

Faro Mine Complex Care & Maintenance

Tlicho Engineering and Environmental Services

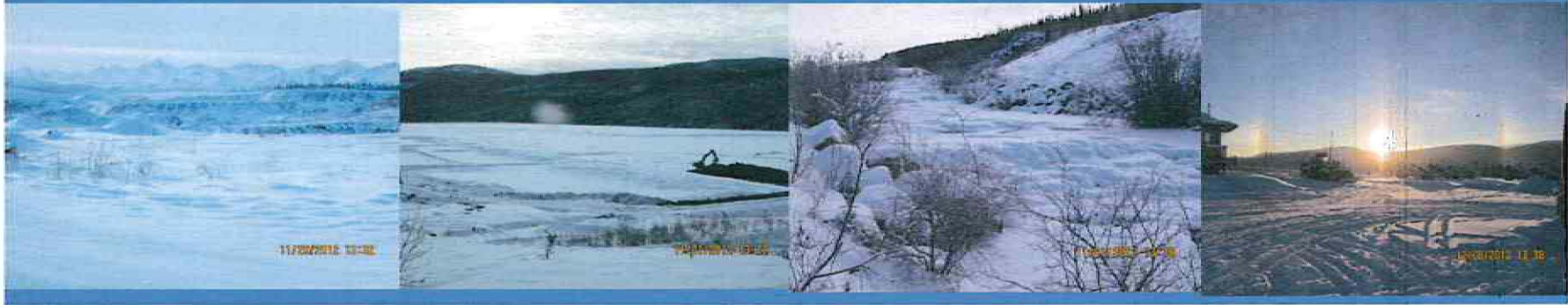
Quarter 3 Performance Report

January 2013

10/31/2012 14:51



Faro Mine Complex Care & Maintenance



Q3 Performance Presentation

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

Faro Mine Complex Care & Maintenance



Introductions

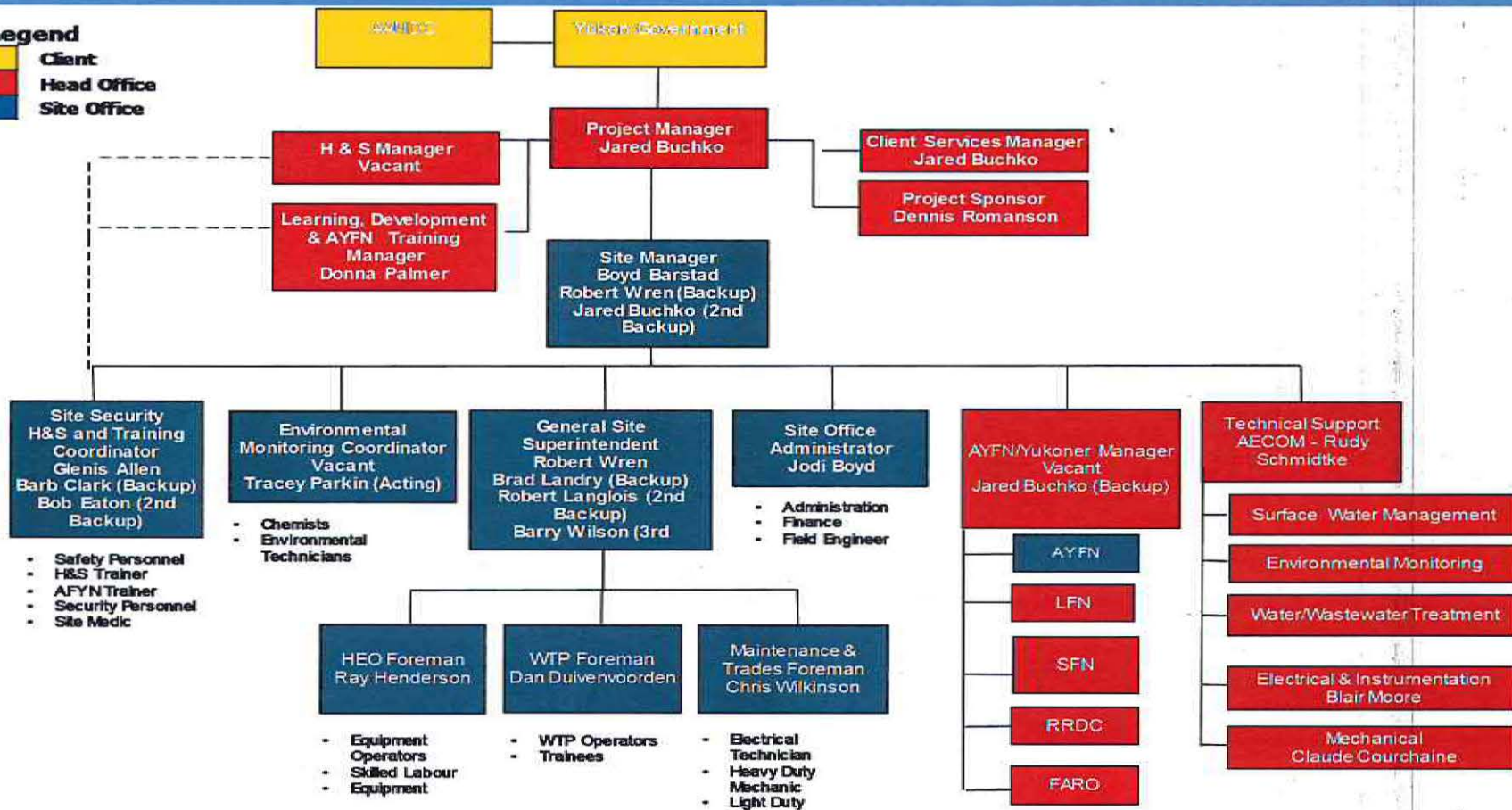
- Jared Buchko – Project Manager/Client Service Manager
- Boyd Barstad – Site Manager
- Jodi Boyd – Site Administrator
- Tracey Parkin – Acting Environmental Coordinator
- Donna Palmer – Acting General Manager
- Margo Thorne – Operational Accountant

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Legend

- Client
- Head Office
