



January, 2012

HSELC Policy, Policy Guidelines And Due-Diligence Checklist

(Version 1.0)

BASED ON

International Best Practices, OHSAS 18000, ISO 14000

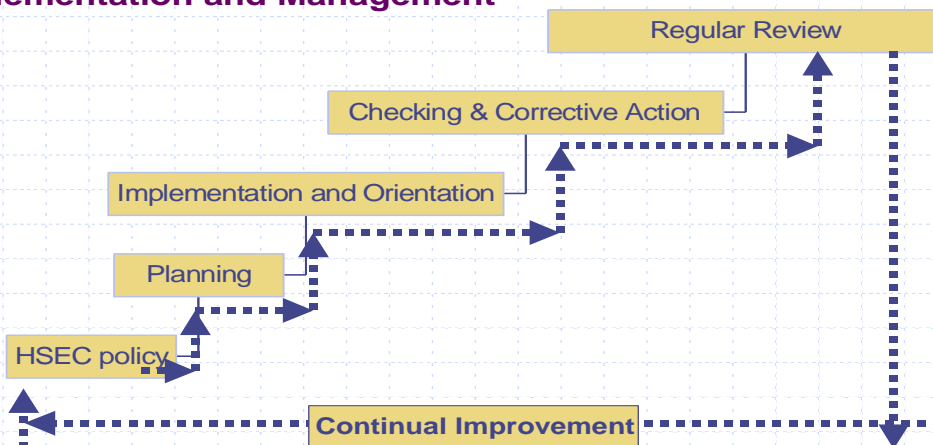
To be read with any other documentation considered necessary.

Regulus Resources Inc. and its subsidiaries ("Regulus" or "the Company") are committed to the implementation of a comprehensive Health, Safety, Environment, Labor and Community (HSELC) Policy, and most of all to ensure that this policy is made known to all its managers, staff, contractors, and partners, and that it is proactively implemented, reviewed, and updated.

This Policy and the attachments are aimed at ensuring that Regulus and any operating subsidiaries adhere to best practice Health, Safety, Environment, Labor and Community (HSELC) standards during all stages and all phases of exploration and development activities at its projects in Argentina. In addition Regulus will ensure that the activities of Contractors and Associates will be assessed against the Regulus standards.

The figure below shows the elements involved in effective health, safety, environment, labor and community management and is based on the Occupational Health and Safety Assessment Series (OHSAS 18000) and the international management system standards on environment (ISO 14000) and quality (ISO 9000) management and IFC's Performance Standards on Social and Environmental Sustainability (April 30, 2006).

Steps and Procedures in Successful HSEC Policy Implementation and Management



Policy Overview

Regulus and its subsidiaries are committed to proactive and sustainable health, safety, environmental management, labor and community best practice policies. Policy statements in each specific area are contained in this document

In respect of the above the Company will:

- ◆ Build on international best practices for exploration and mining,
- ◆ Implement environmental and social requirements as laid down by the Argentine authorities,
- ◆ Implement labor, health and safety best practices,
- ◆ As a minimum comply with national laws and regulations, and operate in compliance with IFC's Performance Standards and Environmental, Health and Safety Guidelines ,
- ◆ Establish and implement appropriate communication, consultation and information disclosure plan and procedures taking all stakeholders into consideration.

The Company will ensure that wherever possible and necessary it will assist in the development of sustainable local policies and procedures that will minimize the impact of exploration and mining on the natural landscape and local communities, and which will ensure a safe and healthy environment for the communities and natural resources, including wildlife, that may reside in the areas where exploration and possible subsequent mining may occur.

The above principles will also apply in respect of the approach to health and safety for all employees and those individuals, communities and companies that may become involved with or affected by the planned exploration programme, and all subsequent evaluation and mining programmes.

Appropriate community liaison, disclosure and interaction will be undertaken at all stages by Regulus. The level of consultation and disclosure will increase with the increased scale of activities.

In addition to the Policy Documents and Guidelines presented below all users of this material should also refer to the Annexures at the end of this document.

Environmental Policy

Introduction

The Company believes that good environmental management at every exploration stage, prospect, and mine site, proactive health and safety procedures, transparent interaction with local communities, and implementation of prudent expenditure and business performance, constitutes the foundation for successful exploration and sustainable development.

The Company will develop and implement appropriate procedures for different stages of its surveys, ground exploration, prospecting and evaluation, and development work.

Environmental Management at the Prospecting and Evaluation Stage.

The Company will ensure that environmental management plans for all stages of exploration, evaluation, and development or mining are in place at an early stage.

All Exploration, Prospecting and Evaluation work programmes will be undertaken under strict environmental management controls with all necessary procedures in place to ensure that immediate environmental impacts are mitigated and that appropriate recovery and rehabilitation processes are set in place.

