ENVIRONMENTAL AND SOCIAL PERFORMANCE

ANNUAL MONITORING REPORT (AMR)

MONTANA EXPLORADORA DE GUATEMALA, S. A.
MARLIN MINE

REPORTING PERIOD: 2009

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TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS IV
1.0 INTRODUCTION AND BACKGROUND 1
1.1 Annual Monitoring Report Certification 2
2.0 MINE STATUS 3
2.1 Mining 3
2.2 Production 4
2.3 Reserves 4
2.4 Ongoing Construction 4
2.5 Exploration 5
2.6 Reforestation (Forest Incentives Program) 6
2.7 Employment 7
2.8 Payroll 8
2.9 Employee Benefits 9
2.10 Montana Employee's Solidarity Association 9
2.11 Employee Training 10
2.12 Purchasing 11
2.13 Land Acquisition 12
3.0 TAX AND ROYALTY PAYMENTS 13
4.0 SIGNIFICANT EVENTS 15
5.0 LIAISON WITH EXTERNAL PARTIES 17
5.1 Guatemalan Monitoring Requirements for the Marlin Mine 17
5.2 Ongoing Public Consultation and Disclosure 18
6.0 SCHOOLS 26
6.1 Scholarships 27
7.0 HEALTH 27
8.0 MARLIN MINE ROLE IN POVERTY REDUCTION 28
9.0 COMMUNITY/SUSTAINABLE DEVELOPMENT 33
9.1 Community Development Projects 33
9.2 Sustainable Development: Fundación Sierra Madre 39
10.0 ENVIRONMENTAL AND SOCIAL MANAGEMENT CAPABILITY 43
10.1 Environmental and Social Management Systems 43
10.2 Cyanide Code Certification 45
10.3 Marlin Mine Environmental and Sustainable Development Staffing 46
10.4 Sustainable Development Department Training 47

11.0 ENVIRONMENTAL PROGRAM MONITORING 48
11.1 2009 Environmental Permit Status 48
11.2 Sampling and Measurement Reports 55
11.3 Waste Management 65
11.4 Dam Safety 65
11.5 Waste Rock Handling 65
12.0 HEALTH AND SAFETY MONITORING 67
12.1 Occupational Health and Safety 68
12.2 Training 70
12.3 Employee Workplace Monitoring 71
12.4 Fire Safety Monitoring 71

TABLE OF FIGURES

Figure 1. Marlin Mine Employees by Place of Residence: December 2009 7
Figure 2. Marlin Mine Employees by Employment Type: December 2009 8
Figure 3. Total 2009 Marlin Mine Payroll by Employee Place of Residence* 8
Figure 4. Marlin Mine Zones of Potential Impact 34
Figure 5. Elevation Differences between MW5/PSA-1 and Tzalá River 60
Figure 6. 2002-/09 Dry Season Fish Count 64
Figure 7. 2002-09 Rainy Season Fish Count 64

TABLE OF TABLES

Table 1. Marlin Mine 2009 Surface Mine Production & Material Movement 3
Table 2. Marlin Mine 2009 Underground Production & Material Movement 3
Table 3. Marlin Mine 2009 Reserve Status 4
Table 4. 2009 Marlin Mine Employee Training 11
Table 5. 2009 Marlin Mine Purchasing: Materials, Equipment And Supplies* 12
Table 6. 2009 Marlin Mine Contract Services Purchases 12
Table 7. Marlin Mine 2009Land Acquisitions 13
Table 8. 2009 Marlin Mine Tax And Royalty Payments 14
Table 9. Public Consultation Summary: Community Relations Unit 20
Table 10. Enrollment In Schools Near The Marlin Mine: 2002 – 2009 27
Table 11. Marlin Mine Community Development Projects for 2009 36
Table 12. Marlin Mine Ch'isb'il qanq'ib'il Community Development Projects for 2009 38
Table 13. 2009 Montana Teacher Funding 39
Table 14. 2009 Marlin Mine Environmental Department Staff 46
Table 15. 2009 Marlin Mine Sustainable Development Department Staff 46
Table 16. 2009 Marlin Mine Sustainable Development Department Training 47
Table 17: 2009 Status of Marlin Mine Permits 48
Table 18. Marlin Mine 2009 PM_{10} Monitoring Data 56
Table 19: 2009 Marlin Mine Ambient Noise Levels – Daytime 57
Table 20. 2009 Marlin Mine Ambient Noise Levels – Night Time 57
Table 21. Marlin Mine Groundwater Monitoring Wells & Well Locations 58
Table 22. Marlin Mine Water Consumption, Recycling and Water Balance Efficiency 59
Table 23. Marline Mine Surface Water Sampling Locations 61

Table 27. 2009 Marlin Mine Health And Safety Incident Statistics 68
Table 28. Details Of Marlin Mine 2009 Lost Time Accidents 68
Table 29. 2009 Marlin Mine Health And Safety Training.....70
Table 30. Marlin Mine 2009 Fire Safety Activities.....71

ATTACHMENTS

Attachment A: Los 100
Attachment B: March for Peace
Attachment C: Map of Marlin Mine Environmental Monitoring Stations
Attachment D: 2009 Marlin Mine Surface and Groundwater Monitoring Measurements
Attachment E: 2009 Marlin Mine Tailings Dam Safety Review

