation



1410
workers with
visual examination
Visual
Conservation



375
safety glasses
With increasing
delivered



87.3%
workers vaccinated
against the flu or
influenza
Immunizations



1423
lead workers
under surveillance
Lead, cyanide and
respirable dust



389
workers evaluated
Prostate cancer

According to regular health checks and fitness assessments for jobs, a high incidence of musculoskeletal disorders have been identified, mainly due to repetitive work, awkward positions, lifting of loads and vibration affecting specific body locations such as back, shoulders, and neck. These work conditions and musculoskeletal symptoms are being studied to see if they have direct bearing on the work being conducted in certain positions at MSC.

Other Industrial Hygiene Activities:

- Protective Personal Equipment (PPE) usage analysis completed for 2013 and 2014 (Respiratory protection, hearing protection, tyvek) PPE by group similarly exposed.
- Calibration of ambient environment monitoring equipment.

Health and Safety Committee

A Joint Committee on Occupational Safety is mandatory for every employer in Bolivia; the scope and activities of which are framed in Bolivian legislation, specifically contained within the law of Occupational Health, Safety and Welfare. However, MSC goes beyond the requirements and obligations of the current legislation: Our Company encourages participation, activities, and continuously promotes the safe work and care of our staff.

The MSC Joint Committee of Occupational Safety and Health ('mixed committee') is comprised of both management and workers and represents 100% of our workers and employees. In 2015 our mixed committee consisted of 29 ☒ committee members (or 2.12% of the total workforce). The precise number of representatives is determined by the potential risks and severity, and the total number of workers at the Company.

The purpose of the Mixed Committee is to monitor and assist in the implementation of measures to prevent occupational risks, and to improve practices to protect workers and their safety including:

- The evaluation of the working environment and conditions, machinery, Personal Protective Equipment (PPE) and other related health and safety issues
- Understanding, analyzing, and participating in investigations of all work related accidents

- Monitoring and evaluating the record of work-related accidents and illnesses
- Ensuring communication, training, and guidance to all workers
- The submission of quarterly reports and results achieved with the health authority
- The preparation of a summary report of activities undertaken and the measures adopted

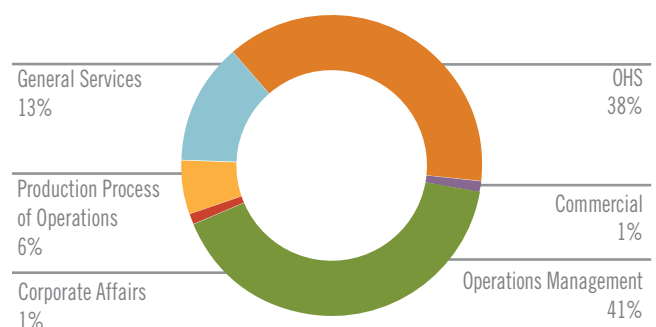
Formal agreements with the workers union cover 100% of health and safety topics or concerns (and their review) under direct administration, and include use and authorization of medicines not covered by insurance benefits. In 2015 agreements also included electrical protection, PPE improvements, upgrading plant and mine toilet facilities, upgrade in work clothing to industrial safety standards and encouragement of participation in the volunteer emergency brigade. ☒

HEALTH AND SAFETY TRAINING

MSC's has a commitment to safety and a culture of safety, a workplace free of accidents and injury. We have safety meetings daily frequency and are held by the supervisors.

In 2015, training of health personnel focused on a course of continuing education and modular Occupational Health. We also completed training in Advanced Trauma Life Support (ATLS) to all general practitioners. In the city of Potosi preventive orientation workshops were developed for the families of MSC workers under the Family Health Program. The training program for workers in 2015 included first aid, basic CPR, management of cyanide and lead poisoning, and the promotion of nutrition and healthy eating.

Number of Volunteers Per Department





Emergency Response and Preparedness

Emergency events are managed according to plans which outline potential, identified scenarios through hazard analysis of MSC operations. The plan includes preparation, training, and response for the Emergency Response Unit (ERU) and their support teams.

The ERU consists of seven full time employees who are under constant training from an external specialized Contractor from Chile (ProSafety), which provides 5 industrial emergency experts (Firefighters), with high level knowledge and training in Emergency Response Support.

Staff receives standardized training on NFPA codes to apply in our procedures and optimize the management of MSC assets.

Among the objectives set for 2016 was a review of the equipment and installations in accordance to NFPA-10 (Standard for Portable Fire Extinguishers), which establishes the foundation for proper fire risk analysis and protection, improvement of work areas, and allowing the optimization of our resources.

The Emergency Brigade Program had 143 participating volunteers during 2015 who were under the supervision and training of ERU and ProSafety.

Currently, Emergency Response Unit relies on four rescue vehicles:

- Sport Utility Vehicle (SUV), fully equipped with incident command tools and first response gear.
- First Response Firefighting Truck, recently overhauled, 1000 liters of water and HazMat attention equipped.
- Rescue Truck, packed with Vehicle Extrication and Heights Rescue tools and equipment, TriMax TERMINATOR fire extinguishing high efficiency Twin Agent System (60 Gallon Foam Concentrate Pre-Mix Tank and 150 Pounds of Dry Chemical *Purple-K*) has been installed to increase response capabilities.
- Firefighting Truck, 4000 water liters and 300 gallons of 3% foam concentrate.

In 2015, a Supervised Fire Alarm and Detection System (FAD) was designed and installed by an external certified contractor, based on modern technology devices for early/smart fire detection through Air-Sampling, Light-Beam or Thermal/Smoke which reports permanently through a Central Monitor installed in the offices of the Emergency Response Unit.

The system also provides detection information for critical non-process buildings (the Plant and Mine Warehouses, Metallurgic and Chemical Laboratories, as well as the Aguirre Flats Kitchen and Dining Room).



Critical areas such as the lubrication storage area and electrical rooms in the plant have been upgraded; VESDA early air-sampling systems have been installed and are reporting to the main Control Room.

Following the MSC policy of Continuous Improvement, new buildings and reporting enhancements are expected for 2016.

The operating detection systems and maintenance programs have been added to the Emergency Response Unit in order to assure the availability by following codes and factory recommendations.

Both the MSC emergency response brigade and health unit have the capacity to assist nearby communities (within an approximate 50 km radius) in the event of vehicle accidents, fire, or other emergencies.

Local communities and access roads represent the source of our highest rate of calls for emergency assistance; emergency calls from the surrounding areas are prioritized accordingly.

For emergencies related to injuries, MSC has on-site a fully equipped medical unit with medical staff and supplies to attend injuries ranging from minor to critical. MSC has

two ambulances on stand-by all the times in the event of a serious medical situation. The Company also has two airplanes that provide regular transportation for personnel to and from the mine site that can be called on in the case of an emergency situation requiring evacuation (MEDIVAC) to the nearest hospital.

INDUSTRIAL HYGIENE PROGRAM

Background: Building an Industrial Hygiene Program

During 2015, MSC's Industrial Hygiene Program made great leaps forward after its first year in operation. In 2014, MSC began development of its on-site Industrial Hygiene (IH) Program which is operated within the Occupational Health and Safety (OHS) management group. The main objective of the IH team and its programs is to anticipate, recognize, evaluate, and control occupational exposures to physical and chemical agents, which may have the potential to cause adverse health outcomes.

Some groundwork for the program inauguration included the construction of an onsite IH laboratory, the purchasing of key analytical equipment and materials (needed for sampling), and the initial training of MSC OHS employees to a "technician" level. MSC is the first business in Bolivia



to have certain types of analytical equipment including advanced sound level meters, octave band analyzers, personal noise dosimeters, multi-gas meters, multi-gas calibration systems, specialized IH sampling pumps, sample collection media, quantitative respiratory fit testing equipment, analytical equipment for measuring ventilation effectiveness, equipment for measuring thermal stress, as well as advanced IH data management software.

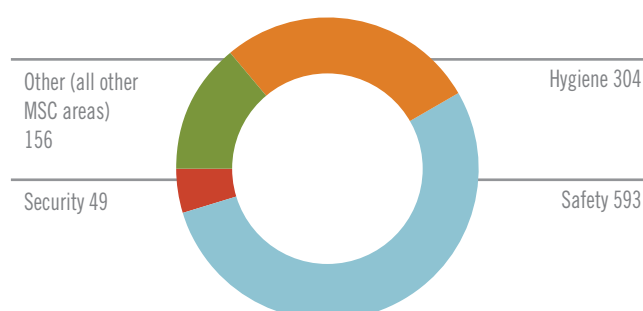
Training Bolivian Professionals for Sustainable Progress

A key aspect of MSC's Industrial Hygiene (IH) program is the training of its Bolivian professionals. MSC has invested greatly in the development of its personnel and in the acquisition of IH equipment. No university degree program pertaining to occupational health and safety is currently offered in Bolivia; formal industrial hygiene work is new to the country. Recognizing this, during 2015 Bolivian OHS professionals continued their training by an expat specialist in topics such as hearing conservation, respiratory protection, exposure evaluation and analysis, international health and safety standards and regulations, ergonomics, radiation safety, particulate and gas monitoring, toxicology, epidemiology, hazardous materials, emergency response procedures, and many other topics. Other work groups received training as well including the on-site physicians.

