

A blue-tinted photograph of a snowy mountain landscape. In the center, two deer are visible, partially obscured by the snow. The background shows a steep, snow-covered slope with some evergreen trees. The overall scene is serene and wintry.

Faro Mine Complex Care & Maintenance

Tlicho Engineering and Environmental Services

Quarter 4 Performance Report

April 2013

Faro Mine Complex Care & Maintenance



Q4 Performance Presentation

1. Introductions
2. Health & Safety
3. Site Activities
4. AYFN Training & Participation
5. Financial Reporting
6. Closing Remarks

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Introductions

- Byron O'Connor/Eric Domingue – Project Manager
- Barry Wilson – Site Manager and Superintendent
- Jodi Boyd – Site Administrator/AYFN Coordinator
- Tracey Parkin – Environmental Coordinator
- Donna Palmer – General Manager & Client Services Manager
- Margo Thorne – Operational Accountant
- Dan Hosfeld – Director of HR – Tlicho Investment Corp (TIC)
- Dennis Romanson – TIC COO and TEES President and Project Sponsor

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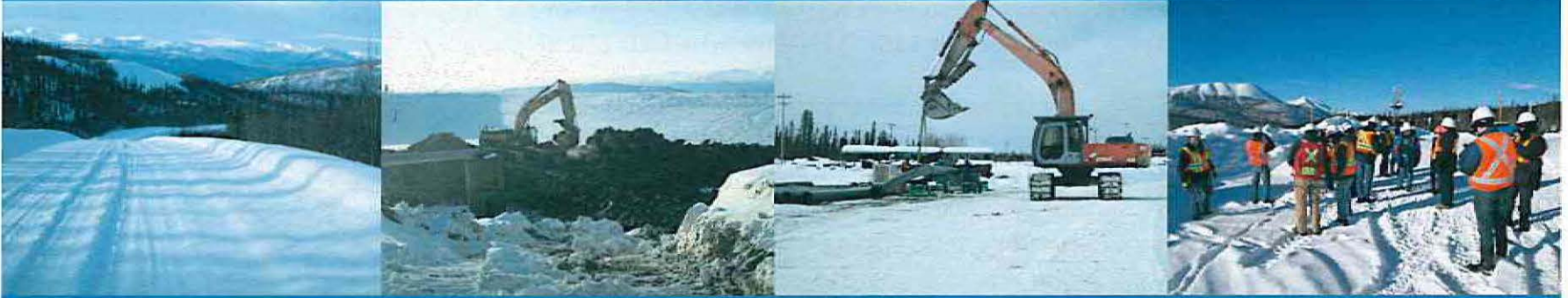


Care & Maintenance Services

- Environmental Protection
- H&S programs for protection of workers & public
- Manage site in accordance with SOW
- Emergency Response
- Budget forecasting and Reporting
- Implementation of Participation Plan



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Health and Safety – Incidents

Month	Number of Incidents Reported	Incident Description	Action Taken/ Response
January 2013	There were no LTI's (lost time injuries) and no MTC's (medical treatment cases). There were no accidents or incidents reported.		

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Month	Number of Incidents Reported	Incident Description	Action Taken/ Response
February 2013	1	<p>There were no LTI's (lost time injuries) and one MTC's (medical treatment cases)</p> <p>IR-024-02-13. On February 6, 2013 an employee lifted the tongue of the light plant and moved it three feet. This resulted in modified work for an injured shoulder.</p>	<p>Installed wheel jack on tongue of trailer for three point movement</p>
March 2013	2	<p>IR-026-03-13: On March 15, 2013 two employees were driving up a hill and met two employees on snow mobiles travelling in the opposite direction, in a curve on the road. This resulted in a near miss.</p> <p>IR-027-03-13: On March 11, 2013 an employee was walking down the right hand stairs outside the rear lunchroom door, and slipped on ice which was covered by a light layer of snow. This resulted in a near miss.</p>	<p>Order and install buggy whips on the snowmobiles.</p> <p>Check road conditions and keep snow machines on main roads and cut back snow banks on corners</p> <p>Ice melt placed on slippery area and warned other employees of slipping hazard</p> <p>Used Case backhoe to scratch the ice to reduce slip hazards</p>