ACRONYMS AND ABBREVIATIONS

ABA	Acid Base Accounting
ACODIHUE	La Asociación de Cooperación al Desarrollo Integral de Huehuetenango
AG	Acid Generating
ag	Silver
AGP	Acid Generation Potential
AMAC	Asociación de Monitoreo Ambiental Comunitario
AMM	Administrator of Wholesale Markets
AMR	Annual Monitoring Report
ANP	Acid Neutralizing Potential
APROSAMI	Asociación de Promotores de Salud de San Miguel Ixtahuacán
AQ	Air Quality
AQV	family planning
As	Arsenic
ASDECAFMU	San Miguel Ixtahuacán and Sipacapa Coffee Producers Organization
ASOREMA	Association of Guatemalan Environmental NGOs
ASOTRAMÓN	Asociación Solidarista de Trabajadores de Montana
au	Gold
CADEC	Community Advisory Councils
CAP	Centro de Atención Pemanente (Municipal Health Care Center)
Cd	Cadmium
CDC	Citizens Development Corps
CIEG	Army Corps of Engineers
CN	Cyanide
CO	Carbon Monoxide
CO_2	Carbon Dioxide
COCODE	Community Development Council
Code	International Cyanide Code
CODI	Guatemalan Health Care NGO
Com	Community
COMUDE	Municipal Development Council
Cont.	Contents
CPI	Critical Performance Indicator
Cu	Copper
CuM	Cubic Meters
CTA	Consultoria y Tecnologia Ambiental, S.A.
CTAs	Technical Administrative Coordinators
dB	decibel
DGAC	General Directorate of Civil Aeronautics
DGE	Dirección General de Energía
DGH	Dirección General de Hidrocarburos
DPM	Diesel Particulate Matter
ECO	Guatemalan Health Care NGO
EIA&S	Environmental and Social Impact Study
EKG	Electrocardiogram
EMP	Environmental Management Plan
EMS	Environmental Management System
Env	Environmental
EOY	End of Year
EPA	Environmental Protection Agency (United States)

ETCEE	Agency for Transport and Control of Electric Energy
FAFIDESS	Fundación de Asesoría Financiera a Instituciones de Desarrollo y Servicio Social
Fe	Iron
FSM	Fundación Sierra Madre
FUNSIN	Foundation for the Advancement of Engineering
g/t	Grams per Ton
GETSA	Gestión y Tecnología en Salud
Gpt	Grams per tonne
GUAPA	Guatemala Poverty Assessment Program
ICDP	Integrated Community Development Program
IFC	International Finance Corporation
IGSS	Social Security Tax
INAB	Instituto Nacional del Bosque
INCO/SO_2	Inco So_2 Air Cyanide Removal Process
In situ	In Place
INTECAP	Instituto Técnico de Capacitación y Productividad
INTERVIDA	US Humanitarian Aid NGO
IRTRA	Instituto de Recreación de Trabajadores de la Empresa Privada de Guatemala
IUSI	Property Tax
IVA	Value Added Tax
LECO	Geochemical induction furnace manufacturer
L/s	Liters per second
m	Meters
MARN	Ministry of the Environment and Natural Resources
MDN	Ministry of Defense
MEM	Ministry of Energy and Mines
MFI	Micro-Finance Institution
MODU	Marlin Organizational Development Unit
Montana	Montana Exploradora de Guatemala, S. A.
MSHA	Mine Safety and Health Administration (United States)
MSME	Micro, Small and Medium Enterprises
MSPAS	Ministry of Public Health and Social Assistance
MW	Ground Water Monitoring Well
NAG	Non Acid Generating
ND	No Data
Ni	Nickel
NGO	Non Governmental Organization
No.	Number
O_2	Oxygen
OH&S	Occupational Health and Safety
OP	Operating Principles
OSHA	Occupational Safety and Health Administration (United States)
PAG	Potentially Acid Generating
PAP	Pap Smear
PCDP	Public Consultation and Disclosure Program
PCS	Petroleum Contaminated Soil
PIDEC	Comprehensive Community Development Program
PM_{10}	Particulate Matter with an Aerodynamic Diameter Less Than 10 Microns
ppm	Parts per Million
PRODEC	Proyecto Desarrollo Comunitario
PRONADE	Guatemalan Community-Managed Program for Educational Development

Q	Quetzales
Res	Resolution
SAG	Semi Autogenous Grinding
SGS	SGS Group (Environmental Services Company)
SDMP	Sustainable Development Management Plan
SDMS	Social/Sustainable Development Management System
SO_2	Sulfur Dioxide
Sus	Sustainable
SW	Surface Water
TLV–TWA	Threshold Limit Value-Time Weighted Average
TPH	Total Petroleum Hydrocarbons
TSF	Tailings Storage Facility
US$	United States Dollars
USG	Ultrasound
WAD CN	Weak Acid Dissociable Cyanide
WAD	Weak Acid Dissociable
Zn	Zinc

1.0 INTRODUCTION AND BACKGROUND

This 2009 Annual Monitoring Report (AMR) has been prepared to confirm compliance of the Marlin Mine with the applicable Guatemalan requirements and the Environmental and Social Impact Study approved for the mine. The AMR has been prepared in accordance with International Finance Corporation/Equator Principle environmental guidelines and social policies. Montana Exploradora de Guatemala, S. A. (Montana) has contracted for preparation of AMRs since the mine was under construction in 2004; at first for compliance with the provisions of the company's IFC loan, and on a voluntary basis since 2006 when the loan was repaid. English and Spanish language versions of every AMR have been made available to the public as a method for communicating with stakeholders and promoting transparency.[1] Specific components of the AMR include the following:

- A detailed description of all significant health & safety, environmental, social and community development activities and events that occurred during the reporting period.

- Provision of additional information about activities (i.e., status of permits or other approvals, ongoing public consultation during operations, sustainable development initiatives, etc.).

- Quantitative performance monitoring data summaries in comparison to appropriate national requirements and international guidelines.

- An explanation of any cases of non-compliance with national requirements and international guidelines or applicable regulatory limits that have occurred, identifying the cause and the corresponding corrective measures planned or underway to prevent future occurrences.

- [1] English language versions of AMRs are available at: www.goldcorp.com; Spanish language versions are available at: www.goldcorpguatemala.com.