MSC physicians were trained on proper methodologies for performing audiograms and the correct criteria for diagnosing and classifying noise induced hearing loss. In addition, physicians and nurses were trained on principles of occupational exposure evaluation. Below is a graph showing the documented hours of formal industrial hygiene training given to the various OHS groups to date.

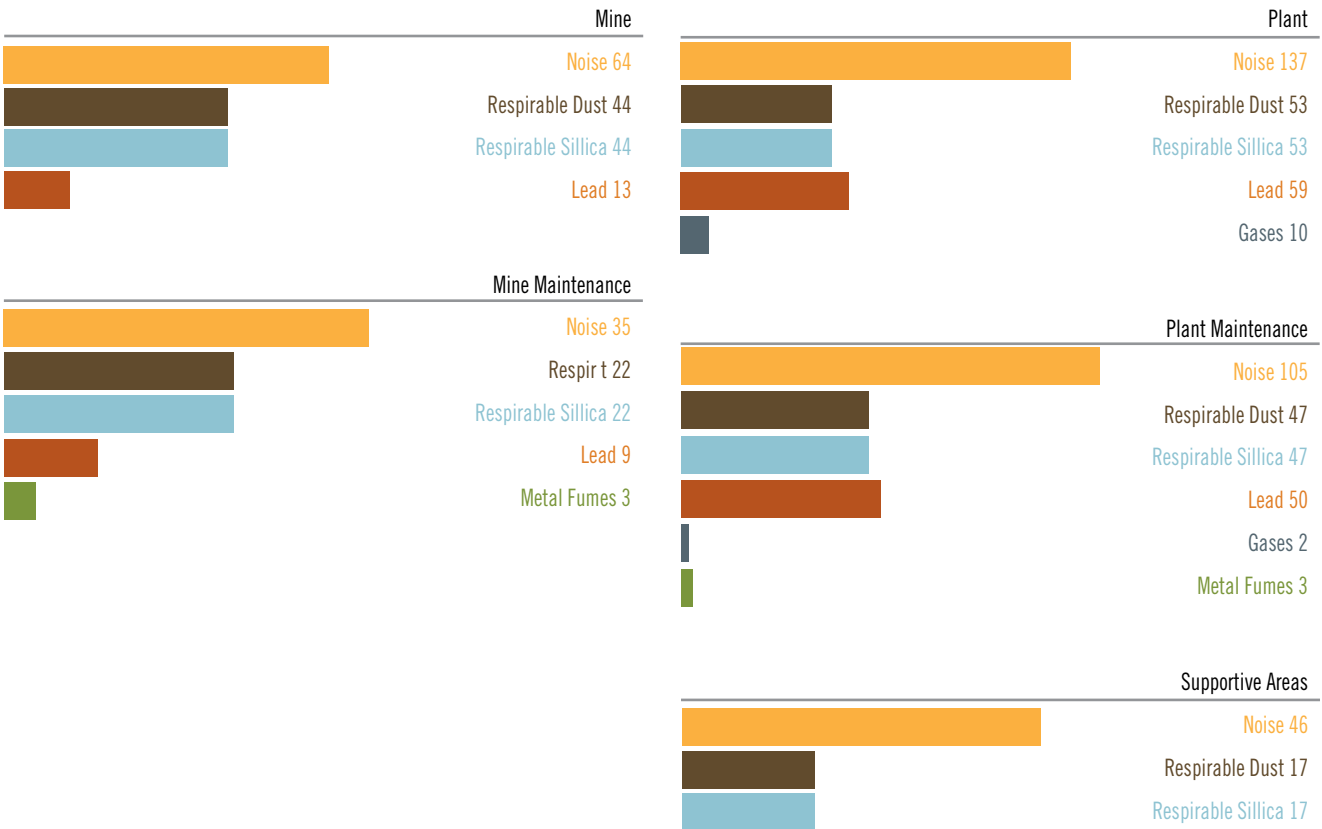
Through continued training of its people, MSC will benefit by increasing the effectiveness and efficiency of the programs relating to safety, industrial hygiene, and occupational health. MSC's IH program is the first in Bolivia; the newly trained professionals represent a valuable resource to their home nation now and in the future.

IH Training Hours - OHS Groups





Number of Full-Shift Personal Samples - MSC





Industrial Hygiene Monitoring Program

In 2015 IH monitoring program included a sampling project, which was the largest IH exposure evaluation undertaken in Bolivian. A total of more than 900 full-shift personal samples were taken during normal operations. Work area samples were also taken to assess exposure potential. Exposures to occupational agents including respirable dust, silica, lead, noise, metal fumes, and various types of gases were evaluated. It is important to note that Bolivian law does not define specific enforceable occupational exposure limits. MSC has taken a proactive approach by developing its own occupational exposure limits (OEL's) as guidance to control exposures and assure a safe workplace for all. These values have been adopted from organizations such as MSHA, OSHA, NIOSH, ACGIH, and other acceptable international standards.

Other projects were also performed to assess physical agents such as vibration and thermal stress. Through the collection of sampling data, the IH monitoring program allows for verification of control effectiveness, offers a more efficient management approach to occupational medical evaluations, and reduces business risk by proving effective health and safety protection of all employees. In summary, the IH sampling activities greatly increase MSC's ability to

adequately protect all employees by quantifiably demonstrating adequate exposure controls (such as process design, or PPE use and effectiveness).

Community Health Program

During 2015 the following programs were delivered in the communities of San Cristobal, Culpina K and Vila Vila:

- Child Care Program for girls under age 5, which seeks to promote the proper growth, development and disease prevention: 40 children under control and monitoring.
- Child Health Program / Schoolgirls, consisting of improving the health of school children through promotion, prevention, detection, care and treatment. 978 schoolchildren assessed.
- Care Program for the Elderly, aimed at reducing risk factors through health care, supervision, control and individual monitoring. 149 elderly under control and monitoring.

Comprehensive Care Program for Adolescents, which involves values-based career counseling for adolescents and youth in communities. 348 young people participated in this program.


MSC is a leading
Bolivian company
regarding
environmental
management
throughout the mine
life cycle.



11. Environment

Our Approach

MSC is a leading Bolivian mining company with respect to environmental management. We are committed to the risk assessment, mitigation, and remediation of negative impacts throughout the mine life cycle. Our environmental protection policy is one of the pillars of our Business Management System and is based on respect for regulatory frameworks, international best practice, our commitment to surrounding communities and the environment, and the care and protection of natural resources.

Our management system applies international standards and includes the application of protocols for air, water and soil quality monitoring , and biodiversity resources inventory, to ensure accuracy and traceability, and in this manner engender credibility and trust with stakeholders and environmental regulatory authorities.

Local authorities and community representatives participate in the monitoring campaigns as a key measure to ensure the credibility of results with these important groups. This transparency engenders broader understanding of our social responsibility values and facilitates mutual collaboration and better relation with our strategic stakeholders.

In 2010, Minera San Cristobal achieved triple certification for international standards of Quality (ISO 9001), Occupational Health and Safety (OHSAS 18001), and Environmental Management System (ISO 14001). We ensure that resources are available for comprehensive training to all employees about the integrated management system and also develop strategic communication to key stakeholders about these important systems and their benefits.

In 2015, the improvement in environmental practices included water management, dust control, industrial waste reuse and recycle; rehabilitation of disturbed areas during construction, sensitization of communities on environmental issues and efficient use of water and energy. Further

improvements include water harvest during raining events, compost production and use in cropping lands.

MSC has a training program for the employees on environmental issues, and supports initiatives of the surrounding communities during their waste cleaning campaigns, better practices on wastes treatment and disposal, and forestation with native and adapted species.

WATER MANAGEMENT

Water consumption is one of the most sensitive issues from an environmental and social point of view, and remains an ongoing concern for local and national stakeholders, particularly for our surrounding communities. As a consequence, MSC has a policy of applying best available technology and responsible management practices through the use of saline industrial groundwater, unfit for human or animal consumption of irrigation, for mineral processing.

Sumitomo Corporation has promoted technical studies to optimize the water use in the ore processing plant and strives for continuous efficiency improvements to recover, recycle and reuse all wastewater available to minimize the impact on the source of fresh water supply (e.g., recycling waste water from the tailings dam and mine dewatering flows to the concentration plant).

We maintain ongoing dialogue with nearby communities adjacent to our operation, addressing their concerns about water resources and informing them about prevention and control measures of potential environmental impacts related to our activity. MSC conducts regular monitoring of both surface and ground water sources within the area of operation and our area of influence. This is important to define their fitness for use, in terms of quantity and quality, to plan their industrial use, and to address other potential uses in community projects.