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Health and Safety – Activities

Month	Activities/ Work Completed	Improvements/Efficiencies
<p>January 2013</p>	<p>Monthly Inspections of Fire Extinguishers, First Aid Kits, Eyewash Stations and Emergency Showers: Warehouse, Cat Bays, Warm Storage, Potable Water building, Norcan shop, Welding shop, V-15 Pump Station, Zone 2 Pump Station, IP Sea Can, S-Well Sea Can, Guardhouse, Dry, Lunchroom, Millwright and Electrician shop, S-Well Generator building, Environmental Storage building and Lab.</p> <p>Monthly testing and calibration of oxygen sensors and site portable monitors</p> <p>Fall Arrest and Confined Space Rescue Equipment catalogued and inspected.</p> <p>4 orientations</p>	<p>Confined Space Entry procedures, register, hazard rating, permit, photo documentation rescue procedures and non-entry rescue procedures approved</p> <p>Restricted access procedures approved</p> <p>Health and Safety files updated in preparation for the 2013 season</p>

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Health and Safety – Activities

Month	Activities/ Work Completed	Improvements/Efficiencies
<p>February 2013</p>	<p>Monthly Inspections of Fire Extinguishers, First Aid Kits, Eyewash Stations and Emergency Showers: Warehouse, Cat Bays, Warm Storage, Potable Water building, Norcan shop, Welding shop, Guardhouse, Dry, Lunchroom, Millwright and Electrician shop, S-Well Generator building, Environmental Storage building and Lab.</p> <p>We were unable to complete the monthly test and calibration on the Stationary Oxygen Monitors in the Sea Cans until further consultation with WCB and YG to determine the status of the Sea Cans.</p> <p>Confined Space Entry/ Attendant & Rescue Courses and Arc Flash training planning. Securing quotes for onsite training required to fulfill Yukon Occupational Health and Safety Requirements.</p> <p>13 Orientations</p>	<p>H & S Site Assessment completed with Environmental, Heavy Equipment Operations, Maintenance & Trades, and management input. Pending management approval before submittal.</p>

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Health and Safety – Activities

Month	Activities/ Work Completed	Improvements/Efficiencies
March 2013	<p>Monthly Inspections were conducted of Fire Extinguishers, First Aid Kits, Eyewash Stations and Emergency Showers: Warehouse, Cat Bays, Warm Storage, Potable Water building, Norcan shop, Welding shop, Guardhouse, Dry, Lunchroom, Millwright and Electrician shop, S-Well Generator building, Environmental Storage building, Lab, S Well Sea Can, IP Sea Can, V-15 Sea Can and Zone 2 Sea Can.</p> <p>Monthly building inspections were conducted at Cat Bays, IP Sea Can, S-Well Sea Can, Zone 2 Sea Cans and S-Well generator building</p> <p>Monthly test and calibration of the stationary oxygen monitors were conducted for the IP Sea Can, the Zone 2 Sea Can, the S-Well Sea Can and the V-15 Sea Can. Monthly test and calibration of M-40 Multi-gas portable monitors were completed.</p> <p>11 Orientations</p>	<p>The Confined Space Rescue course was held onsite from March 18, 2013 to March 22, 2013. All six students were successful in completing the course.</p> <p>Confined Space signage has been posted and documented</p> <p>Updates for the Training Matrix and Spreadsheet are ongoing.</p>

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Contaminated Water Management

Month	Activities/ Work Completed	Improvements/Efficiencies
<p>January 2013</p>	<p>Treatment facilities down for the season</p> <p>All diversions were regularly checked for build-up of ice that could lead to fresh water escaping into the environment or into contaminated water areas. Minor Glaciation was noted at V-15 Moose Pond and the ramp at the Vangorda Pit.</p> <p>On January 14 site conditions deteriorated quickly as rain continued throughout the day. No major issues have been noted to date as a result of the rain event.</p>	<p>The TEES Management team had staff leave their personal vehicles at site and escorted them down in mine vehicles.</p>

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Contaminated Water Management