1.1 Annual Monitoring Report Certification

Montana Exploradora de Guatemala, S. A.
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Torre I, Nivel 6, Oficina 601
Guatemala, Guatemala
Telephone: 502 2329-2600

The 2009 AMR for the Marlin Mine was prepared by Blankenship Consulting LLC, an independent consulting firm. The social portions were based on information provided by Montana Exploradora de Guatemala, S.A. and Fundación Sierra Madre. The environmental sections were prepared from information provided by Montana and the conclusions were reviewed by Consultoría y Tecnología Ambiental, S.A., an independent environmental consulting firm. Information about the activities of *Asociación de Monitoreo Ambiental Comunitario* was provided by Avanzar, an independent consulting firm that provides facilitation services to AMAC. Health and safety sections of the report were prepared from information provided by Marlin Mine Industrial Security and Health staff.

The undersigned certify that the data contained in this AMR completely and accurately represent environmental and social issues for the Marlin Mine during this reporting period and further certify that analytical data summaries incorporated into this report are based upon data collected and analyzed in a manner consistent with the World Bank Group's *Pollution Prevention and Abatement Handbook, Monitoring*.

Montana Exploradora de Guatemala, S. A., *Milton Estuardo Saravia*	07/12/10 *Signature/Date*
Blankenship Consulting LLC *George Blankenship*	07/02/10 *Signature/Date*
Consultoría y Tecnología Ambienta, S. A. *Dr.- Ing. Adrián Juárez Pineda*	07/02/10 *Signature/Date*

2.0 MINE STATUS

The Marlin Mine was commissioned in 2005; 2009 was the fourth full year of commercial production.

2.1 Mining

Mining activities occurred at both surface and underground mining locations during 2009.

Surface Mine

A total of 9,245,563 tonnes of material was mined by the surface mine fleet during 2009; 1,815,750 tonnes were ore, at an average grade of 2.09 grams per ton (g/t) vs. compared with 2.27 g/t budgeted grade. Additionally, 7,429,813 tonnes of waste material were mined from the Marlin Pit and used in tailings dam construction or placed in the waste rock storage facility. Table 1 summarizes the material movement from the pit during 2009.

Table 1. Marlin Mine 2009 Surface Mine Production & Material Movement

	Actual	Plan	Variance
Ore Tonnes Mined	1,815,750	1,141,279	674,471
Grade Au (g/t)	2.10	2.27	-0.17
Grade Ag (g/t)	28.2	29.7	-1.5
Contained Oz. Au.	122,486	83,228	39,258
Contained Oz. Ag	1,644,809	1,089,133	555,676
Waste Tonnes Mined	7,429,813	5,147,196	2,282,617
Total Material Movement	**9,245,563**	**6,288,475**	**2,957,088**

Underground

As shown in Table 2, a total of 663,145 tonnes of ore were mined from the underground mine in 2009, with an average gold grade of 10.59 g/t gold and 258.4 g/t of silver. A total of 530,247 tonnes of waste were also mined in 2009 and 97,225 cubic meters of backfill placed in mined-out stopes. Advance in lineal meters in ore was 5,127 meters and 8,005 lineal meters in waste.

Table 2. Marlin Mine 2009 Underground Production & Material Movement

	Actual	Plan	Variance
Ore (Tonnes)	663,145	650,100	13,045
Au (g/t)	10.59	9.52	1.08
Ag (g/t)	258.4	266.4	(8.0)
Contained Oz. Au	225,809	198,892	26,917
Contained Oz. Ag	5,508,773	5,567,635	-58,862
Waste (Tonnes)	530,247	643,055	-112,808
Ore Advance (m)	5,127	7,971	-2,844
Waste Advance (m)	8,005	9,640	-1,635
Backfill (m^3)	97,225	157,200	-59,975
Total Material Movement	**1,193,392**	**1,293,155**	**-99,763**

2.2 Production

- A total of 2,161,002 tonnes of ore were processed during 2009, at an average gold grade of 4.27 g/t and 92.8 g/t of silver.

- A total of 274,897 ounces of gold and 4,157,369 ounces of silver were produced during the year.

2.3 Reserves

Table 3 displays 2008 end of year (EOY) proven and probable reserve data for the Marlin Mine, the depletion of those reserves due to mining during 2009, additions to reserves associated with 2009 exploration activities, and final EOY 2009 reserves. Exploration activities during 2009 replaced about 86 percent of proven and probable gold reserves mined during the year and about 330 percent of proven and probable silver reserves.

Table 3. Marlin Mine 2009 Reserve Status

	Tonnes	Gold Grade (gpt)	Gold (ounces)	Silver Grade (gpt)	Silver (ounces)
2008 EOY Proven & Probable Reserves	14,800,432	4.45	2,116,186	112.9	53,743,650
2009 Mining Depletion	-2,407,203	4.33	-334,905	93.6	-7,244,910
2009 Exploration Additions	772,011	10.65	264,270	934.1	23,184,318
2009 Engineering Changes	289,632	2.54	23,672	86.9	809,062
2009 EOY Proven & Probable Reserves	**13,454,871**	**4.78**	**2,069,223**	**163.0**	**70,492,120**

2.4 Ongoing Construction

A variety of improvements and expansions of mining and processing facilities were accomplished during 2009. Major new facilities include the following:

- Construction of Phase 3a of the tailings storage facility (TSF) continued throughout 2009. Some minor design changes were made to raise the final dam elevation to the 1962m elevation, to increase both tailings and water storage capacity. Dam construction was nearing completion by year-end.

- The Marlin mine became certified under the international cyanide code. Many projects were completed during 2009 to attain this status.