Environmental Guidelines for Different Phases of Work

Ground Follow-up and exploration	<ul style="list-style-type: none"> • Environmental and Social Impact Assessment ("ESIA") appropriate to the work planned in compliance with IFC's Performance Standards will be undertaken prior to ground based exploration. • ESIA's will identify and provide possible solutions to address issues on biodiversity, soil, ecology, vegetation and wildlife issues, air quality, water resource utilization and water quality, energy utilization and conservation, solid and liquid waste management, vehicle impacts on desert environments, handling, storage and use of hazardous materials (eg: fuels and oils), land acquisition, compensation, reclamation of exploration areas and impacts on communities. • Management plans or Action Plans will be formulated in consultation with environmental and mining authorities, local communities, and other
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	<p>stakeholders. These plans will also address impacts identified by the ESIA's</p> <ul style="list-style-type: none"> • The objective of this approach will be to collect baseline information early on, to identify and mitigate impacts during exploration, planning and feasibility work, and to develop mitigation measures appropriate to the nature and scale of activities, to ensure a productive, self sustaining and hazard-free post-exploration environment. • The Company will not conduct or be associated with any on-ground exploration or operations in gazetted National Parks • The company will not conduct or be associated with any on-ground exploration or operations which would result in destruction or significant degradation of a critical natural habitat as defined through application of IFC PS6 (Biodiversity Performance Standard) • The company will implement a chance finds procedure in conjunction with the appropriate authorities with respect to archaeological remains discovered during the course of exploration activities in accordance with IFC PS 8.
<p>Field Mobilization/De-mobilization, Camp Establishment and Removal</p>	<ul style="list-style-type: none"> • Consult with all relevant authorities to establish appropriate guidelines and authorizations for ground based surveys • Show respect for cultural and ecologically sensitive sites and liaise as above • Show awareness and understanding when operating in or close to protected areas • Have respect for communities and consult with all Stakeholders beforehand • Use existing camp sites or cleared areas for establishment of camping, parking and processing of field samples • Use existing roads and access and consult with authorities or communities if it is essential to construct new access • Close-off all exits to roads and tracks that may be constructed once the project is complete • Ensure that all fuels and lubricants are stored appropriately and that liners and berms are in place to contain spillages • On completion of programs remove all items, litter and other foreign objects and substances • Rehabilitate, including the smoothing and repair of disturbed areas, and replace topsoil and plant material • The covering of fuel and oil spills with clean soil and vegetation is not an effective means of rehabilitation
<p>Exploration and Prospecting</p>	<ul style="list-style-type: none"> • Avoid damage to, cutting and removal of indigenous trees, spiritual sites, etc • Minimize the use and impact of vehicles • Place marker pegs in sensible positions and ensure that these can be removed once work programmes are complete • During soil and or stream sediment sampling minimize ground disturbance and replace plant material. There is no top soil on the project area. • Ensure that removal of soil and rock material will not lead to adverse surface water impacts and erosion • Remove all litter, tape, and plastic material

Ground-based Geophysical Surveys	<ul style="list-style-type: none"> • Implement procedures as above
Drilling Programmes	<ul style="list-style-type: none"> • Implement procedures as above • Prevent adverse surface and groundwater impacts
Bulk sampling (via Open Pitting)	<ul style="list-style-type: none"> • Ensure that all Environmental and Social Impact Assessment work is complete • Remove any significant topsoil and plant material to one side • Minimize removal and damage of indigenous trees • Conduct extraction in a systematic fashion and ensure rehabilitation is an integral part of the mine programme • Ensure that slimes dams are secure and do not contaminate surface and groundwater • Ensure stability of pit walls • Ensure that the footprint of the operation is constrained to the minimum possible area • Fill completed sampling excavations, replace rock and other material, and cover with topsoil and plant material as appropriate • Sampling trenches may remain open for the duration of the exploration activities provided that safe entry and exit points are established and maintained
Open Cast Mining	<ul style="list-style-type: none"> • Ensure stability of pit walls and water storage facilities • Minimize dust emissions, noise, vibration and visual impacts • Prevent adverse surface and ground water impacts • Minimize damage to biodiversity and reduction in land use capability • Progressively rehabilitate areas disturbed by mining
Mineral Processing Facilities	<ul style="list-style-type: none"> • Prevent adverse air quality impacts and minimize dust levels • Minimize use of water and energy • Minimize spillages, waste generation and responsibly dispose of unavoidable wastes • Prevent adverse groundwater and surface water impacts
Solid Process Waste and Waste Rock	<ul style="list-style-type: none"> • Contain seepage of contaminants and pollutants • Prevent flooding and failure of tailings dams • Minimize release of dust • Minimize damage to biodiversity and avoid land alienation
Decommissioning and Closure	<ul style="list-style-type: none"> • Conserve and restore biodiversity • Prevent adverse surface and groundwater impacts • Ensure long-term stability and viability of rehabilitated surfaces

	<ul style="list-style-type: none"> • Manage socio-economic issues to minimize adverse socio-economic impacts
Town, Road and Airfield Construction	<ul style="list-style-type: none"> • Consult with authorities and communities to ensure optimization of locality and infrastructure • Minimize dust emissions, nuisance and noise

Community Relations, Communication and Notification Policy

Introduction

Proactive interaction with the stakeholders that the Company's exploration and development programmes may impact on is considered an important part of the long-term investment that the Company is planning in Argentina.

The company recognizes that from the inception of the programme, and as the project progresses it will be important to:

- ◆ communicate and proactively engage with all communities and stakeholders that may be affected by its programmes,
- ◆ inform and obtain buy-in on a mutually agreed and consensus based manner with the full range of stakeholders that may be impacted upon by exploration, evaluation and development.

In these respects the company will work actively and transparently with Government authorities, other elected parties, non-governmental organizations, and the communities themselves to ensure that they (the communities) are aware of the activities of the Company, and that the impact on communities is kept to a minimum.

