



Environmental, Social, Health & Safety, Human
Resources, and Land Acquisition
QUARTERLY REPORT
April-June 2018
NICARAGUA

CONDOR S.A.
&
LA INDIA GOLD S.A.

**LA INDIA, NICARAGUA,
CENTRAL AMERICA**

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Executive summary

The following report covers the period from April to June 2018, including the environment, social, health and safety, human resources, and land acquisition processes.

During this period, Condor Gold submitted complementary information for the EIA for La India Mine Project. Condor continues implementing the Reforestation plans for Espinito-Mendoza and Real de la Cruz concessions. This year, we have completed the 3-hectare reforestation plan in Real de la Cruz, with 1400 trees. The nursery/greenhouse in La India concession holds 3980 trees, which will be used in the reforestation plans and campaigns.

Condor continues to improve and implement the procedures and programs created for the Environmental and Social Management System (“ESMS”), which includes Environment, Community, Health and Safety and Human Resources. Implementation focuses on the Waste Management Program and the Participatory Water Monitoring Program, talks and training on the ESMS procedures are given frequently and Environmental Awareness activities are organized with the villagers in collaboration with the social team.

The Community Relations team continues implementing informative meetings with local actors and representatives of the local economic sector through the creation of four committees: seniors, businesses, water and local businesses through a series of meetings and door-to-door visits executed by the Community Relations staff. Social contributions have focused on: water program, the elderly, APROSAIC, training programs and churches; with a total investment of US \$ 42,413.6.

The Water Program, which began on April 10th, 2017, benefits 224 families in Santa Cruz de la India. Furthermore, this program was extended in February to the community of Agua Fría where 111 families were added; it also expanded to 21 landowners, benefiting a total of 355 families. This program has generated a positive impact on the health of the community; this was supported by data from the Community Health Clinic, which showed a decrease in the rates of gastrointestinal problems and urinary tract infections.

During the second quarter, some important dates were celebrated such as the environmental week, children's day, Nicaraguan mothers' day, teacher's day and Father's Day. To commemorate these festivities, Condor implemented activities with various sectors of the population, which allowed a broad participation.

In the months between April and June, 409 people visited the Information Office, which is located in the village. The main reasons for their visits were queries about the water program, artisanal mining as well as meetings of Involvement Programs.

Furthermore, the process to inform about the Grievance Mechanism continued with meetings with specific groups in Agua Fria community.

Regarding the work with artisanal miners, 87% of artisanal miners identified in the 2017 Census were trained in Risk Identification and 45 meters of rope was given per team as an incentive. 62 miners-ID cards were delivered as part of the Ministry of Mine's artisanal miners' program.

Health and Safety procedures and plans, created for the ESMS and based on IFC standards continue to be implemented during this quarter, with numerous discussions and training meetings.

During the period, Condor Gold employed an average of 52 direct employees, 48.8% of whom live in the local villages. Furthermore, 37.2% are women. Condor Gold employs indirectly 28 people from the security company ESIPSA. 7 employees have or are benefitting from grants for English courses and online postgraduate courses. Training and skills improvement are a daily part of Condor Gold's commitment to improve the professional level of its employees.

1. INTRODUCTION

Condor Gold, as part of its commitment to the implementation of IFC Performance Standards, has created the following report.

This report includes activities from April to June 2018, in the areas of Environment, Social and Community Relations, Resettlement, Land Acquisition, Health and Safety and Human Resources.

2. OBJECTIVE

To provide information on the environmental, social, health and safety, human resources and property related matters within Condor Gold subsidiaries.

3. ENVIRONMENTAL ACTIVITIES

3.1. ENVIRONMENTAL STUDIES RELATING TO THE PERMITS

In April, CONDOR GOLD continued working closely with MARENA and MEM to ensure compliance with the exploration permits for the Rodeo and Real de la Cruz concessions. A special report was submitted in June for the Real de la Cruz concession, relating to the environmental compliance of its activities.