- Site Office



Faro Mine Complex Care & Maintenance



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

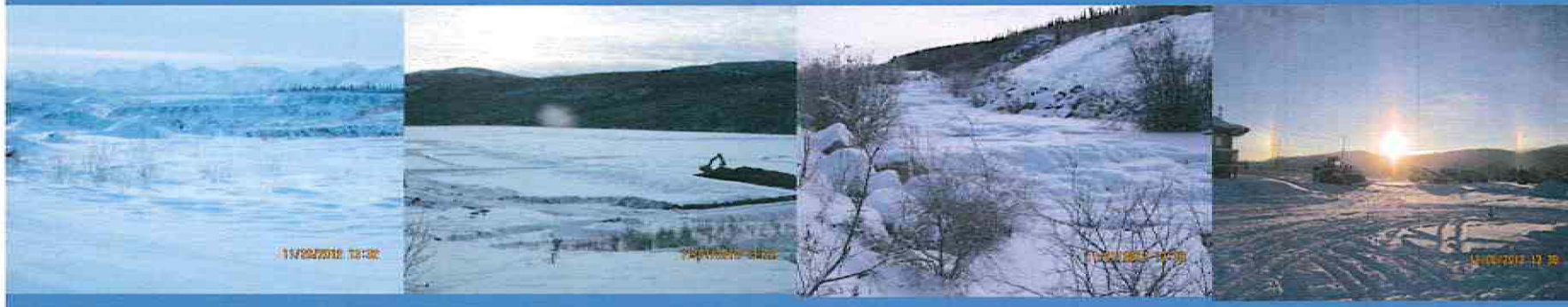
| Month | Number of Incidents Reported | Incident Description | Action Taken/ Response |
|--------------|------------------------------|---|--|
| October 2012 | 3 | <p>Damage to trailer being towed by the Sellick forklift</p> <p>Coffee spilled at the top of the stairs and was not cleaned up</p> <p>Water line to lab froze</p> | <p>Individuals were coached on pre operational inspections and hazard ID</p> <p>Coffee was cleaned up by another employee. Issues raised at next tool box meeting</p> <p>Lab needs to be informed as soon as possible to try and prevent loss to samples</p> |