At the point that drilling, evaluation and other such programmes are implemented the Company will endeavour to identify how the impacts of such work on communities can best be managed, and how benefits can best be provided to communities through the activities of the Company. This will be undertaken in consultation with the affected communities.

Stakeholder and Community Notification Protocol

This following Notification Protocols shall apply to all exploration, prospecting, bulk sampling and mining.

Broad Stakeholder Consultation	<ul style="list-style-type: none"> • The Company shall notify, communicate and consult with all persons, or groups of persons, external to the operations who may be expected to be affected by or concerned due activities in their areas of residence or livelihood. • The Company will ensure that proactive consultation and dialog is maintained at all stages to identify and work with stakeholders to develop strategies that will address their concerns and expectations • Consideration will at all times be given to local context and cultural factors in order to facilitate understanding and informed discussion • The Company will, as appropriate, seek the assistance of independent third parties, facilitators, NGO's and other credible organizations to assist this process
Communities	<ul style="list-style-type: none"> • The Company will seek regular engagement about issues which may affect communities • The Company will promote strong relationships with, and enhance the capacities of, of those communities where it conducts activities for ongoing periods • Where it is possible, support for community projects will reflect the priorities of

	local people, sustainability and cost effectiveness
Community Notification	<ul style="list-style-type: none"> • The Company will commence a community notification and communication process in advance and will undertake Community Notification as outlined below: • The Notification process shall include the following information as a minimum: <ul style="list-style-type: none"> a) General location with reference to specific local landmarks b) Estimated survey commencement c) Estimated survey duration. d) Invitation to contact with questions or comments e) Client representative contact details.
Information Dissemination	<ul style="list-style-type: none"> • Unless inappropriate for a given survey, Notification advertisements will be placed in local and regional newspapers or transmitted by radio. • The minimum frequency shall be once per week for a minimum of 2 weeks. • The advertisement shall be in the official language of the country of operation as a minimum. • Spanish will be the main languages of communication
Government bodies	<ul style="list-style-type: none"> • The Company respects the laws of Argentina whilst seeking to observe, within its operations, the universal standards of accountable and equitable human rights practices • The Company aims to be and be seen as socially responsible and an investor of choice
Non-governmental Organizations	<ul style="list-style-type: none"> • The Company aims for constructive relations with relevant non-governmental organizations • The input of these organizations is considered important in terms of leading to better practices and increasing our understanding of host communities.
Placing of Notification Documents	<ul style="list-style-type: none"> • Notification advertisements will be placed in areas where community members gather. These notices shall take the same form as above and shall be posted in a visible location at least 2 weeks before survey operations are to commence.
Facilitators	<ul style="list-style-type: none"> • Consideration will be paid to local conditions and where dictated by these local conditions (for example low literacy rates) visits to the local community will occur. The team makeup involved in these visits will include as a minimum: <ul style="list-style-type: none"> a) Company representative familiar with the operation b) Translator if needed
Review and Feedback	<ul style="list-style-type: none"> • The effectiveness of communication, consultation and participation processes will be regularly reviewed in collaboration with stakeholders • Prior to the commencement of the operations it is possible that the Company may provide feedback to any community members that have raised issues as a consequence of the Notification process.

Labor, Health and Safety Policy

Introduction

The health and safety of its employees, contractors, affected communities and any other role players that may participate and be affected by the activities of Regulus are crucial to the long term success of the Company.

The Company will establish and maintain a constructive work-management relationship, promote the fair treatment, non-discrimination and equal opportunity of workers in accordance with IFC's PS 2.

Every effort will be made through training, regular reviews and briefings, and other procedures to ensure that best practice labor, health and safety policies are implemented and maintained by the company including prompt and in-depth accident and incident investigation and the implementation of the conclusions thereof. The Company will take measures to prevent any child labor and/ or forced labor.

The Company's aim is at all times to achieve zero lost-time injuries (LTI's) and fatalities.

Health and Safety Guidelines

Leadership and Accountability

- All directors, managers, employees and contractors shall understand their accountability and demonstrate leadership and commitment to the HSELC Policy
- The Directors and Management shall ensure compliance and regularly review HSELC performance and risks
- Managers and Team Leaders are accountable for the HSELC performance of their business, and the implementation and communication of the HSELC and shall see that regular meetings are held to disseminate procedures and monitor performance
- Managers and Team Leaders will ensure that all Contractors are informed of procedures and receive clear instructions in respect of HSELC
- Employees and Contractors understand that they have the right and responsibility to stop or refuse to work in unsafe conditions, and shall bring these conditions to the attention of management immediately

Legal Requirements, Documentation

- All management, staff and Contractors shall ensure that they are familiar and in compliance with all regulation and guidelines (be they State, Local Government and Company) before embarking on any work programme
- Directors and Management are responsible for ensuring that systems are in place whereby HSELC procedures are documented, displayed, distributed and that HSELC records are established and maintained, and are accurate, legible, and identifiable
- Information regarding worker's rights under national labor and employment law including wages, benefits and terms of conditions should be provided to workers prior to the contract signature.
- Respect worker's legal rights to form or join worker's organisation without interference and respect collective bargain agreements. Ensure that terms of conditions of employment are in compliance with national law and international labor standards
- In case retrenchment becomes necessary the Company will develop a retrenchment plan, consult with relevant stakeholders including workers' representatives, implement a grievance mechanism and control measures to ensure that the selection of staff is based on objective criteria.
- All employees and contractors are provided with a written contract stating the terms and conditions of employment.
- Employees and contractors are provided with payslips explaining how salaries and deductions are calculated.