Month	Activities/ Work Completed	Improvements/Efficiencies
<p>February 2013</p>	<p>Water treatment facilities down for the season, activities continued in a monitoring status.</p> <p>All diversions were regularly checked for build-up of ice that could lead to fresh water escaping into the environment or into contaminated water areas.</p> <p>Warm weather continued into February making it difficult to mix and freeze sludge at Vangorda.</p>	<p>During the month of February the site focused on planning and ordering of parts for three main projects for this summer.</p> <ol style="list-style-type: none"> 1. Grum dewatering system 2. Vangorda sludge removal 3. Lime delivery system

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Contaminated Water Management

Month	Activities/ Work Completed	Improvements/Efficiencies
<p>March 2013</p>	<p>Water treatment facilities down for the season, activities continued in a monitoring status.</p> <p>This preparation included ordering equipment and consumables (e.g. cyclonaire, piping fittings etc...) and fusing and installing some piping for the IP to Faro project and Grum to Vangorda project.</p> <p>Good progress on drying and moving sludge from the Vangorda clarification pond. Approximately 1/3 of the sludge hauled to date.</p>	<p>Worked on Tailings pump house sump modifications for the bypass for IP to Faro Pit pumping</p> <p>Moved IP barge from Down Valley to the shop for painting</p>

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Maintenance

Month	Activities/ Work Completed	Improvements/Efficiencies
January 2013	<p>Heavy Equipment mostly used for snow removal and plowing</p> <p>Normal servicing and repairs to light vehicles and heavy equipment as per schedule</p> <p>TEES reported that the electrician submitted a letter of concern to Yukon Energy regarding power consumption/costs. This resulted in a significant credit being issued for the month of January for the mine's electrical consumption.</p>	<p>Case 580 back hoe was shipped to Whitehorse for a midlife rebuild.</p> <p>Performed preventative maintenance on site grader</p> <p>Began preparation work for changing lime loop piping route in the mill for improved maintenance access</p> <p>Worked on new lime delivery upgrades</p>

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Maintenance

Month	Activities/ Work Completed	Improvements/Efficiencies
February 2013	<p>Normal servicing and repairs to light vehicles and heavy equipment as per the schedule</p> <p>Significant snowfall during February kept our HEO's continually opening access roads as well as snow removal around buildings</p> <p>Mixing sludge at Grum</p>	<p>Finning mechanic started midlife repairs on 345 excavator.</p> <p>Constructed a shelter for pipe fusion machine.</p> <p>Preparation work for upcoming pipeline construction</p>

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Maintenance

Month	Activities/ Work Completed	Improvements/Efficiencies
<p>March 2013</p>	<p>Normal servicing and repairs to light vehicles and heavy equipment as per schedule</p> <p>Significant snowfall in March kept our HEO's continually opening access roads as well as removing snow around site and buildings.</p> <p>Maintenance on pumps and site infrastructure for the upcoming pumping season</p>	<p>Inspected and serviced both Godwin pumps (Units S-039 and S-048)</p>

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Environment – SOW

Type of Activity	Details	Issues	Cause	Action taken
Water Quality	<ul style="list-style-type: none"> ✓ Surface Water ✓ Seepage ✓ Groundwater ✓ QA/QC ✓ Bioassays ✓ Monthly Reporting 	Values outside historic range	-	Retest requested through Maxxam Analytics and values either confirmed or corrected
		No samples collected	Hazardous access and a sample forgotten	Access currently under review Reviewed required parameters at each sampling location
		Internal analysis past hold time	Sample missed in the fridge	Implemented that staff informs the chemist when samples come in and the chemist ensures all samples have been analysed

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Environment – SOW

Type of Activity	Details	Issues	Cause	Action taken
Flow Monitoring	<ul style="list-style-type: none"> ✓ Staff Gauge Reading ✓ In-stream Flows ✓ Weir Flows ✓ Estimated Flows ✓ In-pipe Flows ✓ Continuous Monitoring ✓ Salt Slug Flows ✓ Monthly Reporting 	No in-stream flows conducted.	Accurate results could not be obtained due to prevailing ice conditions.	Salt slug flows were implemented at strategic locations in each drainage.