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| Month | Number of Incidents Reported | Incident Description | Action Taken/Response |
|---------------|------------------------------|---|---|
| November 2012 | 1 | Slip and Fall | Individual treated by first aid |
| December 2012 | 3 | Employee unaccounted for at end of shift | System implimented whereby all supervisors sign out all of their direct reports before leaving site |
| | | Employee backed into guiding post by the potable water shed | Coaching on site inspection and hazard ID |
| | | Garage door not latched properly causing damage to lever | Reinforced the importance of eyes on task |

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Health and Safety – Activities

| Month | Activities/ Work Completed | Improvements/Efficiencies |
|---------------------|--|--|
| October 2012 | <ul style="list-style-type: none"> • Monthly inspections: Cat Bays, Norcan shop, Welding shop, V-15, Zone II, IP, S-well, Guard House, Dry, Mill shops • Calibration of stationary Oxygen Monitors • SOP & SWP review by all employees • 10 Orientations | <ul style="list-style-type: none"> • On site training: PPE inspections maintenance and use. Fire extinguisher classifications and use • Supervisor training: Effective instruction and training of work force, General responsibilities of Supervisors, Due diligence and accident investigation |

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Health and Safety – Activities

| Month | Activities/ Work Completed | Improvements/Efficiencies |
|----------|--|--|
| Nov 2012 | <ul style="list-style-type: none"> • Monthly inspections: Cat Bays, Norcan shop, Welding shop, V-15, Zone II, IP, S-well, Guard House, Dry, Mill shops • Calibration of stationary Oxygen Monitors • Underflow tunnel in the Faro inspected by TEES and WCB. Clarity on “confined space” • Completed First Aid Assessment as per YOHS regulations • Internal audit in preparation for external COR audit • External COR audit carried out latter part of the month • 6 Orientations | <ul style="list-style-type: none"> • Reviewed FMC OH&S program with all employees • WHMIS for environmental team • Transportation of Dangerous Good |

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Health and Safety – Activities

| Month | Activities/ Work Completed | Improvements/Efficiencies |
|----------|---|---|
| Dec 2012 | <ul style="list-style-type: none"> • Monthly inspections: Cat Bays, Norcan shop, Welding shop, V-15, Zone II, IP, S-well, Guard House, Dry, Mill shops • Calibration of stationary Oxygen Monitors • Test and calibration of M-40 Multi-gas portable monitors • 4 Orientation | <ul style="list-style-type: none"> • Fire extinguisher/first aid kit inspections for all heavy and light equipment • Leadership for safety excellence • Accident incident near miss investigation • SWP for working near power lines • Preliminary COR audit results are very favorable with a 93% score |

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Contaminated Water Management

| Month | Activities/ Work Completed | Improvements/Efficiencies |
|----------|--|--|
| Oct 2012 | <ul style="list-style-type: none"> • Faro Mill winterized with ongoing pump repairs • Supporting CH with aquifer test • Final repairs to Vangorda flume • CH discharging aquifer water into polishing pond, obvious change to colour of pond • Precision drilled new well in Zone II • Deep well pump at Zone II pulled and placed into new well • Decommissioning of all pumping systems in IP and Vangorda • Power shut off to mill and shop | <ul style="list-style-type: none"> • Staffing reduce to winter numbers. Security 7 days a week • New VFD installed at S-Well |

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Contaminated Water Management

| Month | Activities/ Work Completed | Improvements/Efficiencies |
|----------|--|---|
| Nov 2012 | <ul style="list-style-type: none"> • Barge and infrastructure pulled at IP • Thawing 4" line for S-Well • Zone II C-can moved to new location • Monitoring all diversion • Prepared tanks in Faro mill for ultrasound testing • Working with CH on Vangorda dredge project | <ul style="list-style-type: none"> • Constructing containment berm south side of Faro sludge cell to all for more capacity |