Risk Management, HSELC Risk

- HSELC risks and hazards will be constantly reviewed, assessed, identified,

Register	documented, and managed
Awareness, Competence, and Behaviour	<ul style="list-style-type: none"> • Risk management identification procedures will be carried out at each new or existing site or operation, recorded and maintained in a HSELC Risk Register • New Risks and HSELC procedures will be implemented and communicated whenever identified, with training provided for the management of all risks • A grievance mechanism is developed, implemented, and is accessible to all employees and contractors, grievances can be filed on an anonymous basis. All grievances will be replied to within 15 days. Grievances and answers are registered by the company to document the process. <ul style="list-style-type: none"> • Company management and personnel, including all project and site managers shall ensure that they, their staff, Contractors and visitors are in good health and able to conduct work requirements in a competent manner • Inductions that address relevant HSELC objectives, hazards, risks, controls and behaviour will be conducted and documented for employees, contractors and visitors at the commencement of their employment or site visits • Regular re-briefings and training programs shall be held to reinforce HSELC policy and risk management • Cross-cultural training will be undertaken for employees and contractors who interact with peoples from different cultures. • Implement measures to ensure that all employment decisions (hiring, firing, promotion and training opportunities) are based on non-discriminatory criteria.
Communication, Consultation and Participation	<ul style="list-style-type: none"> • Effective communication and consultation shall be maintained between the Directors, management, employees, contractors and other stakeholders • Employee, contractor and stakeholder participation and feedback is encouraged, and tracking of follow-up actions shall be documented and reviewed • Open consultation and communication with government, authorities and other organizations will be maintained in order to contribute to the development of public policy, relevant legislation and educational initiatives • The HSELC Policy will be disseminated to all employees and contractors in their native languages and in an easily understandable version. In case employees are not literate, information will be provided through regular meetings • All new, reassigned and/or temporary employees and contractors are trained on the principles of the HSELC Policy
Personal and Property Safety and Security	<ul style="list-style-type: none"> • Employees and contractors will be aware and mindful of potential personal safety and security risks that may be encountered in the local environments in which they may operate, and this will also extend to the use of company facilities and property • Awareness in respect of vehicle hijackings, theft of personal items, break-ins and other such risks is important and appropriate measures to minimize such risks should be implemented at all times
Operations, Inspections and Maintenance	<p>Road Travel and Transportation</p> <ul style="list-style-type: none"> • All personnel shall adhere to road travel regulations and speed limits • All employees, including management and directors, should insofar as possible avoid travelling by road at night and should at all times be particularly mindful of pedestrians and animals on roads and roadsides • All personnel vehicles shall contain an automotive type fire extinguisher approved by the HSELC Representative which must be checked regularly and refilled or replaced immediately after use • A portable fire extinguisher of an approved type and size will be

conspicuously mounted on every support truck and heavy equipment

- Seat belts are to be worn at all times by personnel in vehicles travelling on or off road in Company's area of operations including the Site
- Cell phones will not be used whilst vehicles are in motion, cell phones must not be answered until a vehicle is stationary.
- All personnel should be properly enclosed in vehicles with seat belts and no personnel shall be transported on the back of open vehicles
- Effective means of communication shall be present in each vehicle, especially when remote areas are visited
- Vehicles shall employ headlights at all times when in transit (day and night)
- Emergency supplies of water and fuel shall be present in each vehicle
- Each vehicle shall have a minimum of one spare wheels while some have two.

Work and Camp Sites

- All sites shall be kept clean and tidy, and equipment and walkways to be kept free of grease, oil and other hazards
- All sites shall have appropriate fire extinguishers in obvious locations
- Personnel on Site must be familiar with the location and use of these extinguishers

Plant and Equipment

- All plants and equipment will be operated, maintained, inspected and tested within the framework of the HSELC policy and risk management procedures
- All machinery, tools, and equipment used in performing work activities shall remain in good and safe operating condition and shall be operated in accordance with safe operating practices
- All dangerous or moving parts (including but not limited to chains, belts, sprockets, shafts, couplings and clutches) shall be adequately covered with safety guards to prevent accident or injury.
- All machinery or equipment to be repaired shall be isolated before repairs are effected
- All electrical generators, appliances, fittings, power leads and major power tools used at sites will conform to approved specifications/standards, be tested routinely and regularly inspected by a certified electrician
- Wooden handles of hand tools, such as axes, sledge hammers, shovels, picks, rakes etc., used in connection with the Services, will be properly secured and free of splinters

Flammable Materials and Gas Cylinders

- Flammable materials such as diesel, petrol, oils and gas cylinders will be isolated and stored in a cleared designated areas
- Toxic additives shall be avoided wherever possible
- Oxygen, acetylene, and propane bottles used by staff will be properly secured in an upright position at all times
- Fire extinguishers must be located within safe distances from the above designated areas

First Aid and Emergencies

- First aid kit appropriate for the number of personnel in the area will be provided to every support vehicle.
- All personnel must know the location and use of these kits and one person shall be delegated the task of regularly checking and restocking the first aid kits

- Emergency communication equipment shall be available at every site or operation
- Managers and/or Team Leaders shall conduct regular safety inspections of all machinery, tools, and equipment and immediately report any deficiencies to Management
- Managers, supervisors, and insofar as possible all staff will have completed First Aid training.