In May, CONDOR GOLD attended meetings with MARENA and the interinstitutional commission to discuss the modified EIA proposal for the La India mining project, which was submitted in January 2018; and to further address data required by MARENA.

In June, CONDOR GOLD submitted a 450-page document comprising technical studies and maps for the EIA relating to the La India mining project and addressing complementary information requested by MARENA.

Quarterly Environmental Reports for January to March 2018 were prepared for each concession and submitted to MARENA, MEM and local municipalities as part of the commitments relating to the grant of permits.

3.2. ENVIRONMENTAL MONITORING

3.2.1. Baseline studies

Condor Gold continues conducting groundwater level, surface waterflow and water quality monitoring, as well as gathering weather data from its digital weather station and two rain gauges.

Surface waterflow

Surface waterflow is monitored daily at 5 weirs.

The rainy season began in April, earlier than is usual, with 70.4 mm; however, constant water flow has not been established in local streams, with the exception of San Lucas V-notch weir

(LIWL001), which varied from 17cm in April to 18cm in May and decreased again to 17.3 cm in June.



(a)



(b)



(c)



(d)



(e)

Photograph 2.2.1a. (a-d). (a) Staff gauge in San Lucas V-notch weir (LIWR001) (b) La Simona Trapezoidal weir (LIWR002), (c) La India Rectangular weir (LIWR004) were the staff gauge have been removed, (d) Alcantarilla and (e) Alcantarilla TSF. Taken 30th June 2018.

Groundwater level monitoring

The groundwater level at 17 sites, including 7 piezometers and 10 hand-dug wells, is monitored weekly. Data is stored in a database and analyzed for changes in level compared to previous months, abnormal variances and water usage.

The 17 sites are located within the area of interest of the mining project, which covers circa 500 Ha.

Water quality monitoring - Participatory Water Monitoring Program

Water sampling was carried out on 2nd of May as scheduled, with the participation of representatives from MARENA León, MINSA, Santa Rosa del Peñón municipality, together with further representatives from the seven communities in the sampling zone. A total of 14 people participated, divided in two groups, and 12 sites which are systematically sampled twice a year. Results of the monitoring were received mid-June. In July, a brochure was prepared to present the results to the seven villages: La India, Agua Fría, El Carrizal, Bordo, Cristalito, Nance Dulce and Ocotillo.



(a)



(b)

Photograph 3.2.1b. (a-b). (a) Nance Dulce village, community well (b) Agua Fría school, water well.

Weather data

Condor continues registering weather data gathered from Condor’s digital weather station and two rain gauges located in Agua Fría village and La India village.

Based on Condor’s weather station, the following data was registered:

Parameter	April	May	June
Rainfall (mm)	70.4	482.3	133.8
Temperature maximum °C	35.5	35.7	32.8
Temperature minimum °C	21	20.5	21.0
Relative humidity maximum (%)	89.1	90.5	87.6
Relative humidity minimum (%)	24	21.4	41
Predominant wind direction (°)	ENE (56.25-78.75°)	ENE (56.25-78.75°)	ENE (56.25-78.75°)
Average wind speed (m/s)	4.5	4.9	7.4

La India and Agua Fría rain gauges registered the following precipitation:

*Rain gauges - La India and Agua Fría villages
Rainfall April to June 2018 (mm)*

Rain gauges	April	May	June
La India	80	408.2	138.2
Agua Fría	47.4	NA	141

3.3. ENVIRONMENTAL MANAGEMENT

3.3.1. Remediation and Rehabilitation of affected areas

From April to June, as part of the rehabilitation and remediation measurements, re-vegetation was carried out in areas affected by the previous drilling campaign.



a)



b)

Photograph 3.3.2.a-b) Revegetation in Espinito-Mendoza concession.

During this period, the Company focused on the implementation of its remediation, rehabilitation and reforestation plans as well as the technical studies and social engagement to continue advancing the La India project.