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Environment – General SOW

Type of Activity	Details	Issues	Cause	Action taken
Meteorological Monitoring	<ul style="list-style-type: none"> ✓ Monthly Downloads ✓ Station Battery Checks ✓ Monthly Reporting 	-	-	-
Water Levels	<ul style="list-style-type: none"> ✓ Pits ✓ Ponds 	Elevations could not be performed.	The January rain event reduced access and had possibly made the ice unstable.	Delayed elevations until safer ice conditions prevailed.
Geotechnical Monitoring	<ul style="list-style-type: none"> ✓ Faro Diversion Staff Gauge Readings ✓ Faro Diversion Flow Measurements ✓ NWID Flow Measurements ✓ Rose Creek Staff Gauge Readings ✓ Observations/Photos ✓ Slope Stability ✓ Piezometer Readings ✓ Weir Flows ✓ Continuous Flow Monitoring ✓ Equipment Maintenance 	Lack of 2012 Monitoring Program.	-	Recommended to YG that monitoring program be updated.
		No observations made.	Hazardous access.	Monitoring suspended until safer conditions prevail.

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Environment – General SOW

Type of Activity	Details	Issues	Cause	Action taken
Site Inspections	<ul style="list-style-type: none"> ✓ Log of Observations ✓ Photos 	-	-	-
CVP Monitoring	<ul style="list-style-type: none"> ✓ Depth Profile Sampling ✓ In-House Analysis 	No monitoring occurred.	As discharge was occurring ice conditions were unstable.	Monitoring was delayed until safer ice conditions prevailed.

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Environment – Non-routine Activities

Type of Activity	Details	Issues	Cause	Action taken
Water Quality	✓ Potable Water	No chlorination occurring in potable water.	Metering pump hose was worn and excessive chlorine buildup in the system.	New metering hose, suction and discharge line and chlorine injector have been ordered and are onsite waiting for installation.
Phosphorus Analysis	✓ X13	Colour values are exceeding compliance limits.	Possibly algae and bacteria present.	Investigation into phosphorus levels which promotes microorganism growth, and onsite colour analysis.

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Environment – Special Projects

Type of Activity	Details	Issues	Cause	Action taken
Snow Pack Monitoring	✓April ✓March	-	-	-

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Environment – FMC Laboratory

Type of Activity	Details	Issues	Cause	Action taken
Maintenance and Operation	<ul style="list-style-type: none"> ✓ Analytical and Equipment Supplies ✓ Consumables ✓ Stock Management ✓ House-keeping ✓ Maintenance Log ✓ Equipment Maintenance ✓ Lab Improvements ✓ Perkin Elmer Maintenance ✓ Training 	Reverse osmosis unit filters broke	Cold weather conditions and the frozen lines in December.	Filters changed and replacements ordered.
		Motor in ICP exhaust ceased working.	Unknown.	Site Electrician removed the motor. Once warm, the motor began to work again. The motor was reinstalled and it was recommended that a spare one be purchased
		Stuck shear gas valve.	Compressor failing to provide dry air.	New compressor and air filters ordered. Will be installed in April after proficiency testing.

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Environment – Compliance

January 2013

Compliance Site	Compliance Met	Non-Compliant Parameter Value	Effluent Quality Standard Value	Comments
X5	No	Colour – 60 Col. Units	Colour – ≤ 20 TCU	Seeking YG approval to do on site analysis for colour pending proficiency testing results
X13	No	Colour – 60 Col. Units	Colour – ≤ 20 TCU	Site has historically shown problems with Colour.
V2	Yes	-	-	-
V25BSP	Yes	-	-	-

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Environment – Compliance

February 2013

Site	Compliance Met	Non-Compliant Parameter Value	Effluent Quality Standard Value	Comments
X5	No	Colour – 40 and 75 Col. Units	Colour – ≤ 20 TCU	Seeking YG approval to do on site analysis for colour pending proficiency testing results
X13	No	Colour – 100 Col. Units	Colour – ≤ 20 TCU	Site has historically shown problems with Colour.
V2	Yes	-	-	-
V25BSP	Yes	-	-	-