Recruitment

- When recruiting new employees verify information given age through checks of their identification documents.. Minimum working age is 18;
- The Company will not retain the original identification documents of any of the employees.

Contractors and Partners

- The contracting of services, and the purchase, hire or lease of equipment and materials, as well as activities with partners, are carried out so as to minimize any adverse HSELC consequences and, where possible, to enhance community development opportunities
- Systems will be set in place to ensure that the HSELC performance of Contractors, suppliers and partners, are compliant with the Company's HSELC policies, and to provide disciplinary action and economic sanctions for material breaches
- Contractors and suppliers shall at all times provide information on the hazards associated with their equipment, products and services (see Annexure C)
- All contractors and key suppliers will be subjected to regular monitoring to ensure compliance with the HSELC Policy.

Incident Reporting and Investigation

- Personnel injury or lost time accidents and/or material damage or losses which cause stoppage of normal operations shall be reported, documented, investigated and analysed in a timely manner according to specified procedures (see Annexure D)
- Incidents with potential for similar consequences as above shall be reported and documented in a similar manner
- Corrective and preventive actions shall be taken and lessons shared

Crisis and Emergency Management

- Procedures and resources will be in place to effectively respond to crises and emergency situations (see Annexure B)
- It shall be the responsibility of management and Team Leaders to ensure that all employees and contractors are fully aware of all procedures
- All employees and Contractors must ensure that they are be made aware of procedures and acknowledge this

Monitoring, Audit and Review

- HSELC performance and systems will be monitored, audited and reviewed by management to identify trends, measure progress, assess compliance, communicate problems and drive continuous improvement

Occupational Health

- Employees and Contractors will be assessed for their fitness for work and protected from health hazards associated with their work
- Occupational health and hygiene assessments, and ongoing medical surveillance programmes, will be conducted for all occupations, tasks, and work environments, consistent with exposure risk
- Employees will have access to adequate medical and first aid services as appropriate to the location and nature of operations
- Contractors will ensure that their staff are adequately protected in terms of health and medical requirements
- The Company will promote an approach whereby it encourages employees

and contractors to undergo assessment to ensure their fitness for work. Any information or Medical records will be kept confidential

General

- The Company promotes and encourages a safe and healthy lifestyle amongst staff, contractors, communities and individuals which it either employs, contract or interacts with
- Community health issues associated with the Company's operations are identified and managed insofar as this is possible

Development Stage Environmental and Social Management Policy

Introduction

The Company recognizes the benefits of proactively engaging and working with local communities for the benefit of all stakeholders. In this respect the company will communicate and consult with local communities and stakeholders with a view to fostering mutual understanding and shared benefits through the promotion and maintenance of open and constructive dialogue and working relationships.

In order to maximize the benefits arising out of any mining development the Company will ensure that all construction and mining operations carried out by it or by subsidiaries and joint ventures to which the Company is party adhere to the guidelines outlined below

Development Guidelines

- The Company will wherever possible draw on experience from and replicate positive initiatives from similar projects worldwide.
- Implement the requirements of IFC's Performance Standards on Social and Environmental Sustainability (April 30, 2006).
- Support and improve (i) local communities and (ii) promote integrated resource conservation and utilization in the region:
- Support regional economic development not directly tied to the project
- Support project related supply chain development and linkages
- Provide training programs for available jobs
- Support community-based natural resource management initiatives
- Support water resource development initiatives
- Support institutional development and capacity building, in particular in the areas of resource conservation monitoring and management
- Where ever possible develop sustainable infrastructure requirements in conjunction with the needs of the Community
- Investigate and apply the benefits gained from use of local knowledge.

Signed:

Wayne Hewgill
President and CEO
Regulus Minerals Inc.

Date: *February 4th 2012*

ANNEXES

Annex A. Due Diligence Checklist

Annex B. EMERGENCY CONTACTS and Emergency Response Procedures

Annex C. CONTRACTORS AND SUPPLIERS: - HEALTH AND SAFETY AND ENVIRONMENTAL REQUIREMENTS

Annex D. GUIDELINES FOR SAFETY MEETINGS

ANNEX A

DUE DILIGENCE CHECK LIST

The Due Diligence Checklist is aimed at ensuring that the documents and policy guidelines are properly applied and followed. It should be applied as follows.

Section 1: INITIAL SYSTEM ELEMENTS CHECKLIST

This entire section should be used to establish a preliminary overview of the Company's general level of HSELC management knowledge, compliance, and maturity. It should be applied to all operations including airborne surveys.

Section 2: SUBSTANTIVE AND OPERATIONAL CHECKLISTS

Each sub-section list can be used in isolation but should be combined with others, which are relevant to what is being checked.

Example 1; Assessment of VEHICLES should also be combined with assessment of SAFETY ORGANISATION, EMERGENCY PLANNING, PERSONAL PROTECTIVE EQUIPMENT, ENVIRONMENT, FIRE PREVENTION AND CONTROL, SAFETY INSPECTIONS and ACCIDENT/INCIDENT REPORTING & INVESTIGATION.

This series of checklists is intended as a dynamic document, subject to constant change in view of individual experiences in its use. It is recommended that results be kept on file, findings (with recommendations of corrective actions) of common interest be circulated appropriately, and constructive suggestions for changes be sent to Javier Robeto (main contact) at Minera Regulus Argentina. – Salta.