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Contaminated Water Management

| Month | Activities/ Work Completed | Improvements/Efficiencies |
|----------|---|---------------------------|
| Dec 2012 | <ul style="list-style-type: none"> • Site operation down from Dec 21st to Jan 2nd . Site security and daily inspection were carried on throughout • Casting sludge into new containment area at the Faro sludge cell • Mixing sludge at both Faro and Vangorda to promote freezing • Managed ice overflow situation at V15 • Steaming culverts as needed • Assisted with ultrasonic testing for Faro mill tanks | |

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Maintenance

| Month | Activities/ Work Completed | Improvements/Efficiencies |
|----------|---|---|
| Oct 2012 | <ul style="list-style-type: none"> • Welder supporting CH with aquifer testing (fitting etc) • Winterizing Faro Mill • Winterizing IP/Faro/and Vangorda barges • Installed snow fencing around Vangorda electrical drops • Normal servicing and repairs to light and heavy equipment as needed | <ul style="list-style-type: none"> • Shut power down at Faro mill and old truck shop |

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Maintenance

| Month | Activities/ Work Completed | Improvements/Efficiencies |
|----------|---|---|
| Nov 2012 | <ul style="list-style-type: none"> • Created parts list for pump repair/rebuilds • Started IP walkway and float repairs • Millwright on call at this point • Installed aux lighting in preparation for ultrasound testing in Faro Mill • Normal servicing and repairs to light and heavy equipment as needed | <ul style="list-style-type: none"> • Set up emergency back up power for S-Well, V-15 • Emergency power training for on call staff • Reinforced cat walk for X5 |

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Maintenance

| Month | Activities/ Work Completed | Improvements/Efficiencies |
|----------|---|---------------------------|
| Dec 2012 | <ul style="list-style-type: none"> • Volvo loader removed from service due to high cost of repairs • Modifications and repairs to IP float and walkway continued • Normal servicing and repairs to light and heavy equipment as needed | |

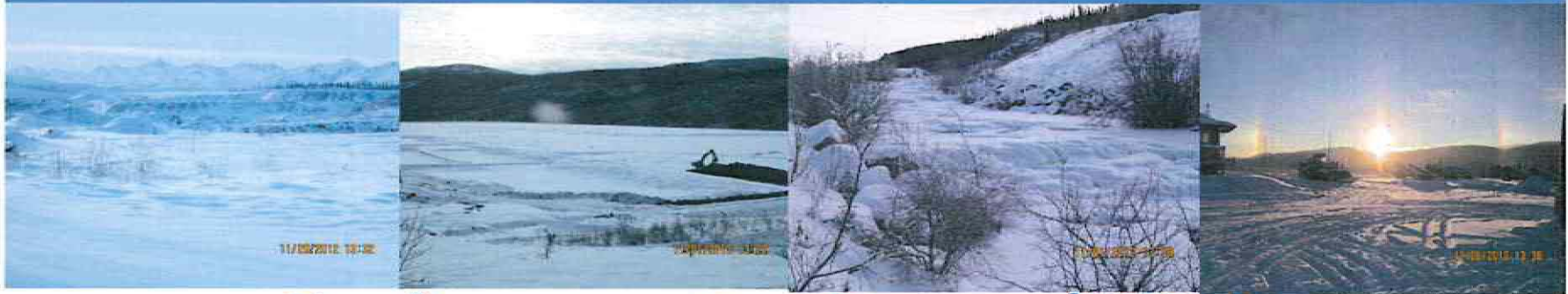
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Environment – SOW

| 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. | Currently under review. |
| 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. | Hazardous conditions/ ice unsafe. | Safe work procedures followed and no flows performed. |
| | | Erroneous results or no measurements taken. | Ice formations and braiding affected accurate results | Measurements were taken when flow was channeled and accurate results could be achieved. |