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Environment – Compliance

March 2013

Site	Compliance Met	Non-Compliant Parameter Value	Effluent Quality Standard Value	Comments
X5	-	-	-	Not Discharging
X13	Yes	-	-	-
V2	Yes	-	-	-
V25BSP	-	-	-	Frozen

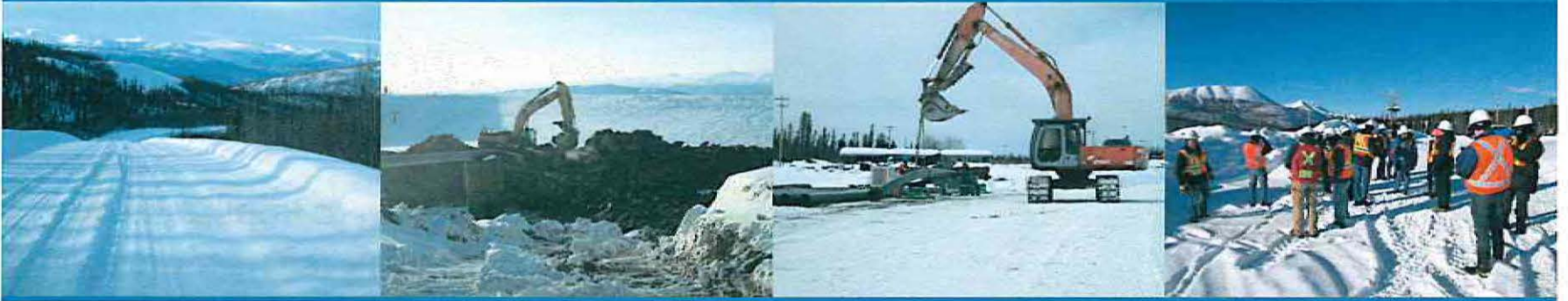
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Environment – Photos



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Environment – Photos



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AYFN - Training and Participation

Q4 Training and Development

- 14 full time students
- Capacity building through training programs
- Standard First Aid
- Wilderness First Aid
- Transportation of Dangerous Goods
- WHMIS
- Hazwoper

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AYFN – Annual Statistics for 2012

	Total	Target
Class Room/Training	1494 hrs	12 hrs
Informal and Formal	57 %	12.5 %
Formal Certification	0	\$5,000
Direct Employment	8.7	12.5%

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Financial Reporting

2012-13 Budget Summary

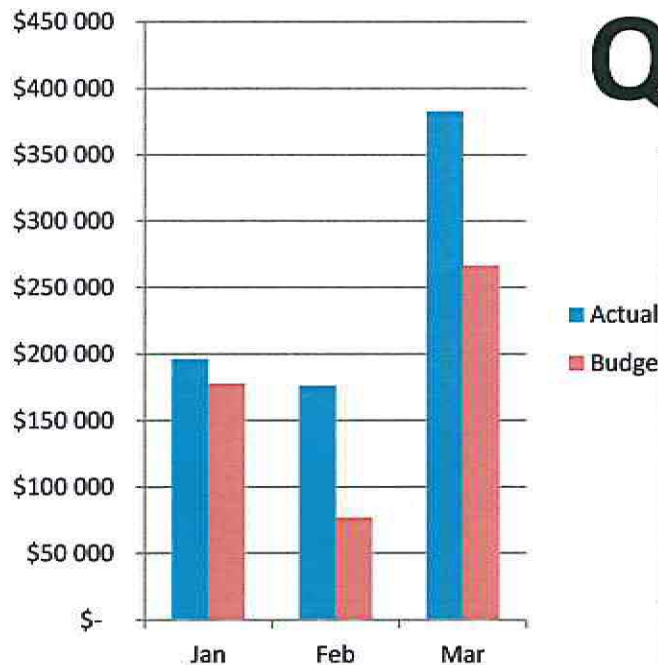
	Actual		Budget		Variance	
Operations	\$	2,569,644	\$	2,945,000	\$375,356	12.7%
Maintenance	\$	3,163,027	\$	2,851,902	(\$311,125)	-10.9%
AYFN	\$	146,929	\$	146,500	(\$429)	-0.3%
Management	\$	917,668	\$	917,668	0	
Administration	\$	2,195,050	\$	2,195,050	0	
Environmental	\$	737,188	\$	737,188	0	
Total	\$	9,729,506	\$	9,793,308	\$63,802	0.7%