SECTION ONE: INITIAL SYSTEM ELEMENTS CHECKLIST

Element of the Management System	Yes	No	Comment
IS THERE AN ACCEPTABLE HSELC POLICY?			
IS THERE ADEQUATE PLANNING (Are HSELC hazards identified and management plans developed)?			
IS IMPLEMENTATION AND OPERATION OF HSELC (Management plans) PROGRAM ADEQUATE?			
IS THERE ADEQUATE CHECKING AND EFFECTIVE CORRECTIVE ACTION?			
DOES MANAGEMENT REVIEW HSELC PROGRAM?			

OHSAS 18002 can be used as reference specifically chapter 4.

SECTION TWO: SUBSTANTIVE AND OPERATIONAL CHECKLISTS

Element of System / item	Yes	No	Comment
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Element of System / item	Yes	No	Comment
IS THE HSELC POLICY DISPLAYED & UNDERSTOOD?			
IS THERE A SUFFICIENT HSELC ORGANISATION?			
ARE THE SECURITY ASPECTS OF THE LOCATION ASSESSED AND MANAGED			
IS THE EMERGENCY PLANNING, INCLUDING A VISIBLE EVACUATION PLAN, ADEQUATE?			
IS THE PERSONAL PROTECTIVE EQUIPMENT (PPE) READILY AVAILABLE AND ADEQUATE?			
HAVE ALL KNOWN OCCUPATIONAL HEALTH HAZARDS BEEN IDENTIFIED AND ARE THESE MANAGED AND MONITORED ADEQUATELY?			
ARE ENVIRONMENTAL CONTROLS ADEQUATE?			
ARE COMMUNITY AND SOCIAL MATTERS ASSESSED AND MANAGED RESPONSIBLY?			
IS SAFETY RELATED TO TOOLS AND MACHINERY ACCEPTABLE?			
IS STORAGE AND STACKING OF EQUIPMENT AND MATERIALS ACCEPTABLE? (ESPECIALLY HAZARDOUS MATERIALS)			
IS THE LEVEL OF ELECTRICAL SAFETY ACCEPTABLE?			
IS THE LEVEL OF SAFETY WITH VEHICLES AND DRIVING ACCEPTABLE?			
IF AVIATION SERVICES ARE USED, HAVE APPROPRIATE SAFETY STANDARDS BEEN APPLIED AND ASSURED?			
ARE ALL ASPECTS OF FIELD CAMPS AND OFFICES ACCEPTABLE RE HSELC?			
ARE WORK SITES SAFE AND OPERATIONS CONDUCTED ACCORDING TO HSELC POLICY?			
ARE CONTRACTORS AWARE OF AND ADHERING TO HSELC POLICY?			
ARE DRILLING OPERATIONS CONDUCTED IN ACCORDANCE WITH HSELC POLICY ?			
ARE GEOPHYSICAL OPERATIONS CONDUCTED SAFELY AND IN AN ENVIRONMENTALLY RESPONSIBLE MANNER?			
ARE THE PROJECT HSELC INSPECTIONS &			

Element of System / item	Yes	No	Comment
AUDITS AVAILABLE FOR REVIEW?			
IS HSELC A MEETING AGENDA ITEM, WITH MINUTES AVAILABLE? IS THERE EVIDENCE OF WORKFORCE INVOLVEMENT?			
IS THERE AN ACCIDENT/INCIDENT REPORTING & INVESTIGATION PROCEDURE?			
ARE REPORTS, INVESTIGATIONS, AND CORRECTIVE ACTIONS READILY AVAILABLE FOR REVIEW?			

The Exploration and Development HSELC Manual should be used as a reference material for this checklist.

Signed:

<i>Regulus</i>	<i>Partner</i>	<i>Contractor</i>	<i>Other</i>
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ANNEX B
RIO GRANDE PROJECT EMERGENCY RESPONSE PLAN

The Rio Grande project emergency response plan exists to help Regulus respond quickly and effectively in the event of an emergency and includes a list of contact information for all key Regulus personnel.

The plan is not presented here due to privacy and confidentiality concerns. If there is a need to gain access to portions of the plan please contact; Wayne Hewgill at +1-604-961-0033 (mobile) or +1-788-438-2481 (office).

Annexure C.

CONTRACTORS AND SUPPLIERS:- HEALTH, SAFETY AND ENVIRONMENTAL REQUIREMENTS

Introduction

Contractors and suppliers shall ensure that they have the ability to conduct work in a manner which meets, or exceeds the HSELC policy and rules of the Company. Company HSELC Policy requirements shall be stipulated in Contracts and once these are accepted and signed all Contractors and Suppliers shall be party to the implementation of such policies.

On initiation of work programs Contractors and Suppliers will be briefed on procedures and thereafter shall ensure that they hold regular briefings of their own personnel and that procedures for the reporting of incidents are followed.

Details of procedures applying to contractors, as well as all Company employees are outlined below.

A. The Company's Current Health and Safety Requirements

The Contractor represents that it has read and understands Company's Safety Policy and requirements as set forth in this Schedule C.

The Contractor shall ensure that its employees, agents, permitted sub-contractors (collectively Contractor's "personnel") strictly adhere to all safety requirements set forth herein.

1. Safety Regulations

The Contractor shall ensure that he/she and all Contractor personnel will, at all times, strictly observe and comply with all Company and Government safety regulations and requirements which are applicable to the Services.