The main source of fresh water for the ore processing plant is a well field located 10 km downstream of the mine,

within the Jaukiahua micro basin. In the baseline study, this water body was characterized as highly saline and not suitable for direct human consumption or irrigation without treatment. Additional studies have verified and confirmed the quality, quantity and age of several water bodies in the MSC influence area. These studies have established the Jaukiahua Aquifer as a non-confined aquifer of salty water, with two sources of recharge, which are sufficient to sustain the production wells over the life cycle of mining operations.

Total water withdrawn by Source

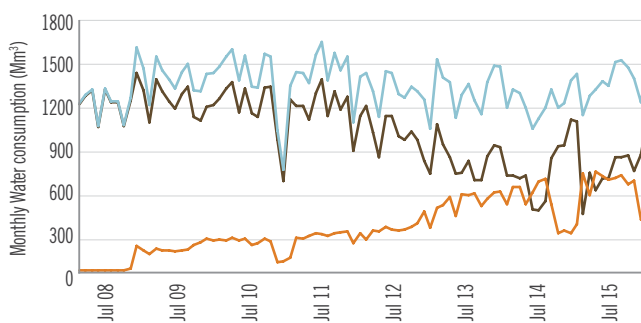
TOTAL WATER WITHDRAWN - 2015		9.66 MILLION M ³ ✓
Water Source	The Jaukiahua Aquifer – an underground water source, approximately 366 million m ³ in size, located between the communities of San Cristobal and Culpina K.	
	This saline water body is the source of all industrial water used at MSC.	
	This aquifer is not significantly affected by our operations and there are no other competing uses, due to the poor water quality.	

The total water consumption for operations during 2015 was 9.66 million m³. The rate of fresh water consumption varies is average 0.52 m³/tonne, with peaks in the rainy season and lows in dry periods (minimum = 0.32 m³/tonne SAG Mill in February, and maximum = 0.74 m³/tonne SAG Mill in December respectively).

We continue to improve water management based on technology and innovative solutions.

In 2015, more than half of the water supply for the production process was from the recycling system from the Wila Khara tailings facility ✓ with a smaller contribution from mine dewatering flows. Rainwater is captured in the naturally occurring basin of the tailings pond and contributes to the process water as well. This has provided significant benefits to the aquifer sustainability and reduced operation costs, representing good environmental practice. Moreover, according to scientific studies conducted, the current level of water withdrawal will not significantly affect the aquifer.

Water Consumption - Concentrator Plant (2008 - 2015)



Monthly groundwater consumption Tailings water recovery Industrial water consumption

Historical data showing the decrease in water pumped from the well field (red), the trend of total water consumption (blue), and the increased recycling of water from the Wila Khara tailings facility (green).

Sewage from the camp and dining room is treated using a biological process, to sufficient quality to irrigate vegetated soils, as part of rehabilitation programs. MSC has a zero discharge policy and does not release any wastewater outside of the operation area.

WASTE MANAGEMENT

Ore Processing Tailings: Wila Khara Tailings Storage Facility

One of the most important environmental aspects of our operations is the management of the tailings facility due to its potential environmental and social implications. The facility is located in the Wila Khara micro basin, approximately 15 km downstream from the processing plant and 7 km from the community of Culpina K.

The tailings are transported from the mine to the Wila Khara micro basin through a system of specially designed, closed-circuit pipes to ensure that surrounding areas and water supplies are not affected.

The final disposal of tailings is the most relevant environmental concern in polymetallic mining operations, because of the associated risks about acid rock drainage (ARD) generation, what implies chemical and physical stability, and the related issues with the communities about possible contamination. Our tailing deposit is located in Wila Khara, a safe and closed basin, with a mixture of clay and sand layers over a hard rock basement with very low per-



meability, what prevents possible infiltration and ground water contamination risk. Expert study about geochemical and hydrogeological features shows that the site is isolated from other water bodies in the area. The micro basin is also a natural 'bowl' and due to its shape, does not require engineered containment; however, despite the low risk of collapse or spillage, preventative dykes have been constructed to ensure containment.

We perform continuous monitoring of the quality of tailings to ensure that there is no risk for local birds or other nearby wildlife. Tailings water is kept at a constant neutral range (pH ~ 7.5 to 8.5), but has high salinity, similar to the water from the water wells. No waste water is discharged to the surrounding soils or water bodies.

During 2015, 17,892,186 tonnes of tailings were stored at the Wila Khara tailings facility ☒. Water collected (including rainwater) is recirculated to the concentrator plant in order to reduce groundwater use. In addition to recent optimization efforts, the Company also has a mandate to not expand the surface of the tailings facility, and to increase capacity by increasing the height of border berms.

Environmental management of mine wastes is very closely linked to water management, since the main risk is acid rock drainage (ARD) generation potential. In order to prevent ARD and control possible flows of contact water, particularly during the raining season, water management

plan includes a mine dewatering system with deviation channels for rain water flows. As a result of the arid local climate, there is only a short runoff period with ephemeral water flows, which reduces the contamination risk. Dikes have been constructed around the site that provide sufficient capacity to capture the flows and send back to the operation process, contributing to optimize the water management.

There is no direct discharge of industrial process water from the mine or concentrator plant into local water bodies or drainage channels. Rainwater is collected and used for dust control on roads within the mine area, almost all of which is rapidly lost to evaporation.

The remediation and reclamation of the Wila Khara micro-basin is an integral part of the Mine Closure Plan; and represents one of the most detailed aspects in the eventual closure stage.

Other Mining Waste

Besides mine waste rock from the open-pit and process tailings, the operation produces approximately 120 m³/year of septic sludge as a byproduct of the sewage treatment from the camp, offices, and kitchen, which are sent to the land-fill. We plan to use this material in a biological treatment facility together with other organic wastes to produce compost and biogas.

For ongoing and future reclamation programs we remove and store overburden and top soil in mining and tailings storage areas. In 2015 our stored overburden waste (MM3) was 62,107,921 tonnes.

Solid Waste

Our waste management plan integrates the principles of reduction and recycling to the greatest extent possible to implement best practice environmental management, and to build a foundation for innovative design and planning for waste treatment on a larger scale.

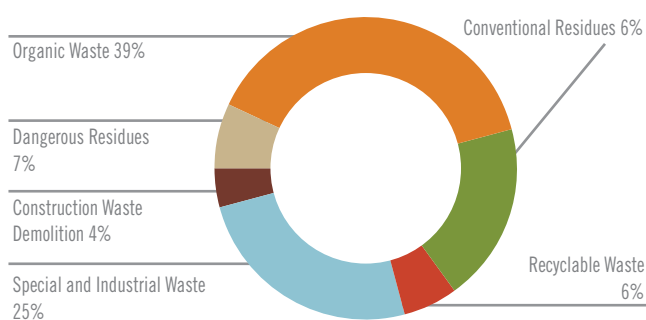
We apply a comprehensive waste management program, starting with classification at source (e.g., conventional, organic, recyclable, hazardous, industrial and construction waste), transportation, temporary storage, and final disposal, based on national and international standards which include:

- Recyclable waste such as PET bottles, cardboard, and scrap metal are transported offsite by licensed third-party recycling companies to manage and treat
- Other third parties collect waste such as plastics, oil, and wood for reuse
- Hazardous hospital waste is incinerated at an on-site facility according to regulation

- Conventional and organic wastes are placed in on-site landfill (temporary disposal). Pilot projects have been producing compost from organic waste and sludge from water treatment, for fertilizer for crops or organic soil for the closure plan
- Industrial waste is transferred to third parties. Remaining wastes (e.g., containers) are permanently encapsulated in cells in the on-site landfill

We have performed pilot studies in conjunction with Potosi University for the biological treatment of organic waste, slurry from sewage treatment, and oil contaminated soils, to produce compost and biogas (see Case Study on page 65).

Accumulated percentage by type of waste



Waste lubricating oils decreased significantly in 2015 due to the 30% reduction of the truck fleet, resulting from operational optimizations and cost reductions.

Waste by Category 2015:

Type of waste	Weight <input checked="" type="checkbox"/>	Final Destination
<i>Hazardous Waste</i>		
Oil contaminated waste, Chemical contaminated waste, Medical service/hospital residues, Hazardous waste containers	98,589 Kg	Encapsulated in cells
Used oil	573,000 liters	Transferred to authorized recyclers
<i>Non-Hazardous Waste</i>		
Conventional waste	260,136 kg	Encapsulated in cells
Organic waste from kitchen and camp	522,342 kg	Compost: worms and bacteria
Recyclables: Paper, cartons, wood, glass, PET bottles, cans, Industrial waste (used steel liners, metal, spare parts, rubber)	82,696 kg	Transferred to authorized recyclers
	333,357 kg	Transferred to third parties
Construction waste	56,468 kg	Landfill



CASE STUDY: ORGANIC WASTE: COMPOSTING FOR ENVIRONMENTAL REMEDIATION

Waste management involves collection, transportation, classification, and disposal of different types of waste based on their level of risk/hazard, cost optimization and environmental benefits. This holistic management approach, combined with the application of "reduce, reuse and recycle" principles, ensures that disposal into the existing landfill is reduced to the minimum.