3.3.2. Reforestation plans implementation

As part of reforestation activities, the Company continues to manage a tree nursery in the La India concession. There are currently 3980 saplings and trees, which will be used in the reforestation areas. Organic fertilizer is also being generated with food waste from the camp facilities through vermicomposting, as part of the Waste Management Program.



(a)



(b)



(c)



(d)

Photograph 3.3.1.a-c. New tree nursery and d) Vermicomposting

Between April to May, maintenance was carried out on 5 hectares of the reforested area in Espinito-Mendoza, with 425 trees replanted.

In June, the 3-hectare reforestation plan for Real de la Cruz was completed and a total of 1,400 trees were planted in the first six months of the year. Maintenance and replanting of the trees will continue for 4 years as established by Nicaraguan law. Furthermore another 3 hectares will be reforested as part of the compensation plan in Real de la Cruz concession.

3.3.3. Implementation of the ESAP and IFC activities

Implementation of the recycling program has continued as part of the Waste Management Program and includes, composting and vermi-compost, as well as, activities in the communities to increase environmental awareness through recycling. These were organized with artisanal miners and the villages of La India, Agua Fría and El Bordo, as well as with Condor's workers. In April, a total of 521 people participated, and circa 2,700 bottles were handed in for recycling in exchange for 540 plants.



a)



b)



c)

Photograph 3.3.3.a. (a-c). (a) La India village environmental meeting, (b) Artisanal miners' recycling activity and (c) Workers' recycling activity in April 2018

Talks related to the Environmental Management System were given to workers with a focus on HSEC policy, Waste Management - recycling, Cultural Heritage, Water Management and Soil Management and greenhouse/plant nursery management. Also, to promote environmental awareness, Condor celebrated International Environmental Day, Recycling and Biodiversity days with co-workers and villagers from La India, Agua Fría, Bordo, Carrizal and El Cristalito; as well as children in primary schools.



a)



b)

Photograph 3.3.3.b (a-b). (a) Talks with co-workers, (b) Celebration Environment Day with kids from Bordo community

IFC Reports

In February, the Company issued its Annual Monitoring Report (AMR) report for 2017 to the IFC as part of its commitments and continued providing the IFC with quarterly reports as agreed.

The proposed EIA modification for La India mining project, together and its Communication Plan was also discussed with and reviewed by the IFC.

4. SOCIAL ACTIVITIES

4.1. STAKEHOLDERS ENGAGEMENT IMPLEMENTATION

In December 2017, planning commenced in relation to organization of activities concerning community's stakeholders' engagement for 2018.

As part of the Stakeholders Engagement Plan, during the period from April to June 2018, meetings were held with different stakeholders' representatives from villages in areas directly and indirectly impacted by the project. Through visits and meetings, it has been possible to report on the Company's different programs and activities carried out as part of the implementation of Mina La India project.

4.1.1. Meetings with local stakeholders

During this period, the Company held 59 meetings with stakeholders from the community. Main topics addressed were:

- Program El Agua Es Vida
- Elderly program
- Social contributions
- Businesses
- Creation of local committees for water, elderly and local business owners

Collaboration alliances meetings

CONDOR GOLD is working jointly with International NGOs and government institutions to promote activities that will benefit the inhabitants of the communities. A total of 29 meetings have been held to establish collaboration agreements and alliances with 12 NGOs and government institutions.

4.1.2. Artisanal mining

Activities with artisanal miners and small-scale miners are focused on engaging with them to create confidence and good relations, as well as dispelling mis-information and alleviating concerns.

a) Training in risk identification

The Company concluded the training program aimed at safety risk identification in various work areas and which commenced in February. The campaign covered the 14 extraction areas identified in during 2017 artisanal mining census on the Company's concessions.