2. Safety Plan

Contractor shall perform the Services in accordance with a safety and emergency plan which shall include regular safety meetings, appropriate safety and occupational training for Contractor's personnel, standards for accident and near-miss reporting, use and maintenance of safety equipment, emergency action and drills to familiarize Contractor's personnel with emergency procedures.

3. Safety Instructions

Contractor shall ensure that all Contractor personnel arriving at the Site are properly instructed in the safety plan, safety training, and first aid prior to their commencing work.

4. Safety Meetings

Contractor's Representative shall be in charge of and responsible for safety and safety related matters with respect to the provision of Services at each Site and shall convene monthly meetings of Contractor's Personnel to discuss and consider safety aspects relating to provision of the Services. Contractor's Representative shall keep complete and accurate minutes of each meeting, signed copies of which shall be forwarded to Company's Representative. Contractor's Representative shall attend safety meetings as required by Company.

Contractor's Personnel, at Contract's sole cost and direction, shall be given safety job -related and survival training required by law, Company's Safety Policy, and good practices, prior to their commencing any work.

5. Access Denied

Company may refuse access, without charge or penalty to Company, to the Site of any or all of the Contract's personnel who, in Company's best judgment do not comply with Company's Safety Policy and requirements.

6. Equipment Safety

The Contractor shall ensure that its machinery, tools, and equipment used in performing the Services are and remain in good and safe operating condition; that they are operated in accordance with safe operating practices; and that all dangerous or moving parts (including but not limited to chains, belts, sprockets, shafts, couplings and clutches) are adequately covered with safety guards to prevent accident or injury. All machinery or equipment to be repaired shall be isolated before repairs take place.

7. Safety Inspections

Contractor's Representative shall conduct regular safety inspections of all machinery, tools, and equipment and immediately report any deficiencies to Company's Representative.

8. Health

Medical conditions, which may affect a person's ability to perform work contemplated herein, shall be reported to Company's Representative prior to the start of such work.

Company shall not be responsible for the medical care of Contractor's personnel.

Contract shall require Contractor's personnel to maintain the highest standards of hygiene.

9. Safety Equipment

The Contractor shall require and provide:

- (i) a first aid kit appropriate for the number of personnel in the area, which shall be provided to every support vehicle. Contractor's personnel must know the location and use of these kits. One drill crew member shall be delegated the task of regularly checking and restocking the first aid kits; and
- (ii) emergency communication equipment satisfactory to Company's Representative.

10. Safety Procedures

The Contractor shall require and provide that:

- (i) a portable fire extinguisher of an approved type and size be conspicuously mounted on every support truck and heavy equipment. All personnel vehicles shall contain an automotive type fire extinguisher approved by Company's Representative. Extinguisher must be checked regularly and refilled or replaced immediately after use. All personnel on Site must be familiar with the location and use of these extinguishers;
- (ii) seat belts to be worn at all times by personnel in vehicles traveling on or off road in Company's area of operations including the Site
- (iii) Vehicles shall employ headlights at all times when in transit (day and night)
- (iv) the Site to be kept clean and tidy, and equipment and walkways to be kept free of grease, oil and other hazards;
- (v) flammable materials such as diesel, petrol, oils and gas cylinders to be isolated and stored in a cleared area designated by Company's Representative;
- (vi) the use of toxic additives to be avoided wherever possible;

- (vii) all electrical generators, appliances, fittings, power leads and power tools at the Site to conform to standards approved by Company's Representative;
- (viii) the wooden handles of hand tools, such as axes, sledge hammers, shovels, picks, rakes etc., used in connection with the Services, to be properly secured and free of splinters;
- (ix) oxygen, acetylene, and propane bottles used in connection with the Services to be properly secured in an upright position at all times.

11. Safety Reports

The Contractor shall provide Company with prompt and full reports of all accidents and incidents arising from performance of the Services which have caused or potentially could cause personnel safety to be threatened. Initial reports will be made verbally as soon as possible and confirmed in writing as soon as practicable following the incident or accident. The Contractor shall provide a weekly safety report which shall include:

- (i) man hours worked during the week;
- (ii) number of incidents for the week wherein safety standards were in jeopardy of breach; and
- (iii) number of days since last Lost Time Injury.

B. The Company's Environmental Requirements

1. Compliance

The Contractor shall be aware of and comply with:

- i. all relevant federal, state, provincial and local laws and regulations relating to the environment;
- ii. Company's Environmental Policy which is part of this Schedule, and which Company reserves the right to amend at any time;
- iii. All environmental stipulations contained herein, or as may subsequently be issued in writing by Company's Representative.

2. Operational Procedures

The Contractor shall perform its work in a manner intended to protect the environment and the property rights of others. The following procedures shall be followed by Contractor:

- (i) vehicles shall be restricted to established roads or tracks where possible, and shall, as far as practicable, follow contours where tracks are not available;
- (ii) oil spills shall be avoided and accidental spills confined;
- (iii) noise shall be kept to a minimum;
- (iv) disturbance to stock and wildlife shall, as far as is practicable, be avoided.

3. Damage to Property

Contractor shall conduct all activities in a manner intended to prevent damage to livestock, crops, timber, cultivated fields, roads, trails, gates and fences. Contractor shall establish and maintain close communication with landowners regarding any proposed activity on the affected lands.

4. Fire

To reduce the risk of fire at the Site, the Contractor shall:

- (i) store fuel and other flammable items away from working machinery, preferably in a cleared area;
- (ii) ensure that suitable fire fighting equipment is carried by the Contractor at all times;
- (iii) establish and enforce a fire prevention and fighting policy and take appropriate measures to control any fires on or around the Site.