- Secondary water treatment plant was moved in 2009 to accommodate the raising of the saddle berm of the TSF. The plant is being used to treat future discharge water from the tailings storage facility (TSF) to the environment to guarantee compliance with both MARN standards and IFC guidelines for mining effluent. This plant is operational as of February 2010 and has been tested by treating and recirculating solution to the tailings impoundment. The secondary water treatment plant is in addition to the INCO/SO_2 treatment plant and will be used to provide a polishing level of treatment prior to any future discharge of TSF water to the environment.

- Engineering work begin on a project to add a paste thickener to the tailings circuit to increase density.

- Marlin underground mine electrical system was upgraded to 13.8kV main voltage to accommodate distance of developments from main transformer.

- Backup generators were purchased in installed to supply mine and plant power in the case of line power interruptions. Diesel tanks were constructed as well for these generators.

- The airstrip was paved to allow year round access to the mine.

- A variety of smaller internal construction projects were completed during 2009 including construction of a new fresh water well, additional camp space, and various electrical upgrades in the plant.

2.5 Exploration

During 2009, Montana continued drilling in areas of geological interest around the Marlin Mine. In all, 47 drill holes totaling 20,122 meters in depth were drilled on Montana-owned property and on third party private property adjoining the mine area. The majority of the drilling was accomplished using both contractor and Montana-owned man-portable Hydracore Gopher drills to minimize surface disturbance. These portable drills are hand carried to six-meter square drill sites, eliminating the need for access roads, minimizing drill-site disturbance and reducing reclamation times. Exploration drilling with man-portable rigs generates more local jobs than drilling with track or truck-mounted drills, averaging 30 to 40 jobs for local residents near exploration areas.

The majority of the 2009 exploration work was concentrated in the area southwest of the Marlin deposit, where 22 drill holes totaling 14,082 meters were drilled. This exploration occurred both on company-owned land and on neighboring private lands, located within the community of Agel in the municipality of San Miguel Ixtahuacán and in smaller proportion near the community of Cancil in the municipality of Sipacapa. Drilling was carried out to test for subsurface occurrence of geologic features previously identified through geological mapping and soil and rock sampling in these areas.

Montana follows a procedure respectful of private property when drilling on lands outside of company-owned property. Landowner permission is always obtained before exploration work commences on privately owned property, including sampling, mapping and construction of paths and drill platforms. When roads and platforms are required on privately owned property, the landowner is compensated based on the amount of land that is disturbed.

Entry agreements with private land owners always include reclamation provisions, and local

residents remain employed by Montana for several weeks following each drilling campaign to reclaim disturbance by re-contouring drill sites, reseeding disturbed areas and planting trees.

Exploration activities also occurred in areas near the Marlin surface mine and within the underground mine during 2009, with the objective of locating and delineating the extension of mineralization to the west and east of these areas.

Geological anomalies have been identified within a zone known as "Coral," which is located within the Marlin Exploitation License area. This zone requires further study and evaluation of the potential mineral content. In order to perform this evaluation, Montana initiated a drilling program to obtain core samples at depth within the zone. The program was to be carried out on company-owned lands.

At the end May 2009, the drilling program was initiated on site by the contractor Kluane, using portable drilling equipment and a work team that included about 35 locally-hired employees. Of the total planned drilling program, the team managed to drill four drill holes totaling 871.52 meters in depth.

Exploration drilling on company-owned land in the Coral zone was prematurely terminated in June of 2009 as a result of violence and vandalism at the site. These events are detailed in Section 4.0 (Significant Events) of this AMR.

2.6 Reforestation (Forest Incentives Program)

The Marlin Mine reforestation campaign is part of the Forestry Management Plan approved by the Guatemalan INAB (Instituto Nacional de Bosques). Reforestation was described in this plan as compensation for the direct impact of tree cutting within the mine area footprint. The compensation requirement was to reforest 190 hectares (ha); this requirement was completed during the first two years of the reforestation campaign, 2004 and 2005. Montana has continued reforesting between 5 and 20 ha annually beyond the INAB requirements.

During 2009 INAB conducted an inspection of the trees in reforestation areas that were in their fourth year of growth. Trees planted on a total of 110.02 hectares passed the inspection, but trees planted on 43.88 hectares – mainly in areas around the mine where the rock layer is closer to the surface and trees take longer to grow – did not. Marlin exchanged the areas that did not pass the inspection for an equal amount of land in the mine's voluntary reforestation program. Trees planted in the exchanged areas will begin their first year of growth in 2010.

While reforestation is a requirement under Guatemalan law, the *Incentivos Forestales* (reforestation incentives) program is a voluntary program initiated by Montana in agreement with INAB and in conformance with INAB's reforestation model to ensure that planted trees reach maturity. Under this program, private landowners are paid incentives for planting and caring for trees. The incentives are paid for five years. In addition to cash incentives, participating landowners receive technical assistance from the company for ground preparation, fertilizing, plague control and other ongoing tree care services for the first five years. After that period the landowner is responsible for the care of the trees and may manage them for potential benefit; i.e. managed harvesting for firewood.

The year 2009 was the sixth reforestation year with 7.68 ha being reforested. During 2009 Marlin paid private landowners Q. 82,566 ($10,320[2]) in forestry incentives. Since the inception of the Forest Incentives program, Marlin has paid over Q. 874,221 ($109,277) to a total of 135 families for planting and caring for trees on their land.

2.7 Employment

As of December of 2009, a total of 1,905[3] workers were employed by the Marlin Mine, about 18 percent more than the December 2008 total of 1,609. A total of 1,193 workers were employed directly by Montana and 712 workers were employed by mine contractors.