This risk identification training benefited 308 artisanal miners working in Condor's concessions benefitted from this training – they represent 87% of the total of artisanal miners identified in the 2017 artisanal mining census. As an incentive, 45 meters of rope was given to each miner who undertook the training and a total of 3,458 meters were distributed.

b) Artisanal miners ID

The Company continued to support the Ministry of Energy and Mines with the process of issuing IDs cards for artisanal miners and a total of 62 IDs cards were provided to artisanal miners.

c) Access permits to La Mestiza

A total of 53 agreements were entered for the benefit of 211 artisanal miners by permitting them to work in the La Mestiza areas to extract ore. These artisanal miners are from 10 nearby communities.

4.1.3. Information Office

In the months between April and June, 409 people visited the information office. The main motivations for their visits were to improve understanding of the water program, artisanal mining consultations as well as meetings of the various involvement programs.

Attendance at Information Office April – June 2018									
Month	Artisanal mining	Water program	Grievance mechanism	Social Contributions	Involment activities	Training (foreman course)	Business Program	Elderly Program	Total
Apr	67	45	1	0	0	4	58	0	175
May	12	95	0	2	0	4	0	0	113
Jun	32	31	0	1	22	5	5	25	121
Total	111	171	1	3	22	13	63	25	409

4.1.4. Identification of vulnerable families

The elderly program in Santa Cruz de la India registered a total of 121 people: 70 women and 51 men, who selected a leadership committee through a community assembly in December 2017.

The activities carried out in this quarter included delivery of basic food packages to the elderly in extreme poverty, as well as the sick. A Piñata preparation training course was also given by INATEC and there was a Mothers' day Celebration with 69 elderly mothers, a Fathers' day celebration with 36 elderly parents, and a total of 23 meetings with the board of directors.



Photograph 4.3.2.a-b Piñata preparation course.

4.2. GRIEVANCES

4.2.1. Grievance committee

Grievances received during this period did not require the involvement of the Grievances and Grievance Committee.

4.2.2. Grievance mechanism implementation

Awareness meetings regarding the Grievance Mechanism continued with specific groups in Agua Fria community.



Grievance mechanism (information process)

No.	Date	Activity	Participants			Questions / Comments of interest	Means of Verification
			W	M	Total		
1	20-04-18	Awareness meeting in Agua Fria	19	8	28	<ul style="list-style-type: none"> Expressed that up until now, the community has no grievance with the Company due to communication and mutual respect. The importance of understanding the 	<ul style="list-style-type: none"> List of participants. Photos of Meeting.

No.	Date	Activity	Participants			Questions / Comments of interest	Means of Verification
			W	M	Total		
						procedures to communicate complaints or grievances was acknowledged.	

4.2.3. Grievances registered

A total of two complaints were attended to and related to the environment. Both were resolved.

4.3. COMMUNITY RELATIONS PLAN IMPLEMENTATION

CONDOR GOLD developed a social investment plan oriented towards generating conditions to promote better community relations in the areas of direct and indirect influence of the project; with a focus on health, education and training program, Water Committee, APROSAIC, the elderly program, water program for the communities, as well as churches, among other contributions and programs.

During the second quarter of 2018, the total investment was **US \$ 42,413.6** with 3323 beneficiaries.

One of the main projects, the Water Program, which began on April 10th, 2017, benefits 224 families in Santa Cruz de la India village, 111 families in Agua Fría village and 21 landowners - a total of 355 families. This program has had a positive impact on community health as supported by data from the community health log, which showed a decrease in the rates of gastrointestinal problems and urinary tract infections.

4.4. LAND ACQUISITION PROCESS

The land acquisition process is ongoing.

5. HEALTH AND SAFETY ACTIVITIES

5.1. Health and Safety community activities

Nothing to report.

5.2. Health and Safety trainings and workshops

Activity	Date	Participants
Health/Safety & Environmental workshops (15 min)	Daily	43 Employees

6. CAPACITY BUILDING

Capacity building and training

Description	Workers quantity	Objective
Scholarships and courses		
English course	5	English course
Online postgraduate course	2	Conflict Resolution and Social Mediation