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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 | - | - | - |
| 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 measurements taken. | Ice formations and slush affected accurate results | Various attempts made with unsuccessful results. |
| | | 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 | - | - | - |

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Environment – Non-routine Activities

| Type of Activity | Details | Issues | Cause | Action taken |
|------------------------|---|---|---|---|
| Water Quality | <ul style="list-style-type: none"> ✓ Potable Water | No chlorination occurring in potable water. | Being reviewed, possibly due to broken chlorine injector. | Still being investigated, new chlorine injector has been ordered. |
| TEES Technical Support | <ul style="list-style-type: none"> ✓ Site tours ✓ Guiding ✓ Equipment Assistance ✓ Historical Data Supply | | | |

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Environment – Special Projects

| Type of Activity | Details | Issues | Cause | Action taken |
|--|---|--------|-------|--------------|
| Faro Waste Rock Dump Groundwater Sampling | <ul style="list-style-type: none"> ✓ Sample Six Well located on the toe of the Faro Waste Rock Dump | - | - | - |
| Grum Sulphide Cell Sampling | <ul style="list-style-type: none"> ✓ Sampling ✓ In-house Analysis ✓ Visual Inspections ✓ Level Logger Downloads ✓ Elevations ✓ Reporting of Results | - | - | - |

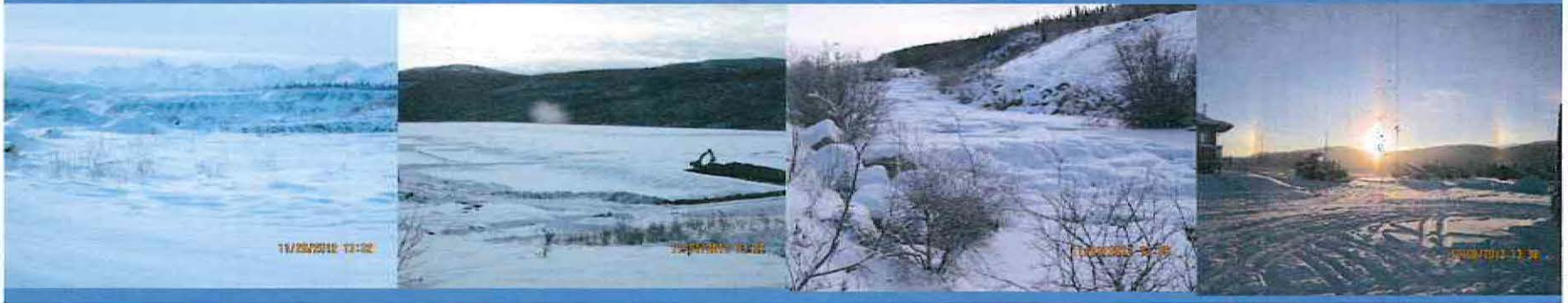
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Environment – FMC Laboratory

| 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 ✓ Training | Water lines froze. | Low temperatures and poor insulation | <p>Bleeder installed on water line, portable and permanent heaters introduced, sealed doors and windows and temperature monitoring increased. Procedure for -30°C introduced. Plans made for insulating the bottom of the laboratory in the summer of 2013.</p> |
| | | Shear Gas Value Malfunctioning, | Either a faulty valve or air compressor issue. | Contacting Perkin Elmer for service. |