Figure 1 displays December 2009 Marlin Mine employment by employee place of residence at the time the employee was hired. During 2009, over 98 percent of all direct and contractor employees working at the Marlin Mine were Guatemalan residents and 58 percent of the employees were from the two municipalities surrounding the mine (44 percent were from San Miguel Ixtahuacán and 14 percent were from Sipacapa). Most of the workers from San Miguel and Sipacapa were people of indigenous descent. Of the 1,193 direct Montana employees at the Marlin Mine in December 2009, 89 percent were men and 11 percent were women.

Figure 1. Marlin Mine Employees by Place of Residence: December 2009

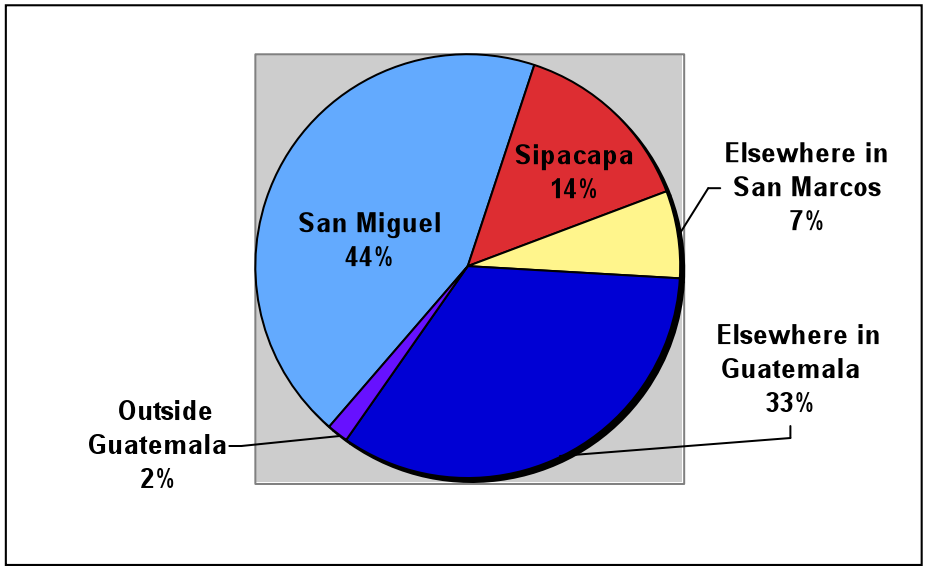
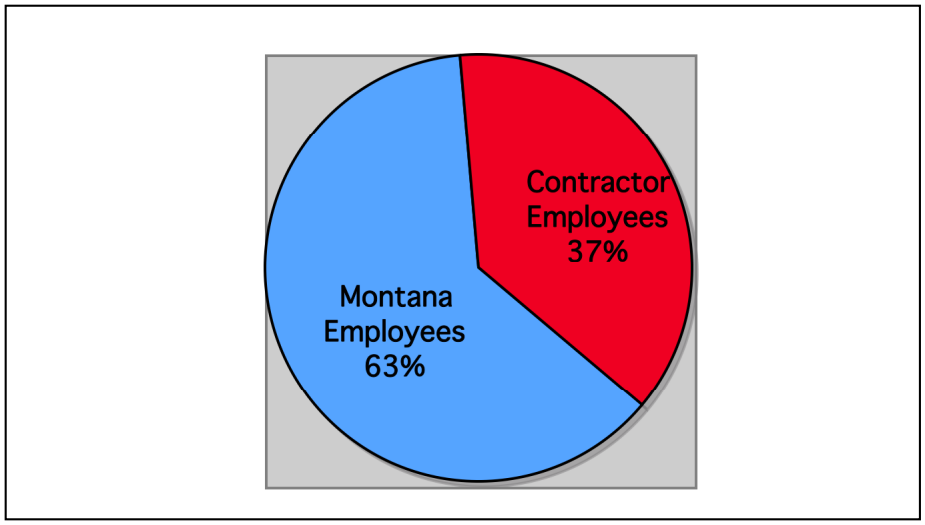


Figure 2 displays Marlin Mine workforce by type of employment. During December of 2009, 63 percent of the Marlin Mine workforce worked directly for Montana and 37 percent were employed by contractors. Of the contractor employees, 99 percent were Guatemalans, and 50 percent were from San Miguel Ixtahuacàn and Sipacapa.

[2] 2009 exchange rates used in this AMR range from Q.8 to Q.8.5 = US$1
[3] This includes 25 teachers in schools in communities near the mine whose salaries were paid by Montana. Teachers work from January through October.

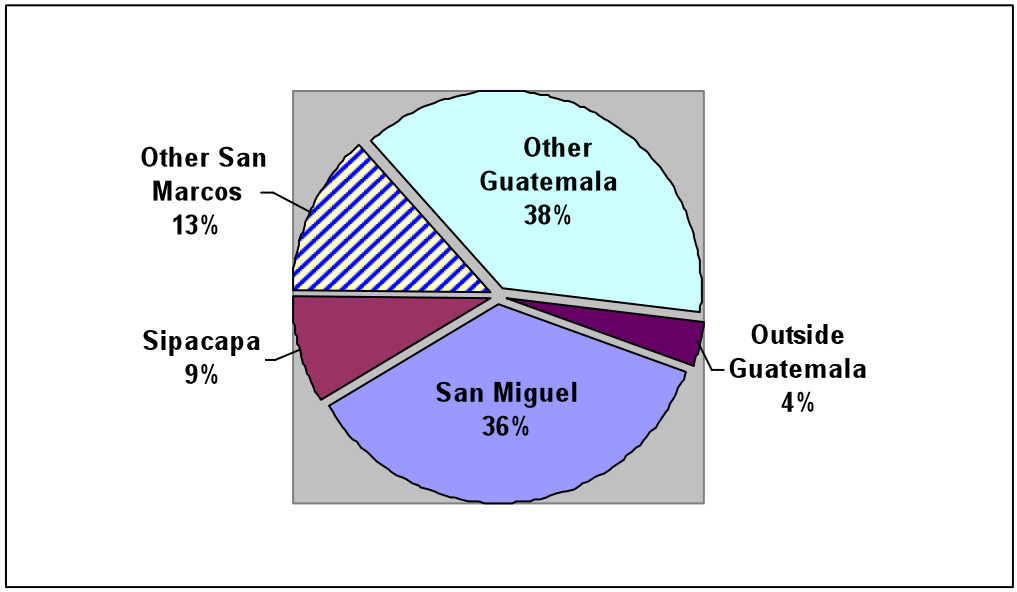
Figure 2. Marlin Mine Employees by Employment Type: December 2009