C. The Company's Human Resource Management Requirements

1. Compliance

The Contractor shall be aware of and comply with:

- iv. all relevant federal, state, provincial, local and international laws and regulations relating to human resources management;
- v. The Company's Human Resource Management Policy as contained within the HSELC Policy

2. Operational Procedures

Develop and implement adequate procedures to implement the Human Resource Management Policy. Such procedures shall include:

- (i) Appoint an responsible Human Resource Manager;
- (ii) Inform new employees about their rights and obligations and provide on a regular basis information sessions for existing workers;

3. Work and employment conditions

- (i) Ensure that employees are paid at least the minimum wage and that obligatory pension and social security contributions are paid to the relevant authorities;
- (ii) Ensure that the work rotation schedule and the number of hours worked per week by employees is within legally acceptable limits as per labor laws of the relevant country

4. Child labor and forced labor

- (i) When recruiting new employees verify that they are at least 18 years old by checking their identification documents;
- (ii) Don't retain the original identification documents of any of the employees;

5. Freedom of Association and Non-discrimination

- (i) Ensure that employees are informed about their rights to Freedom of Association and Collective bargaining;
- (ii) No employment decision (hiring, firing, promotions and training opportunities) are made on a non-discriminatory basis.

6. Grievance Mechanism

- Develop, implement and disseminate a grievance mechanism for employees.

Annex D.

GUIDELINES FOR FIELD SAFETY MEETINGS

Due to the nature of exploration activities, the majority of our work sites and environments are constantly changing and moving. Our use of contractors adds to the number of on-site personnel who are coming and going. Effective safety meetings are probably our best forum to discuss important and changing issues, and keep all personnel up to date.

OBJECTIVES

Safety meetings should be viewed as a positive and constructive step towards raising and solving safety issues and promoting safety awareness in general. They are also an ideal opportunity to make new on-site personnel aware of local procedures.

FORMAT

Informal meetings are the only practical format for meetings in the field. At exploration sites, these may be referred to as “evening meetings”. A non-threatening environment will assist in promoting active discussion by all participants. Evening meetings are held nightly. Even if there are only two people on site, a safety meeting should still be held.

Safety meetings are not just for Regulus employees. Contractors must be involved whenever they are on site. Contractors should hold safety meetings even if there are no Regulus employees present. The contractor crew chief then needs to forward the minutes to a Regulus representative.

AGENDA

A basic agenda may include:

- safety matters arising since the previous meeting
- action taken on matters arising from previous meetings (Note - minutes of previous meeting required)
- recent incidents or near-miss situations;
- possible problems with and improvements to current procedures
- relevant safety issues from elsewhere in the department.

Attached is a pro-forma with basic items as headings (Note: these should be regarded as prompts for further discussion).

IMPORTANT ASPECTS OF MEETINGS

- ❑ Be prepared
- ❑ Somebody should act as Chairperson (usually the geologist or crew chief or lead driller), although this job should be rotated
- ❑ All suggestions, ideas and comments should be considered
- ❑ Keep discussion flowing
- ❑ Keep the meeting constructive and positive – derive maximum value from the discussion
- ❑ Meetings are a forum for sharing ideas
- ❑ Encourage and allow all attendees to be involved in discussion
- ❑ All participants have something important to contribute

- ❑ Minutes can be brief as long as the important discussion points are recorded
- ❑ Use questions to provoke thought and discussion - encourage interaction
- ❑ Ensure all participants understand any decisions or resolutions
- ❑ Recap and clarify what action will be taken and by whom.

WHAT NEEDS TO BE RECORDED:

- Date
- Location
- Attendees (indicating chairperson)
- Agenda items – decisions reached, follow-up required, person responsible for follow-up.

DISTRIBUTION

- Minutes should be forwarded to the Program/Project Leader or Safety and Environment Representative for the project
- Important and relevant issues should be distributed to other groups in the Exploration Department.

TOPICAL ISSUES

Consider raising topical issues (or particular local themes) each meeting. These might include:

- ❖ “Dehydration”
- ❖ “Livestock Awareness” – if working in areas where this could be an issue
- ❖ “Drill Rig Safety” – at the start of a drilling programme
- ❖ “Chance Finds” – procedures for chance archaeological discoveries

SAFETY STATISTICS REPORT

DIVISION:

MONTH/YEAR:

LOCATION:

	COMPANY EMPLOYEES	CONTRACTORS
1. NUMBER OF EMPLOYEES		
2. TOTAL HOURS WORKED		
3. TOTAL NUMBER OF FATALITIES		
4. NUMBER OF DISABLING INJURIES		
5. NUMBER OF LOST TIME INJURIES		
6. LOST WORK DAYS		
7. NUMBER OF TOTAL INJURIES		
8. NUMBER OF NEAR MISSES		
9. PROPERTY DAMAGE ACCIDENTS		
10. PROPERTY DAMAGE COSTS (LOCAL)		
11. DATE OF LAST LTI		

12. LOST TIME ACCIDENTS AND OTHER SIGNIFICANT INCIDENTS

13. PROPERTY DAMAGE ACCIDENTS AND ASSOCIATED COSTS IN LOCAL CURRENCY

14. SAFETY ACHIEVEMENTS

15. SAFETY INITIATIVES