The organic wastes generated in the kitchen, dining room and the dormitories of the camp has been buried during construction and operation stage, for long term composting; but now, aligned to MSC's strategic objectives for responsible management of natural resources, focused to efficient use of water and energy, waste treatment and disposal optimization, we have started from 2015 developing a pilot program for organic and industrial wastes treatment in the landfill.

By means an agreement with the University "Tomás Frías" from Potosí, a group of undergraduates performed projects about worm composting, biodegradation of sludge generated in sewage treatment plant, bioremediation of oil contaminated soils, to contribute on the production of organic soils for future reclamation of disturbed soils within the operation areas.

Minera San Cristobal is also providing technical support for outreach programs in the communities to introduce composting techniques in schools as well as with other social organizations. The objective is to broaden and improve knowledge and skills for efficient waste management and fertilizer production for quinoa and forestation programs.

Organic waste composting not only contributes reducing environmental risk and negative impacts, but also promotes better practices which help improve the quality of life in our local communities.

ENERGY

Energy consumption - particularly power and electricity use - is important to all our stakeholders and to the country as a whole. Currently, 100% of our electricity is purchased from the national power grid and the amount of power required to run the San Cristobal Mine can, at times, affect the total power available for both nearby communities and the national power grid.

As part of MSC's management system and company-wide risk assessment, energy use is monitored and evaluated for continuous improvement to manage operational costs, environmental risks, and to avoid indirect impacts on those who share our power resources. Efficiency improvements have been achieved in the grinding circuit, by means of a technological innovation in the SAG mill operation control system.

Energy Consumption

The majority (approximately 57%) of our energy consumption is from diesel, used in heavy machinery and mobile equipment such as trucks, loaders, drills, and other mining equipment, followed by purchased electricity (approximately 42%), and a small proportion of gasoline for light vehicles. One hundred per cent of our diesel is imported from Chile, which is factored into both our operational costs and energy supply risk assessment - as diesel is not only used operation-wide but diesel generators are used as back-up in the event of a power shortage.

	Fuel Consumption in 2015 <input checked="" type="checkbox"/>	Energy Equivalent in 2015 (tJoules)
Scope 1		
· Gasoline	780,007 litres	27
· Diesel	41,992,177 litres	1,722
Scope 2		
Purchased Electricity	359,508 MWh	1,294
Explosives		
· Ammonium nitrate	14,620 tonnes	
· Ammonium nitrate emulsion	663 tonnes	
TOTAL		2,877

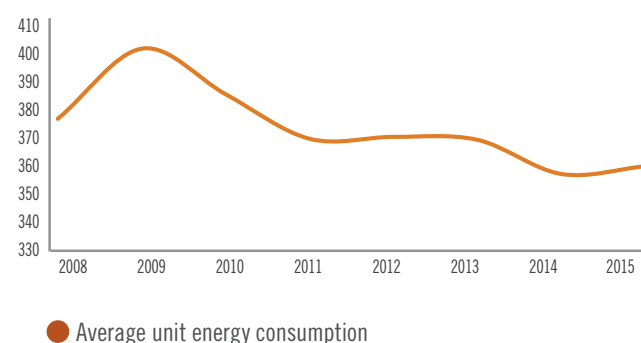
Energy Intensity

Energy intensity measures the amount of energy required to process each tonne of concentrate, and enables us to more accurately understand the efficiency of our processes, and monitor the significance of our energy reduction efforts. In 2015, our average energy intensity was 0.72 MWh/tonne of concentrate processed (2,592 MJ/tonne of concentrate processed) ☒. These figures will provide benchmark information for comparisons in future years.

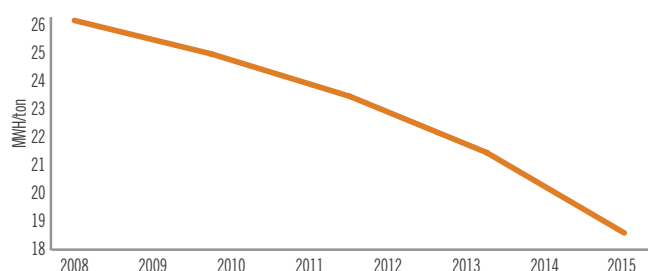
Reduction of Energy Consumption

In 2013, Bolivia introduced regulations requiring large consumers such as MSC to evaluate and reduce their power consumption. MSC responded by employing a systematic process to regulate and reduce energy starting by evaluating our operational areas consuming the most power. Over the past three years (2012-2015) multiple efforts have been made in the mill (e.g. power consumption has been reduced significantly at the mill - grinding and crushing accounting, in terms of electricity consumption), flotation and concentrate filtering processes. These focused efforts have resulted in a total energy reduction of 4.2% ☒ (from 2008 to 2015), and 37.2% in terms of specific use of energy. MSC also launched an employee education and awareness campaign regarding conservation of lighting and heaters in the camp and offices.

Yearly energy consumption (GWH)



Average unit energy consumption



Renewable Energy Initiatives

MSC does not currently use any renewable energy sources, however we are conducting pilot studies to assess the feasibility of generating renewable energy from natural sources as well as heat energy derived from industrial waste that we intend to implement in the future. A feasibility study was developed with the support of the Colorado School of Mines, for a hybrid system using both solar and wind energy due to the abundance of both in the region. Our aim is to use renewable energy and clean technologies for cost efficiencies and for a more sustainable mine.

Greenhouse Gas Emissions

Most emissions at MSC are generated by electricity consumption. To calculate our greenhouse gas emissions we

used Greenhouse Gases - quantification and reporting of greenhouse gas emissions for organizations - Guidance for the application of ISO 14064-1, content in UNE-ISO/TR 14069:2015 IN.

Our total GHG emissions for calendar year 2015 was 253,917 tCO₂ eq. This figure will be used as a baseline for comparison against future years.

Air Quality – Dust and Noise

Dust has been consistently identified by stakeholders as a significant environmental issue, particularly in mining areas and near roads, and is closely correlated with natural wind conditions. Air quality is monitored at several sampling station points around the pits, waste dumps, tailings dam, camp and also in the surrounding communities within the area of influence to ensure we remain within permissible limits. Measurements are logged 24 hours per day, every six days following the guidelines of the Environmental Protection Agency (EPA).

To minimize dust emissions our control plan includes:

- Continuous and consistent irrigation of roadways
- Sprinklers on conveyor belts, activated according to climactic conditions
- Dome cover of the stockpile within the ore processing plant, which mitigates the particulate from the most critical dust dispersion point. (See Case Study on page 68)

Similarly, noise level monitoring is conducted monthly, in specific points within the operations area and in the communities. MSC consistently shows noise values below permissible limits, in both the communities and operation areas, except in crushing and grinding sectors of the mill where strict measures of industrial health and safety are applied, including the use of hearing protection and other personal protective equipment.

	Energy Consumed 2015 ☑	GHG Emissions 2015 (tCO ₂ eq) ☑
Scope 1		
• Gasoline	780,007 Lt	1,810
• Diesel	41,992,177 Lt	110,019
Scope 2		
Purchased Electricity	359,508 MWh	120,990
Explosives		
• Ammonium nitrate	14,620 t	10,388
• Ammonium nitrate emulsion	663 t	10,710
TOTAL		253,917



CASE STUDY: DUST CONTROL – A UNIQUE AND VOLUNTARY INITIATIVE

With the goal of pollution prevention and environmental risk mitigation, MSC installed Bolivia's first dust control dome over its ore stockpile in 2011. The dome is 140 m diameter, stands 59 m high and is the largest in South America. The Dome covers the ore stockpile and greatly reduces the dispersion of the fine dust in the zone, which is characterized by strong winds ranging up until 100 - 150 km/ hour. This was an entirely voluntary initiative by MSC that took 18 months to complete at a cost of approximately \$10M USD.

The dome was constructed using translucent sheets to take advantage of natural day light and a reflector lighting system

for nighttime operation. The apex of the dome includes a filter, allowing for the safe release of gases produced by heavy equipment operating inside. The main structure is designed to withstand the region's top wind speeds and can support a hail or snow load of 110 kg/m².

The positive impact of the dome was felt immediately. Although the location of the mine in the Bolivian Altiplano is naturally windy and dust is a persistent environmental factor, the dust from MSC's mining operations is now significantly reduced, improving the health conditions of both employees of the mine and residents of nearby communities.

BIODIVERSITY

Prior to mine construction, MSC conducted an environmental impact assessment aligned with International Finance Corporation (IFC) 1999 standards, which included a biodiversity assessment. Five key sites were identified in the resulting biodiversity management plan: pits and mine dumps, tailings storage area, industrial installations, the camp(s) and roads and railway.