2.8 Payroll

The 2009 Marlin Mine payroll for both Montana direct and contractor employees totaled over US$23.2 million (Q.186 million). Of the total payroll, 96 percent or over US$22.4 million (Q.179 million) was paid to Guatemalan workers, including US$8.3 million (Q.66.6 million) paid to workers from San Miguel Ixtahuacàn and US$2 million (Q.16.7 million) paid to workers from Sipacapa (see Figure 4). In all US$10.4 million (Q.83.3 million) or 45 percent of the total 2009 Montana and contractor payroll accrued to workers in the two municipalities where the Marlin Mine is located.

Figure 3. Total 2009 Marlin Mine Payroll by Employee Place of Residence*



*No salary distribution information provided by contractor Hergo; all Hergo salaries included as "Other Guatemala," although 23 workers lived in San Miguel, Sipacapa and elsewhere in San Marcos. No Hergo employees lived outside Guatemala.

2.9 Employee Benefits

Montana full-time employees receive the benefits listed below.

- Health insurance for employees and their families.
- Employees and their families can receive free health care treatment at the health clinic located at the mine site[4].
- Life insurance.
- Accidental death and dismemberment insurance.
- Overtime pay.
- 14th salary bonus: a bonus equal to one month's salary for employees that have worked a full year (prorated for those that have worked for less than one year).
- Production bonus: during 2009 Montana initiated a production bonus system for all employees. The bonuses are paid monthly, are department specific and tied to performance in safety and compliance with environmental stewardship standards as well as production. Other determining factors include attendance and budget performance. Bonus values can amount to 25 percent of monthly salaries for employees at the lower end of the pay scale and decrease as a percentage of monthly pay for employees at the higher end of the pay scale.
- Christmas bonus: also a bonus equal to one month's salary for employees that have worked a full year (prorated for those that have worked for less than one year), calculated from December 1 through November 30.
- 15 days vacation/year.
- Social Security.
- Retirement Savings Plan.
- IRTRA (Instituto de Recreación de Trabajadores de la Empresa Privada de Guatemala), an institution that provides recreation facilities for employees of private entities.
- Transportation is provided to and from the mine site daily from San Miguel Ixtahuacàn, Sipacapa, San José Nueva Esperanza, San Antonio, Máquivil, and Huehuetenango.
- All mine workers are provided breakfast
- Safety equipment: all Marlin Mine workers are provided with the safety equipment required for their particular job.
- Day Care Center: Marlin Mine mothers can leave their children (ages three months to three years) in a day care center at the mine while they work.
- Children of mineworkers enrolled in elementary school receive a school kit with a backpack, notebooks, pencils, eraser, sharpener, ruler and a color pencil box.
- All day shift workers receive a quick breakfast – a hot beverage and bread – at the beginning of their shift
- Each department presents a safety award to an employee each month, who also receives a special jacket.

2.10 Montana Employee's Solidarity Association

In November of 2005, the employees of Montana Exploradora de Guatemala, S.A formed the Asociación Solidarista de Trabajadores de Montana (ASOTRAMÓN), which seeks to improve the quality of life for Montana employees, their families and communities. The association operates a number of businesses whose profits accrue to the organizations members. It provides long and short-term loans to members and promotes social, sporting and economic activities to strengthen relations of solidarity and goodwill between employees and the company.

[4] Residents of communities near the mine also receive free health care at the clinic located at the mine site.

ASOTRAMÓN has the following objectives:

- Stimulate employee savings
- Facilitate acquisition to credit.
- Provide access to basic goods at affordable prices
- Retirement planning
- To instill an entrepreneurial spirit

As of the end of 2009, ASOTRAMÓN had over 900 members, about 76 percent of all employees at the Marlin Mine and a 21 percent increase over the 2008 membership level.

ASOTRAMÓN had total assets of over Q.16.3 million (over US$2 million) at the end of 2009, which included Q.10.4 million (US$1.3 million) in employee savings and Q.5.9 million (US$74 million) in contributions from Montana. The organization also made a total of over Q.6.5 million (US$813,000) in loans to 571 members. A total of Q1.2 million (US$151,000) in dividends were distributed to association members during 2009, a 62 percent increase over 2008 dividends to members.

During 2009, ASOTRAMÓN expanded its existing portfolio of small business (a small store, a cafeteria, truck and van transportation services) by adding a portable toilet leasing and servicing business and expanding the menu at the association's cafeteria. At the end of 2009 ASOTRAMÓN had a total of 16 employees, twice the 2008 level of 8 employees. ASOTRAMÓN also held two bazaars during 2009, which raised about Q. 174,000 (US$21,700) in revenues for the association, a 78 percent increase form the previous years profits from bazaars. ASOTRAMÓN was successful in locating a commercial mini-bank for employees on the Marlin Mine site and in negotiating higher interest rates for both long-term fixed rate and short-term deposits.

ASOTRAMÓN also supports Marlin Mine community relations initiatives, including organizing and assisting in community celebrations.