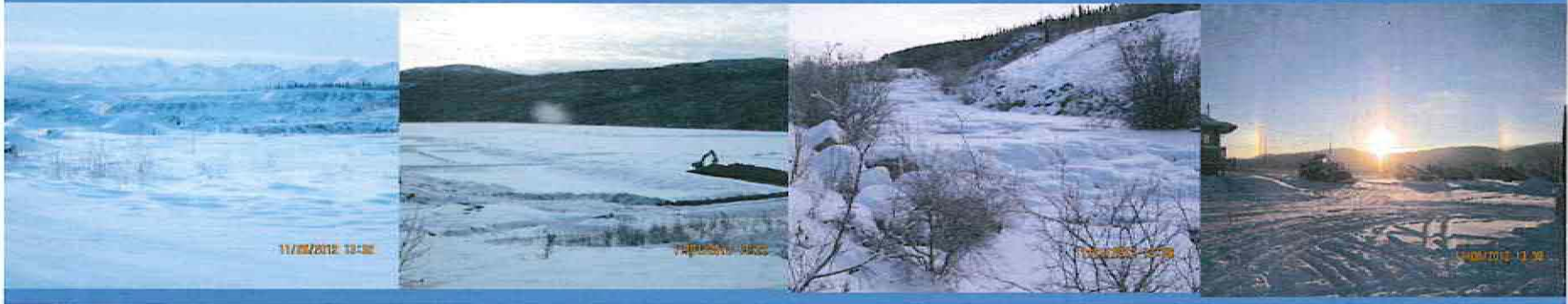
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Environment – FMC Laboratory

| Type of Activity | Details | Issues | Cause | Action taken |
|------------------------------|--|---------------------------|---|---|
| External Laboratory Analysis | <ul style="list-style-type: none"> ✓ Total and Dissolved Zinc Analysis ✓ pH Analysis ✓ TSS Analysis | | | |
| CALA Proficiency Testing | <ul style="list-style-type: none"> ✓ Participation ✓ Proficiency | Failure of 13 parameters. | Expired standards used for calibration. | Ordering procedure determined to ensure current standards are available at all times. |

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Environment – Compliance

October 2012

| Compliance Site | Compliance Met | Non-Compliant Parameter Value | Effluent Quality Standard Value | Comments |
|-----------------|----------------|-------------------------------|---------------------------------|--|
| X13 | No | Colour – 30 Col. Units | Colour – 20 Col. Units | Site has historically shown problems with Colour. Total Phosphorus analysis performed to determine levels. |
| V2 | Yes | - | - | - |
| V25BSP | Yes | - | - | - |

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Environment – Compliance

November 2012

| Site | Compliance Met | Non-Compliant Parameter Value | Effluent Quality Standard Value | Comments |
|--------|----------------|-------------------------------|---------------------------------|----------|
| X13 | Yes | - | - | - |
| V2 | Yes | - | - | - |
| V25BSP | Yes | - | - | - |

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Environment – Compliance

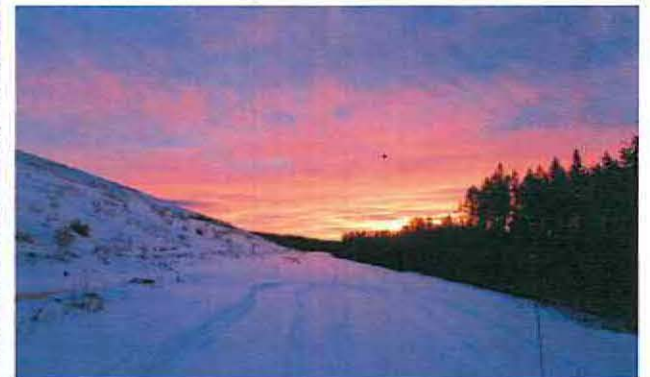
December 2012

| Site | Compliance Met | Non-Compliant Parameter Value | Effluent Quality Standard Value | Comments |
|--------|----------------|-------------------------------|---------------------------------|----------|
| X13 | Yes | - | - | - |
| V2 | Yes | - | - | - |
| V25BSP | Yes | - | - | - |