A baseline flora and fauna inventory was compiled with the support of external biologists. The inventory is regularly updated on a bi-annual basis with the support of external biologists, who conduct biodiversity monitoring and satellite imagery campaigns, which we regularly monitor and report to relevant environmental authorities to evaluate how our operations might be impacting biodiversity.

Potential significant impacts of our activities on biodiversity could include temporary loss of vegetation and wildlife, particularly within the mining and mine waste areas (waste dumps and tailings storage facility), during the life of the project, however the evaluations thus far show no significant biodiversity impacts or changes due to our activities.

There are no protected areas or areas of high biodiversity near the areas of operation ☑. Eduardo Avaroa National Fauna Reserve is the closest protected area and is located approximately 150 km south of the mine. Rio Grande is located 12 km south of the mine and is also considered an important ecosystem, with abundant bird species - particularly flamingos.

The typical vegetation around San Cristobal Mine is sparse, with a predominance of shrubs called "thola", which are the mainstay of upland ecosystems and are the grazing staple for llamas. Ten species of flora have been categorized as typical and threatened species, according to the Red Book of Threatened Flora of Bolivia. The risk to these species comes primarily from their use as fuel (wood) for domestic and industrial use, and more recently the change of land use for quinoa cropping.

According to the IUCN, endangered species of fauna within our operational borders include: Parina Chica, Suri or Ostrich Andino, Quirquincho and Andean fox. Endangered flora include Thola, Yareta, and Sicha.

REMEDIATION AND MINE CLOSURE PLANNING

Remediation

MSC is committed to the remediation and rehabilitation of any land disturbed during mining activities. Our Environmental Policy calls for the assessment and mitigation of risks and impacts while evaluating opportunities for conservation and rehabilitation. MSC aims to preserve the 'use capacity' of land, either traditional or new uses for the communities, and the sustainability of local ecosystems.

The rehabilitation program for disturbed land and soil is divided into two phases: a) efforts in parallel with operations, and b) efforts upon mine closure. The most relevant and highest rehabilitation priorities are the tailings storage facility, the mine waste dumps, and landfill, which will be managed as part of the Mine Closure Plan.

Since late 2007, our rehabilitation plan has included the identification of areas disturbed during the construction of the concentrator, temporary camps, and road infrastructure which includes a railroad from Toldos to Río Grande Station. Areas identified for remediation thus far total 113 hectares, with a local/community-based company contracted for these tasks. Remediation research objectives have included the introduction and adaptation of new species, optimization in the production of native species seedlings, and development of a recovery process for revegetating cover soil.

In 2015, 9.46 hectares of land were rehabilitated or restored ☑ within the MSC license area, transferred back to communities in compliance with the land acquisition agreements, and registered with the local authorities.

Amount of land disturbed and rehabilitated

2015	Total
Total land disturbed and not yet rehabilitated (total area affected)	2,268 ha
Total land disturbed in 2015 (in mining area and mining waste storage)	92 ha
Total land newly rehabilitated to agree future use (area rehabilitated and given to the community)	9.46 ha <input checked="" type="checkbox"/>
Total amount of land disturbed Rehabilitated and not yet rehabilitated (Only a small fraction of total disturbed areas, from construction stage, is in rehabilitation process (113 ha), the rest is being scheduled for the Closure Plan related to operation areas).	2,350 ha

Total Environmental Protection Investments and Expenditures ☒

Expenditure	Detail
\$2,558,378	Operating costs and investments in prevention, mitigation and remediation of environmental impacts include: top soil removal in the mine area and at the Wila Khara tailings management facility, water ponds for underground water management in the mine, watering and chemical stabilization of roads (internal and external) for dust control, sediment removal at the Toldos Dam drainage system, water reclamation from Wila Khara to plant operation, rehabilitation and maintenance of revegetated areas.
\$104,369	Prevention and environmental management costs (measuring and monitoring) including the treatment of hospital and other laboratory waste and environmental consulting

Mine Closure Planning

Mining companies in Bolivia are required to have a closure plan before the commencement of construction and operation. The mine closure plan for MSC was prepared at a very early stage (during the environmental impact assessment), as a key component of our environmental management system. The closure plan budget was reported to National Service of Taxes and the Ministry of the Environment includes a financial provision, and must be updated every five years according to the management policy of MSC, in order to maintain our mining license in good standing. We also present our closure plan and updates to our neighboring communities.

Mine closure plans must include environmental remediation strategies for the entire mine site as well as plans for the potential social impacts of closure (see page 78 for sustainable development programs dedicated to the social aspects of mine closure). MSC has submitted two closure plan updates to date, which include the following detail:

- Updated geochemical characterization of mine waste and tailings to predict acid rock drainage generation potential, and for the design and planning of preventive and control measures
- Geological and geophysical characterization in the pits and waste disposal areas, to assess the hydrogeological features and to improve knowledge on the dispersion model of water contaminants
- Geotechnical measurements to improve knowledge on the stability of slopes
- Pilot studies to optimize methods and techniques for remediation and rehabilitation of mine waste and tailing accumulations: bioremediation, desulphurization, and others
- Identification and characterization of soil embankments for rehabilitation cover in the tailings storage facility
- Modeling the water balance according to meteorological conditions and the drainage system in the mine and tailings facility
- Introduction and adaptation of new species of plants, recommended for revegetation purposes

- Top soil production and maintenance; production of compost from organic wastes.
- Studies to prepare the social closure, including the community requirements and future use of lands in the project influence area.

San Cristobal Mine has an estimated of 7 years of remaining mine life (until 2023), however this could reasonably be extended depending upon the success of exploration and expansion plans. At December 31, 2015, approximately \$42 million is allocated for estimated mine closure obligations.

Environmental Grievances

Protection of the environment is important to all our stakeholders and is one of our key corporate values. MSC has a process to receive and respond to concerns or complaints regarding environmental issues from stakeholders. The Company then reviews, analyzes and identifies the actions required to respond, address, and solve those concerns in a timely manner.

There were two community complaints relating to environmental impacts in 2015. ☑

Stakeholder	Concern	Company Response
Alota Community	Claim for water Consumption in roads maintenance	MSC met with the community to present and share data regarding surface and groundwater flows and their quality, and to explain that the main cause of the reduction in flow was the low index of precipitation during 2015-2016 raining season, because of "El Nino Phenomena" and climate change impact over the all northwest region. Residents seem satisfied and MSC established a participatory water monitoring program.
Alota Community	Claim for aggregate use for road maintenance	Not directly related to the mine, however MSC engaged with this community located 60 Km upstream, about the use of small volume of gravel by the community enterprise in charge.

Environmental Compliance

We are subject to regulations for environmental prevention and control, established by the Bolivian Government and international standards adopted for our management system. We provide periodic reports to government in compliance with regulatory requirements. A copy of the annual monitoring report submitted to the regulator is also provided to the municipality of Colcha K. We receive inspection and verification visits from government officials, and also we conduct internal and external audits to verify compliance with legal obligations and operational

standards. All monitoring information is provided to local and regional community representatives. We also present the monitoring results and other environmental aspects related to the operation of the mine at annual open meetings attended by residents of our affected communities .

There were no fines or non-monetary sanctions relating to non-compliance with environmental laws and regulations in 2015.

Continuous and transparent communication with surrounding communities allows us to interact with all segments of the population.



12. Our Neighboring Communities

Approach

Aligned with our values-based approach to all aspects of management, relationships with communities and other stakeholders are structured around a fully participatory approach, respect, honesty, and transparency. In practice, the communities are included in the processes of identification, planning and prioritization of social actions and programs. Strategically, the starting point for all of our initiatives is a full understanding of the social and economic reality of the communities.

We engage with the communities of the area of influence of the mine through channels of continuous and transparent communication that allow us to interact with all segments of the population. The principal mechanisms for dialogue used with our different stakeholders are formal, structured meetings and community assemblies. In addition, the people of the communities are free to visit the offices of Community Relations located in the four communities of direct influence of the mine for formal and informal conversations, or engage with our personnel during their regular visits to the other communities in our area of influence.

MSC complies fully with all Bolivian legislation related to the rights of Indigenous Peoples, which is itself based on relevant international treaties and conventions.

Minera San Cristobal is committed to, and supports actions aimed at, strengthening and empowering communities to achieve a better future through technical assistance, training, capacity building, and institutional support to individuals and organizations.

For this purpose Minera San Cristobal works in close collaboration with the Advisory Council San Cristobal Lipez, made up of leaders and authorities of the communities of San Cristobal, Culpina K, Rio Grande and Vila Vila, in the design and coordination of projects for the social and economic development of their district. We support the provision of technical assistance to social organizations and

community institutions which enables them to achieve independent and effective organizational management. Small scale organizations and productive enterprises are also beneficiaries through strategic alliances that contribute to sustainable development in the region.