2.11 Employee Training

The Marlin Mine provides a variety of training for all employees. Table 4 displays training provided during 2009, excluding social and environmental training, which are reported under subsequent sections of this AMR. In addition to this training, all Marlin employees receive regular safety training including a one-half hour industrial safety meeting on a weekly basis and a five-minute safety talk is held with all workers at the beginning of each shift. Other safety training is described in the Occupational Health and Safety section of this AMR.

Table 4. 2009 Marlin Mine Employee Training				
Job Classification	Number Trained			Training Description
	Male	Female	Indigenous	
Managers & Superintendents	10	2	0	Safety Leadership Training
	28	2	0	Management Skills Training
	2	0	0	Incident Investigation Training
	2	0	0	Delta Train the Trainer
Supervisors	100	0	80	Effective Security Leadership Training
	120	0	100	First Aid
OP Operators, UG Operators, Process Plant Operators, Civil Workers, Warehouse Workers	400	0	370	Cyanide Code
	75	5	55	First Responder/Industrial Firefighting Training
	140	8	120	Industrial Fire Suppression
	80	6	65	Pre natal birth training
	58	2	40	Sodium Cyanide Incident Training
UG Personnel	56	0	45	Underground First Aid & Rescue
	120	0	80	Incident Command System Training
	60		25	Hazardous Materials First Responder Training

2.12 Purchasing

Marlin Mine purchasing is divided into two categories: purchasing for operations-related materials, equipment and supplies and contract services.

During 2009 Montana spent over US$123 million (Q.1 billion) for materials, equipment and supplies for operations of the Marlin Mine. Of the total, about 70 percent or $86.5 million (Q.706 million) was spent within Guatemala. Over US$6 million (Q.49.2 million) in purchases were made in San Miguel Ixtahuacán and over US$300,000 (Q.2.6 million) in purchases were made in Sipacapa. More than US$878,000 (Q.7.2 million) in purchases were made from women-owned businesses (see Table 5). The amount purchased from indigenous-owned businesses is not known, because the businesses do not identify themselves as indigenous-owned. It is likely however than many of the businesses from San Miguel Ixtahuacàn and Sipacapa were owned by people of indigenous decent.

Table 5. 2009 Marlin Mine Purchasing: Materials, Equipment And Supplies*						
	By Location of Contractor					
	San Miguel Ixtahuacán	Sipacapa	Elsewhere in San Marcos Department	Elsewhere in Guatemala	Outside Guatemala	Total
2009 Total Operations Purchases	$6,032,877	$313,619	$2,385,475	$77,796,569	$36,549,949	$123,077,903
Total Purchases from Women-Owned Businesses	$535,504	N/A	$342,878	N/A	N/A	$878,382

* Note that purchasing in this instance includes expenditures for capital, increased inventories and other items in addition to operations costs.

During 2009 Montana spent more than US$ 14.9 million (Q.122 million) for contract services. All of these expenditures were made in Guatemala (see Table 6), and US$2.4 million (Q.19.8 million) was spent in San Miguel Ixtahuacán and Sipacapa.

Table 6. 2009 Marlin Mine Contract Services Purchases						
	By Location of Contractor					
	San Miguel Ixtahuacán	Sipacapa	Total Elsewhere in San Marcos Department	Total Elsewhere in Guatemala	Outside Guatemala	Total
Total Operations Contracts	$2,368,486	$59,303	$1,344,226	$11,155,146	N/A	$14,927,163

2.13 Land Acquisition

During 2009, Montana acquired an additional 1,366.26 cuerdas or approximately 147 acres of land for the Marlin Mine (see Table 7). Although Montana has previously acquired all land necessary for current operations the Marlin Mine, the company continues to purchase selected parcels from willing landowners to expand the buffer area, for exploration purposes and to extend reserves. Montana also purchased land for a potential new tailings area during 2009.

Table 7. Marlin Mine 2009Land Acquisitions						
Number of Parcels Purchased	**Number of Owners**	**Number of Women Owners**	**Total Area**	**Average Parcel Size in Cuerdas**	**Total Paid in Quetzales**	**Total Paid in Dollars**
52	33	9	1,366.26 cuerdas	26	Land Q.5,465,040[5]	Land $666,468
			147 acres		Improvements[6] Q.4,862,557	Improvements $592,995

3.0 TAX AND ROYALTY PAYMENTS

During 2009 Montana paid almost Q. 266 million (US$31.5 million) in taxes and royalties for operations of the Marlin Mine. Table 8 provides information on the specific taxes and payments. Since the mine began production in 2005, Montana has paid Q.71,662,323 (US$9.1 million) in royalties, which have been split equally between the Municipality of San Miguel Ixtahuacán and the central government, as required by Guatemalan law. Additionally, Montana has set aside a reserve of Q.6,971,093 (US$871,400) as of the end of 2009 for the Municipality of Sipacapa, an amount equal to 10 percent of total royalties. This reserve will continue to accrue in 2010 based on Marlin's production. This constitutes a voluntary donation and the amount was calculated on the basis of the percentage of total Marlin property that is in Sipacapa though it does not qualify for royalties under Guatemalan law since no minerals are mined in Sipacapa.

[5] The price paid per cuerda was Q.4,000.
[6] Improvements included houses and other buildings, crops, fruit trees, agricultural improvements, etc.