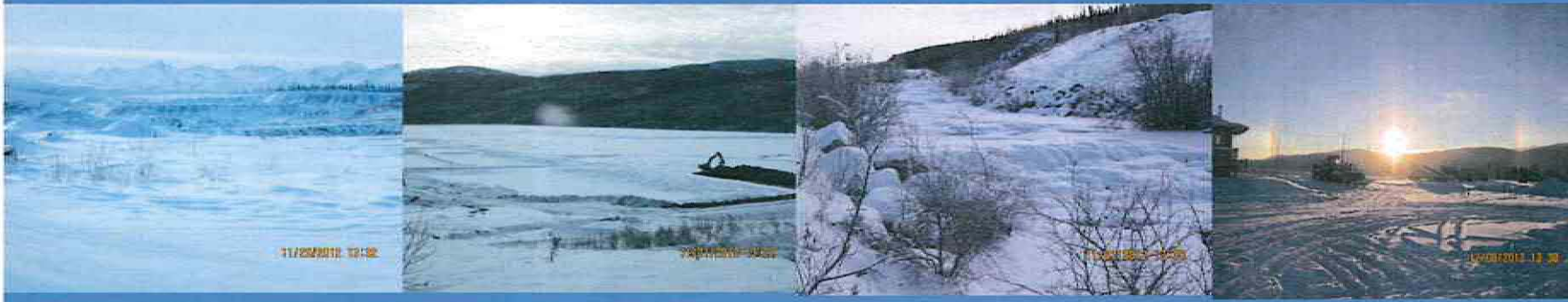
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Environment – Photos



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Environment – Photos



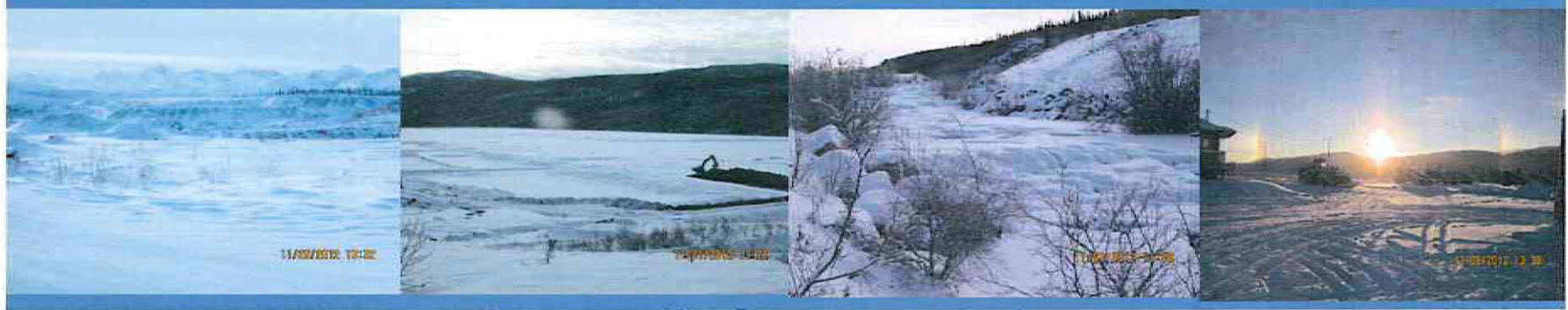
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AYFN - Training and Participation

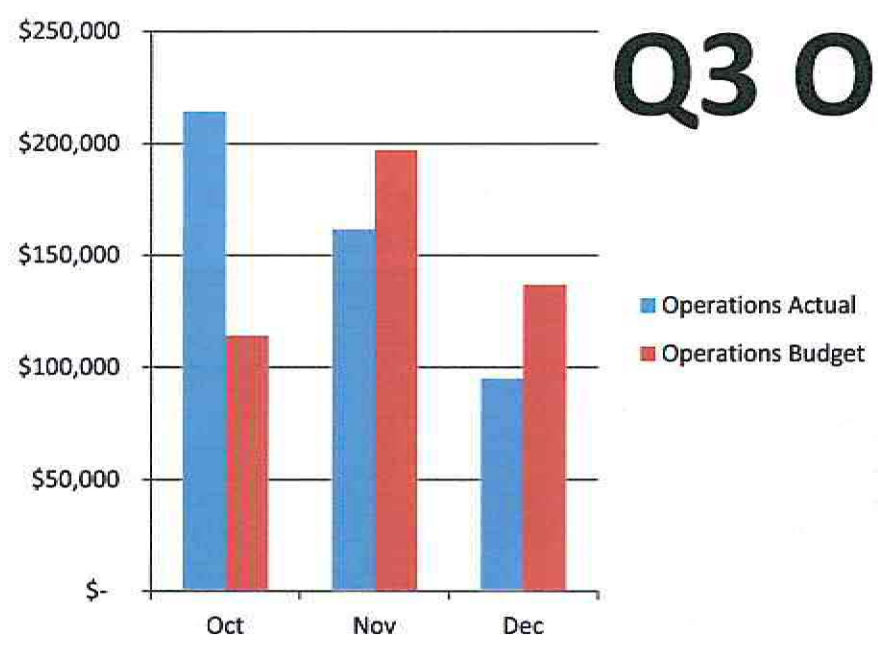
- AYFN coordinator position vacant
- Continue discussions with communities to develop 2013
- Finalize 2013 training proposal
- Equipment supply