Area of Influence

The area of direct influence of the San Cristóbal project comprises four communities: San Cristóbal, Culpina K, Vila Vila and Río Grande. The second ring of influence is comprised of eight communities: Ramaditas, Alota, Copacabana, Serena Vinto and San Pedro de Quemes (located along the access road to the project), and the communities of Julaca, Abaroa and San Juan (located along the route of the railway used by the Company to transport its mineral concentrates). We are also involved with a further eight communities located near the project.

Our relationship with the communities of San Cristobal, Culpina K, Vila Vila and Rio Grande are grounded in agreements. The agreement with San Cristobal was signed in June 1998 with the main objective of defining the terms of voluntary resettlement of the town to allow for the construction of the mine. The agreement with Culpina K, signed in May 1999, set out the terms of compensation for the land for the Wila Khara tailings facility, while the agreement with Vila Vila, also for compensation for lands required for the mine site, was signed in June 1999. The agreement with Rio Grande, which recognizes the lands for the railroad spur to the mine, was signed in 2006. The agreements all include commitments for training and employment and are administered in an environment of mutual respect, consensus building, and direct dialogue among authorities, representatives of the communities, and the Company.

Social Impacts of our Business Activities

The most immediate negative impacts of our business activities arise from:

- a) the potential for global climate change to increase pressure on available water supplies, leading to increased tension and potentially conflict over access to water, and;
- b) the presence of significant numbers of unemployed or underemployed young people in San Cristobal which could lead to frustration within the community and conflict with MSC over access to jobs.

Managing Community Relations

To facilitate building and maintaining relationships with our stakeholders, we have carefully identified and analyzed who they are, their concerns, how they would like to interact with the Company, and their priority from our perspective. We attempt to maintain contact with stakeholders in a manner that satisfies them, with the most frequent contacts occurring with the communities in the area of direct impact.

From the earliest days of exploration at San Cristobal, the Company has recognized the local population as occupying their traditional lands and to date there has been no legal dispute over land or rights. The people of Lipez are well-known within Bolivia for their defense of traditional lands. A pride and independence of mind can be traced to 1571 when, under the leadership of Don Pedro Lopa, the 'Indians' of Lipez purchased their traditional lands back from the Spanish crown: the only population to do so in the Spanish colonies. This historical reality formed part of the background to the Bolivian government recognizing North Lipez as Territorio Indigena Originario Campesina (Native Community Lands) in 2011.

Our activities with the communities in the area of influence of the mine have included: information sharing and exchange, responding to requests, supporting stakeholder plans and projects, supporting authorities and organizations in cultural events, participating in meetings, and assisting vulnerable groups. Overall, our objective is to be an

active partner within the communities and empower them to identify local economic development options that meet their vision of the future.

Social Capital

The construction of the mine, and shift within impacted communities from a subsistence and remittance economy to one based on steady employment with - by Bolivian standards - high wages, has created significant changes within the local population. While the mine is seen as desirable by almost everyone in the communities for the economic advantages that it has delivered, the changes have nevertheless on occasion been stressful. Aware of this, we monitor the situation for evidence of activities or events that would negatively affect social cohesion (social capital) within the communities and the quality of our relationship with them (social capital and social license).

In response to the potential for risks to social cohesion, our approach is to work with the communities proactively to strengthen social capital and reduce the potential for negative influences to take hold and escalate and collaborate with community leaders to limit the impact of negative events when they occur.

Resettlement and Mitigation of Impacts

Although there were no resettlement activities in 2015, MSC remains dedicated to the community of San Cristobal, which was relocated to "Nuevo San CRISTOBAL" in 1999 under a comprehensive resettlement agreement with the Company ☒. The community was actively involved in planning the resettlement through their participation in committees and working groups responsible for and the design of new houses, and selecting the location and lay-out of the new town. In addition, they were directly involved in the process of relocating the cemetery, rebuilding the Spanish Colonial church, a heritage building, and moving a number of culturally significant rocks to a



heritage park in the new town. At the time of the resettlement the population comprised 450 individuals in 140 families, each of which received a new house. Since that time, the community of San Cristobal has grown due to the return of family members in search of employment at the mine and a limited amount of in-migration. As of the end of 2015, the population of San Cristobal had grown to some 1400 people in almost 360 families resulting in the construction of numerous new houses and an expansion of the area occupied by the town. Similar patterns of growth have occurred in the other communities.

Within the framework of the Resettlement Program, the company continues to assist the communities meet their needs for essential infrastructure, namely water, sanitation and electricity. During 2015, Vila Vila was connected to the national electrical grid and San Cristobal and Culpina K are in progress of being connected.

Support for our Neighbouring Communities

We give particular attention to the needs and concerns of vulnerable groups within the communities. Program examples in 2015 include:

Support of the Elderly: centered on the bi-monthly distribution of food to vulnerable individuals. Identification of

recipients is based on an assessment of housing, health, and family relations. In addition to providing monthly food packages we conducted home visits to assist with health problems, helped fix homes needing repair, and implemented health campaigns for elderly people.

Strengthening the Capacities of Female Heads of Households: A survey identified and evaluated the circumstances of 16 women who were heads of households, responsible for young children, and who did not have a stable source of work. MSC provided support in job training to aid the generation or improvement of these women's income through their own initiatives. For example, the program gave working material to improve businesses involved in sales and provided equipment for fast food kiosks, and supported the legal establishment of a cleaning company formed by a group of six women.

Youth Aid: is directed at youth in situations of social risk and is focused on education and prevention of the problems faced by young people in the communities. Workshops were provided on topics such as the Prevention of Alcoholism, Leadership, and Reproductive Health and Pregnancy Prevention. Simultaneously, the program provided workshops on the 'World of the Young and Adolescent' for teachers and parents, and the Formation of Values for students.



Community Grievance Mechanisms - Management of Feedback and Complaints

We believe that the keys to maintaining solid relations with our stakeholders is mutual respect, understanding and timely response to their concerns. Formal complaints, claims or concerns raised by stakeholders - verbally or in writing - are received by community relations personnel, documented and routed into our Grievance Mechanism through the Superintendent of Sustainable Development and Community Relations and its corresponding divisions. Such expressions of stakeholder dissatisfaction are reviewed and classified according to their importance (High, Medium and Low), character and origin (Local or Regional). Depending on the character and/or severity of the issue brought forward by the stakeholder, the matter is dealt with within the community relations unit or passed to the relevant department (environment, health and safety, human resources, etc.) or up to senior management.

Matters involving criminal activity are directed to the police and legal department of the Company. If the issue cannot be resolved to the satisfaction of the stakeholder, the matter may go to mediation or independent arbitration.

The present Grievance Mechanism, first implemented in 2007, was heavily used in the early years of mine operations, largely to deal with problems left over from the construction period. More recently the number of formal grievances lodged by community members has declined significantly. During 2015, a total of 13 grievances were submitted of which 10 were resolved to the satisfaction of the stakeholders, 3, presented in late November and December, remained outstanding at year end – none of which were related to human rights impacts or discrimination. One grievance was the subject of ongoing analysis and response. This more complex issue originates in a demand by a group of young people from San Cristobal for employment with the Company. ☑

2015 Community Concerns and MSC Response

Concerns raised by the communities and Company responses during 2015 included the following:

Llamas:

A concern for some families in San Cristobal and Culpina K surrounds llama herds displaced from the area of the mine and tailings facility. It has proven very difficult to move llama herds as they are territorial and keep trying to return to their home lands. Furthermore, the displacement has moved llama herds into the territory of other herds leading to overgrazing and competition for access to prime forage areas. The net result has been to disrupt llama production and create tensions between families over access to grazing lands. We have worked, and continue to work, with the owners of the animals and community leaders to reduce tensions and accelerate the adaptation of llamas to new grazing areas.

Road Infrastructure:

A number of communities demanded paving of the highway between Uyuni, San Cristobal and the boarder with Chile at Avaroa. A principle concern is dust in the communities caused by traffic on the road. A secondary concern is the condition of the road during the rainy season when sections become very muddy and difficult to pass. Rio Grande had a specific concern for improvement of the access road from the highway to the community. In both cases we have worked with the relevant municipalities, and government agencies on a plan and budget to respond to these concerns. As of the end of 2015, these infrastructure issues remained outstanding.

Water:

Water is the most significant issue for the communities of San Cristobal, Culpina K and Vila Vila. The provision of an adequate supply of water is considered essential by the residents who presently rely of a mix of spring fed, pumped from groundwater, and truck supplied sources. The company is actively engaged with the communities and the municipality of Colcha K, (ultimately responsible for infrastructure in the district), to locate, design, permit and construct a gravity fed potable water supply for the communities.

Employment (subject of a formal grievance)*

During 2015, a number of young men from the community of San Cristobal demanded employment at the mine. Many of these individuals had gained trade certificates and academic qualifications with the express intention of working at the mine. However, the low turnover of local employees means that there are almost no opportunities for work at the mine, which creates a pool of unemployed or significantly under-employed youth in the communities. Both the company and community leaders struggle with this issue and have tried to create job opportunities in service and supply companies based in the communities.