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Financial Reporting

Q4 Operations



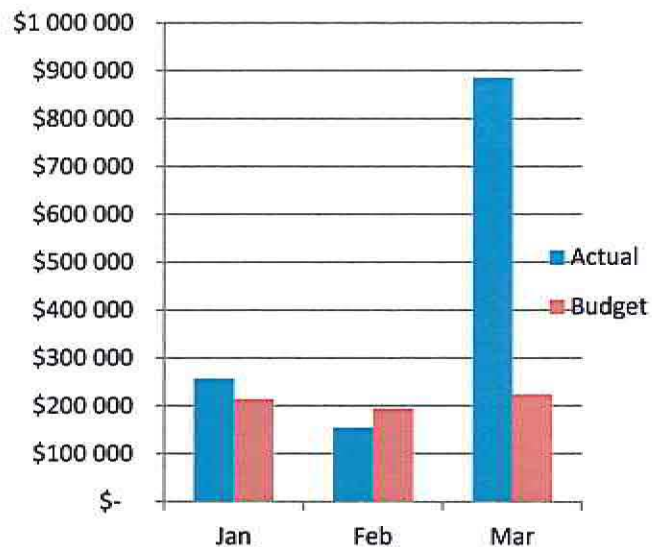
Month	Actual	Budget	Variance
Jan	\$ 196,325	\$ 178,000	\$ 18,325 10.3%
Feb	\$ 176,193	\$ 77,000	\$ 99,193 128.8%
Mar	\$ 382,978	\$ 266,666	\$ 116,312 43.6%
YTD	\$ 755,495	\$ 521,666	\$ 233,829 44.8%

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Financial Reporting

Q4 Maintenance



Month	Actual	Budget	Variance	
Jan	\$ 257,995	\$ 215,000	\$ 42,995	20.0%
Feb	\$ 155,451	\$ 195,000	(\$39,549)	-20.3%
Mar	\$ 884,989	\$ 225,168	\$659,821	293.0%
YTD	\$ 1,298,435	\$ 635,168	\$ 663,267	104.4%

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Financial Reporting

Q4 Budget Summary

January - March 2013				
	Actual	Budget	Variance	
	(\$)	(\$)	(\$)	(%)
Operations	755,495	523,666	231,829	44.3%
Maintenance	1,298,435	635,168	663,267	104.4%
Total	2,053,931	1,148,834	895,096	77.2%

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Summary of FY2012/2013 Health and Safety

- 0 LTI, COR audit yielded a score of 93%
- Internal & External site inspections
- Site orientations
- Lead Blood Tests were completed
- Hearing Tests were completed
- Regular Monthly Inspections
- Bear Aware training
- Confined space training

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Summary of FY2012/2013 Environment

- Environmental monitoring program was conducted in accordance with Scope of Work
- The only noncompliant results received were at X13 for colour and one bioassay (June)
All other parameters and locations were compliant with Appendix C
- Proficiency testing underway for colour for on site analysis

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Water Treatment

Treatment System	2009	2010	2011	2012
Faro Mill	2,960,000	3,260,000	3,381,750	3,020,370
Vangorda	925,678	389,533	383,620	601,003
Total	3,885,678	3,649,533	3,765,370	3,621,373

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2013/2014 Activities

- Grum Pit Dewatering
 - Pipeline from Grum to Vangorda
 - Installation of new pump at Grum Pit
- Vangorda Sludge Removal
 - New dredging system on Grum clarifier
 - Modification of pipeline from Vangorda to Grum WTP (to allow sludge pumping from clarifier to Vangorda)
- Pumping IP to Faro Pit to give capacity to IP (to start late April)
- Water Treatment at Vangorda to start early June (dependent on ice cover)
- New lime handling system (Cyclone Air on site, to be installed in May)
- Identify and implement Special Projects to replace Faro Mill water treatment
- AYFN coordinator competition closed on April 12 – 6 CV's received
- Site superintendent competition closes April 19
- Site mine manager position in development

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Masi Cho