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Financial Reporting

Q3 Operations

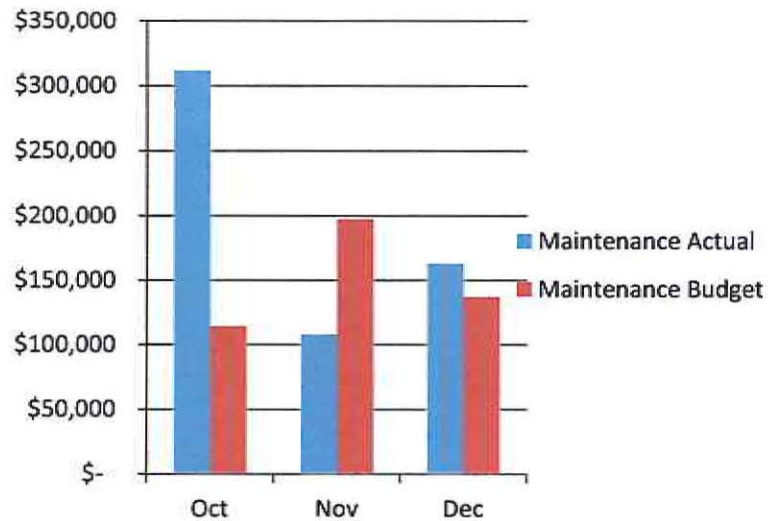


| Month | Actual | Budget | Variance | |
|------------|------------------|------------------|---------------|-------------|
| | (\$) | (\$) | (\$) | (%) |
| Oct | 213,941 | 114,000 | 99,941 | 87.7% |
| Nov | 161,264 | 197,000 | (35,736) | -18.1% |
| Dec | 94,892 | 136,666 | (41,774) | -30.6% |
| YTD | 1,909,041 | 1,851,334 | 57,707 | 3.1% |

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Financial Reporting Q3 Maintenance



| Month | Actual | Budget | Variance | |
|------------|------------------|------------------|-----------------|---------------|
| | (\$) | (\$) | (\$) | (%) |
| Oct | 311,508 | 187,000 | 124,508 | 66.6% |
| Nov | 107,436 | 240,500 | -133,064 | -55.3% |
| Dec | 162,328 | 265,667 | -103,339 | -38.9% |
| YTD | 1,948,457 | 2,366,832 | -418,375 | -17.7% |

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Financial Reporting

Q3 Budget Summary

| YTD: April 1 - December 31, 2012 | | | | |
|----------------------------------|------------------|------------------|-----------------|--------------|
| | Actual | Budget | Variance | |
| | (\$) | (\$) | (\$) | (%) |
| Operations | 1,909,041 | 1,851,334 | 57,707 | 3.1% |
| Maintenance | 1,948,457 | 2,366,832 | -418,375 | -17.7% |
| Total | 3,857,498 | 4,218,166 | -360,668 | -8.6% |

Faro Mine Complex Care & Maintenance



Masi Cho