Elsewhere, employment is a major issue in the communities further from the mine where the company, worked with the Consejo Consultivo, and other parties to implement economic development programs intended to create long term employment opportunities.



Social Mine Closure Planning

Our social vision is to support conditions for the population living in communities to develop self-sustaining production enterprises independent of mining. Long term planning based on a vision of productive economic activities after the life of the mine is led by the Advisory Council Los Lipéz San Cristobal (see Case Study on page 80). MSC actively supports the Consejo Consultivo in the development and execution of a strategic plan that complements the Company's mine closure plan. Social and productive projects identified by the Advisory Council are executed through strategic alliances with social and development specialists, and technical and financial cooperation organizations. Alliances are formed preferentially with permanently established organizations and institutions (e.g. municipality, government agencies, national and local civil society organizations) to assure long term stability that can contribute meaningfully to the sustainability of social and economic projects and programs.

Education Project

In collaboration with the Ministry of Education, MSC has supported an educational plan, which in 2015 included the following activities:

- Training of teachers of the educational departments of 6 communities.
- Training in Vocational Orientation to students of previous years.
- Visits to exchange experiences.

Health Project

Working together with the Municipality of Colcha K, it is supported the construction of a 2nd level Hospital, in 2015 and has carried out the steps for implementation.

Tourism Project:

For many years the south western region of Bolivia, particularly the Salar de Uyuni, has been a mecca for adventure tourism. Earlier initiatives in support of tourism by MSC prior to mine construction had included infrastructure improvements to attract tourists, training, and investments in the communities. By 2015, tourism had been identified as a priority opportunity by the Consejo Consultivo for families interested in being involved in the industry. Through 2015, we supported this initiative, which also involves the Ministry of Tourism, where the principal activities were:

- Identifying and making an inventory of tourist attractions
- Identification and registration of entrepreneurs in tourism (hotel and food services industries, handicrafts, etc.)
- Training and technical assistance in tourist services and enterprise management
- Training and organizational strengthening of entrepreneurs
- Promotion of the organization and tourist products in local, municipal and national fairs
- Training and technical assistance in infrastructure improvement and equipping of hotels and food services

Llama (Camelid) Project

Llamas have been domesticated by the populations living in the high Andes and Altiplano of Bolivia for more than 2000 years. Today they continue to have both cultural and economic significance for the local populations of San Cristobal Culpina K and Vila Vila.

The community of San Cristobal has been identified by the Consejo Consultivo as a potential center for Llama commercialization. The production of specialty Llama meat products was a vision within the community at the time of resettlement and construction of an abattoir is one of the commitments within the resettlement agreement with the mine. However, feasibility studies have shown that the Llama population first needs to be enlarged and improved. Hence the justification for the Camelid (Llama) project actively supported by the company and based on the participatory planning and decisions of the actors directly and indirectly involved. The main elements of the program in 2015 included:

- Forage production to feed the livestock
- Campaigns of animal health
- Training and technical assistance in improved Llama management
- Exchanges of experience
- Construction of micro irrigation systems
- Construction of folds
- Construction of antiparasitic dip-baths
- Support in organizational strengthening.

Quinoa Project

Quinoa is a seed produced by a shrub indigenous to the region around San Cristobal. It has been an essential food source for the local population since time immemorial notable for its high protein and energy content.

The rapid increase in quinoa prices in 2012/3 in response to international demand prompted further expansion of local production and realization that this could become a sustainable commercial enterprise. The Consejo Consultivo has identified Culpina K as a potential center for quinoa commercialization in the district and instigated the Sustainable Development of Organic Quinoa Real Project, which has received significant funding from third parties, including international aid from Canada, and in 2015 included:

- Training and technical assistance to producers in the technical management of quinoa based on the agricultural calendar.
- Training and research on the local, regional and national markets to identify the markets.
- Organizational strengthening to members of APRACCUK as well as to their commercial allies.
- Implementation of Field Schools as a training and technical assistance methodology
- A study for the construction of a Plant of Bio-inputs and Saponin Removal.
- Purchase of agricultural machinery and equipment



CASE STUDY: THE COMMUNITY ADVISORY COUNCIL

The Advisory Council de los Lipez – San Cristobal, is a not for profit organization formed with the objective of developing and promoting a plan of sustainable development for communities in the sphere of influence of the San Cristobal Mine.

The Consejo Consultivo came into being through the initiative of community leaders in San Cristobal, Culpina K, Vila Vila, and Rio Grande. The source of this initiative can be traced to an informal group of individuals who, as the reality of the mine became apparent, started to think seriously about the long term future of the communities involved. Self-identified as los Soñadores (the Dreamers) their ideas for future economic development strongly influenced the early actions of the San Cristobal Foundation.

In September, 2006, as construction of the mine was advancing rapidly, the Soñadores gained the authority of the communities to engage with MSC on the question of concrete alternatives for economic and social development. They advanced the concept that the real responsibility for development ultimately lay with the communities themselves and should be based on an analysis of actual needs, opportunities and capacities. Such an approach, it was suggested, could begin in the four communities and then spread throughout Lipez.

With assistance from MSC, the Advisory Council was legally registered in 2006, with organizational and operational procedures developed, guidelines for sustainable development planning adopted and initial, priority projects identified. A program of outreach to communities, authorities and government was initiated, projects implemented and strategic planning exercises undertaken in 2007 and 2011.

In practice, the Advisory Council identifies and initiates projects that are implemented by others and funded from a variety of sources including; national, regional and local government, international aid and MSC. Presently the Advisory Council is implementing a five year plan based on four pillars: productive economic development, social and human development, institutional development, and environment. Within this framework, it is intended that San Cristobal should become a center for commercialization of llamas, Culpina K a centre of quinoa production, Vila Vila a center for the cultivation of animal feed, and Rio Grande a centre for marketing vicuña fiber.

Through the Advisory Council, relationships and strategic partnerships generate local economic development through the empowerment of communities as actors of their own destiny: working on 'living well' and sustainable capacity building.

Assurance Statement



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A FREE TRANSLATION FROM THE ORIGINAL ISSUED IN SPANISH REPORT OF THE LIMITED REVIEW OF GRI INDICATORS

La Paz, October 28, 2016

To the President and Members of the Board of Directors
MINERA SAN CRISTOBAL S.A.

Introduction

1. We have carried out a limited review of the GRI indicators (marked with ☒) included in the Sustainability Report ("Report") of Minera San Cristobal S.A. ("Company"), for the year ended December 31, 2015. The indicators included in the Report are the ones that the management have considered as more relevant to meet the stakeholders' interests and the guidelines for the preparation of the Sustainability Reports Guide of the Global Reporting Initiative, version 4 ("GRI 4"), and in the Mining and Metals Sector disclosures accompanying these guidelines.

Board of Directors' responsibility

2. The Board of the Company is responsible for establishing the basis and the criteria for the Report's preparation in accordance with the GRI 4 Sustainability Reporting Guidelines. The Board is also responsible for the definition, adjustments, and maintenance of the management systems and internal controls, from where the information is obtained.

Responsibilities of Ernst & Young Ltda.

3. Our responsibility is to issue an independent report of the GRI indicators (marked with ☒) included in the Report and identified on the GRI schedule, based on the limited review procedures listed in paragraph 4 and on the evidence obtained. The procedures applied on a limited review vary in nature and are less extensive than the ones performed on an engagement specifically designed to issue an opinion that provides security over the information's reasonability. Therefore, we do not express an opinion regarding all the GRI indicators that are included in the Report referred in paragraph 1.

Our conclusions detailed in paragraph 5, refer exclusively to the information of the annual period ended on December 31, 2015. Our limited review did not consider information of prior periods.

Procedures achieved.

4. Our limited review was conducted in accordance with International Standards on Assurance Engagements ISAE 3000, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC) and it includes formulating questions to the Company's management as well as other areas that have participated in the preparation of the 2015 Sustainability Report, and also, through certain analytical procedures and sample testing. To this end, we visited the headquarters located in La Paz city, and also the mine and production facilities located in San Cristobal.

The work performed is described below:



- a) Interviews with the Public Relations area in order to understand the Report's preparation process. In addition, we have performed interviews with key personnel of the areas of: Community Relations, Business, Environment, Labor Security and Industrial Hygiene, Labor Health, Logistics, Acquisitions, Legal, Financial and Human Resources, among others, which participated on the preparation and definition of the Report contents.
- b) Review of the procedures to gather and validate the GRI indicators (marked with ☒), which are included in the Report.
- c) Review of the alignment of the structure and content of the Report to the preparation of Sustainability Reports' guidelines, GRI 4.
- d) Review of the relevant quantitative information through analytic procedures and other review procedures based on sampling testing of the GRI indicators (marked with ☒) included in the Report, as well as its suitable compilation based on the data provided by the Company.
- e) Verification of the coherence of the information disclosed and published in the Report, in regards to the relevant information included on the Company's Financial Statements, for the year ended September 30, 2015.

Conclusions

- 5. Based on the work performed, described in paragraph 4, nothing has drawn our attention to make us believe that:
 - a) The GRI indicators (marked with ☒) reviewed and included in the Report, are not prepared, in every significant aspect, in accordance with the GRI 4 Sustainability Reporting guidelines.
 - b) The self-statement made by the Company upon its adequacy to the GRI 4 guidelines, in its option "essential", does not meet, in every significant aspect, with the GRI 4 option's specific criteria.
 - c) The GRI indicators (marked with ☒) included in the Report, are not reasonable.

ERNST & YOUNG LTDA.
Member Firm of Ernst & Young Global



Javier Iriarte J.
Partner

MSC G4 Content Index (G4-32)

GLOBAL REPORTING INITIATIVE G4 GUIDELINES including G4 SECTOR DISCLOSURES: MINING & METALS

	General Standard Disclosures	
	STRATEGY & ANALYSIS	
G4-1	Statement of the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy for addressing sustainability	Pending – General Manager
G4-2	Description of key impacts, risks and opportunities	Letter from the GM Sustainability Goals and Targets
	ORGANIZATIONAL PROFILE	
G4-3	Name of the organization	About MSC
G4-4	Primary brands, products and/or services	About MSC
G4-5	Location of organization's headquarters	About MSC
G4-6	Number of countries where the organization operates and names of countries either with major operations or that are specifically relevant to the sustainability issues covered in the report	About MSC
G4-7	Nature of ownership and legal form	About MSC
G4-8	Market served (including geographic breakdown, sectors served and types of customers/beneficiaries)	About MSC
G4-9	Scale of the reporting organization	About MSC
G4-10	Total number of employees by employment contract and gender Number of permanent employees by type and gender Total workforce by employees and supervised workers and by gender Total workforce by region and gender	Our People
G4-11	Percentage of total employees covered by collective bargaining agreements	Our People - Labour Relations
G4-12	Description of the organization's supply chain	About MSC
G4-13	Significant changes during the reporting period regarding the organizations' size, structure, ownership or supply chain	None
	Commitments to External Initiatives	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Environment and other DMAs
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Corporate Governance and Organizational Structure
G4-16	Memberships in associations and national or international advocacy organizations	Corporate Governance and Organizational Structure
	IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	
G4-17	Entities included in the organization's consolidated financial statements and any entity is not covered by the report	Minera San Cristobal The San Cristobal Mine and Corporate Offices <input checked="" type="checkbox"/>
G4-18	Process for defining report content and Aspect boundaries How the organization implementing the Reporting Principles for Defining Report Content	About this Report
G4-19	Material Aspects identified in the process of defining report content	About this Report
G4-20	Aspect Boundary within the organization for each material aspect	About this Report
G4-21	Aspect Boundary outside the organization for each material aspect	About this Report
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Not applicable - inaugural report
G4-23	Significant changes from precious reporting periods in Scope and Aspect Boundaries	Not applicable - inaugural report

DESCRIPTION		STATUS OR LOCATION
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organization	Stakeholder Engagement
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement Our Communities
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication as to whether any of the engagement was undertaken specifically as part of the report preparation process	Stakeholder Engagement Our Communities
G4-27	Stakeholder groups that have raised key topics and concerns, the key topics and concerns raised through stakeholder engagement, and how the organization has responded including through its reporting	Stakeholder Engagement
REPORT PROFILE		
G4-28	Reporting period for information provided	About this Report
G4-29	Date of most recent previous report, if any	About this Report
G4-30	Reporting cycle	About this Report
G4-31	Contact point for questions regarding the report or its contents	Inside Front Cover GRI Content Index
G4-32	"In Accordance" option chosen GRI Content Index External Assurance reference (if applicable)	About this Report GRI Content Index (pages 81-82)
Assurance		
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	About this Report
GOVERNANCE		
Governance Structure & Composition		
G4-34	Governance structure of the organization including committees under the highest governance body. Identify any committees responsible for decision making on economic, environmental and social impacts	Corporate Governance & Organizational Structure
G4-38	The composition of the highest governance body and its committees	Governance
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Ethical Conduct
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	About this report
Remuneration and Incentives		
G4-51	Remuneration policies for the highest governance body and senior executives. Report how performance criteria in the remuneration policy relate to the highest governance bodies and senior executives' economic, environmental and social objectives.	Governance
ETHICS AND INTEGRITY		
G4-56	The organizations values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Vision and Mission, inside front cover
G4-58	Internal and external mechanisms for reporting concerns about ethical and lawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Ethical Conduct Organizational Structure

DESCRIPTION		STATUS OR LOCATION
	SPECIFIC DISCLOSURES	
	ECONOMIC INDICATORS	
Disclosure of Management Approach		Economic Performance
Aspect	Economic Performance	
G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee wages and benefits, donations and other community investments, retained earnings, and payments to capital providers and payments to governments, by country	Economic Performance
Aspect	Market Presence	
G4-EC6	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	(Partial) Our People
Aspect	Indirect Economic Impacts	
G4-EC7	Development and impact of infrastructure investments and services provided	Economic Performance
Aspect	Procurement Practices	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Economic Performance
	ENVIRONMENTAL INDICATORS	
Disclosure of Management Approach	–	Environment
Aspect	Energy	
G4-EN3	Energy consumption within the organization	Environment
G4-EN5	Energy Intensity	Environment
G4-EN6	Reduction of energy consumption	Environment
Aspect	Water	
G4-EN8	Total water withdrawal by source	Environment
G4-EN9	Water sources significantly affected by withdrawal of water	Environment
G4-EN10	Percentage and total volume of water recycled and reused	Environment
Aspect	Biodiversity	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None <input checked="" type="checkbox"/> Environment
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Environment
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Environment
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	One: 100% <input checked="" type="checkbox"/> Environment
Aspect	Emissions	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environment
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environment

DESCRIPTION		STATUS OR LOCATION
Aspect	Effluents and Waste	
G4-EN23	Total weight of waste by type and disposal method	Environment
G4-EN24	Total number and volume of significant spills.	None <input checked="" type="checkbox"/> Environment
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	Environment
Aspect	Compliance	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None Environment
Aspect	Environmental Grievance Mechanisms	
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Environment
SOCIAL	LABOUR PRACTICES AND DECENT WORK INDICATORS	
Disclosure of Management Approach	–	Our People
Aspect	Employment	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Our People
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Our People
G4-LA3	Return to work and retention rates after parental leave, by gender	Our People
Aspect	Labour/Management Relations	
MM4	Number of strikes and lock-outs exceeding one week's duration, by country	None
	Our People	
Aspect	Occupational Health & Safety	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Health & Safety
G4-LA6	Types and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender.	Health & Safety
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Health & Safety
G4-L8	Health and safety topics covered in formal agreements with trade unions	Health & Safety
Aspect	Training & Education	
G4-LA9	Average hours of training per year per employee by gender and by employee category	Our People
G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category	Our People
Aspect	Diversity & Equal Opportunity	
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	Our People - partial
Aspect	Equal Remuneration for Women & Men	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Our People - partial
Aspect	Labour Practices Grievance Mechanisms	
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	Our People

DESCRIPTION		STATUS OR LOCATION
	HUMAN RIGHTS INDICATORS	
Disclosure of Management Approach	–	Ethical Conduct
Aspect	Non-Discrimination	
G4-HR3	Total number of incidents of discrimination and actions taken	Ethical Conduct
Aspect	Freedom of Association & Collective Bargaining	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken to support these rights	Our People
Aspect	Child Labour	
G4-HR5	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Human Rights
Aspect	Indigenous Rights	
MM5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities	Our mine and all associated <input checked="" type="checkbox"/> facilities are surrounded by the Territorio Indigena Originaria Campesina – Centro Unica Provincial de Comunidades Originarias de Nor Lipez (North Lipez Native Community Lands)
G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken	None
Aspect	Human Rights Grievance Mechanisms	
HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	Ethical Conduct
	SOCIETY INDICATORS	
Disclosure of Management Approach	–	Our Communities
Aspect	Local Communities	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	100% Our Communities
G4-SO2	Operations with significant potential or actual negative impacts on local communities	Environment Our Communities
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples.	Not Applicable
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes	Not Applicable
MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks	Not Applicable
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	None in 2015 <input checked="" type="checkbox"/> Our Communities
MM10	Number and percentage of operations with closure plans.	100% <input checked="" type="checkbox"/> Environment Our Communities

DESCRIPTION		STATUS OR LOCATION
Aspect	Anti-Corruption	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Ethical Conduct
G4-SO4	Communication and training on anti-corruption policies and procedures	Ethical Conduct
G4-SO5	Confirmed incidents of corruption and actions taken	Ethical Conduct
Aspect	Compliance	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	None
Aspect	Grievance Mechanisms for Impacts on Society	
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	Our Communities