Table 8. 2009 Marlin Mine Tax And Royalty Payments				
Guatemalan Tax or Royalty	**2009 Marlin Mine Tax/Royalty Payment**		**Tax/Royalty Type**	**Comments**
	Quetzales	**US Dollars**		
Income Tax*	Q.138,576,526	$15,776,481	Tax on gross income	
IVA (crédito fiscal)	Q. 58,441,308	$7,214,976	Value Added Tax (VAT) – 12% on all purchases	Montana receives a refund on the portion of VAT attributable to export production. During 2009 Montana received Q26,241,535 (US$3,239,696) in IVA refunds for the period of 2006 – 2007
IUSI	Q. 557,870	$68,864	Tax on land	Can accrue to the municipality where the land is located under certain conditions
Derechos Ancelarios	Q.904,136	$111,622	Import tax	Paid on certain non-exempt imported items
Regalias Municipalidad y Gobierno Central	Q. 27,101,276	$3,345,837	Royalties on production	50% distributed to the municipality where the ore is mined
IGSS Patronal	Q. 12,079,684	$1,491,319	Social security tax (employer's share)	Funds health care and hospitals
Fiscal stamp	Q. 28,309,816	$3,495,039	3% of dividends paid	Tax paid when dividends are paid to shareholders. Accrues to the common fund of the central government
Total	**Q. 265,970,616**	**$31,504,138**		
Employee share of IGSS	Q. 4,604,962	$568,514	Social Security tax (employee's share)	Funds health care and hospitals

*Montana was scheduled to begin paying income taxes in 2008, but voluntarily began paying the tax in July of 2006. Because of this decision, the government of Guatemala received an additional Q.98,828,618 ($12,924,642) through the end of 2007.

4.0 SIGNIFICANT EVENTS

The following significant events occurred during 2009:

January 2009

- Construction of the San Miguel Ixtahuacán Health Center was initiated.
- The Marlin Mine Clinic provided services to 399 members of communities near the mine. These were in addition to the mineworkers who were seen at the clinic. Later during 2009, community members were treated at the health clinic in Nueva Esperanza.

February 2009

- On February 4th, a bus transporting local kitchen staff to the Marlin Mine received gunfire in the Agel area.

March 2009

- The AMAC President & Vice President attended the annual meeting of the Prospectors and Developers Association in Canada, met with Canadian government officials in Ottawa, gave a presentation about the Guatemalan community monitoring experience at the University of British Columbia in Vancouver, visited ALS Laboratories – the certified lab that analyzes AMAC water samples – and met with Goldcorp CEO Chuck Jeannes.
- The Marlin Mine initiated its local scholarship program. A total of 28 students – 18 from San Miguel, 9 from Sipacapa and 1 from Tejutla – began studying at the University and trade schools in Quetzaltenango.

April 2009

- International Cyanide Code auditors visited the Marlin Mine as part of the process to certify the Marlin Mine under the Code.
- The Marlin Mine Organizational Development Unit completed its 100the community development project since the Organizational Development Plan was implemented in 2006. The department published and distributed a special booklet called *Los 100* (see Attachment A).
- The Marlin Mine Community Relations Unit held a second building construction techniques workshop, which was attended by 44 builders from San Miguel and Sipacapa.
- Local growers participating in the FSM coffee project during the 2008-2009 season sold 175.19 quintales (17,519 pounds) of dried coffee, and received an increase of nine percent in the sales price over the previous year for their product.

May 2009

- Seismic events were reported on May 3rd, 27th, and 28th but none of the three events was intense enough to trigger the seismic instrumentation implanted in the tailings dam.

- On Monday, May 18th, fifteen to twenty people from the Coral area of the Aldea of Agel protested the presence of a drilling machine and crew, which were located on Montana-owned property and threatened to cause severe damage to the machine if it was not removed immediately. Montana requested support from the Guatemalan National Police and Armed Forces, to secure the area while legal actions and attempts at a dialogue intended to peacefully resolve the matter were taking place.

June 2009

- The initial conflict related to the exploration drilling in the Coral area, primarily with one local family, was successfully resolved. On June 10th, a group of ten neighbors from the Coral area blocked a road and illegally took possession of a Marlin institutional security vehicle that was carrying food for the workers at the drill site. For two days Marlin Mine management and Community Relations Department staff tried to engage the neighbors in dialogue in order to recover the vehicle and resolve the conflict. However, local anti-mining interests, including the parish priest and a nun from San Miguel arrived on site, and on Friday, May 12th, the anti-mining group burned the vehicle and drill rig. In these events one Marlin Mine Community Relations Department staff person who was attempting to negotiate with the neighbors was hit in the back with a rock and he and another staff person were repeatedly threatened with bodily harm. Marlin Mine security personnel acted according to their training in the Voluntary Principles on Human Rights and successfully avoided involvement in a violent confrontation.

- In response to these events, Marlin Mine workers organized and held a "March for Peace," which involved Marlin Mine stakeholders including not only the workers but their families and members of neighboring communities (see Attachment B).

July 2009

- AMAC conducted unscheduled and unannounced surface and groundwater water sampling in areas near the mine and within the mine site and sent the samples to a certified lab for testing. Representatives of the San Miguel COCODES accompanied AMAC as they collected samples. The ability to conduct unscheduled and unannounced testing is specified under AMAC's agreement with the Marlin Mine.

August 2009

- On August 11, the International Cyanide Management Institute (ICMI) certified the Marlin Mine as fully compliant with the International Cyanide Management Code (the Code). ICMI received and accepted a Detailed Audit Findings Report prepared by an independent professional third-party auditor who evaluated Marlin Mining operations for compliance with the ICMI's Verification Protocol and found it in full compliance with the Code's Principles and Standards of Practice. The Summary Audit Report and Auditor Credentials Form are available on Goldcorp's Signatory Page on the ICMI web site: http://cyanidecode.org/signatory_goldcorp.php. The Marlin Mine must be re-audited every three years to evaluate continuing compliance with the Code. The Code is a voluntary industry program for companies involved in the production of gold using cyanide and companies producing and transporting this cyanide. It was developed under the aegis of the United Nations Environment Program by a multi-stakeholder Steering Committee. The Code is intended to complement an operation's existing obligation to comply with the applicable laws and regulations of the political jurisdictions in which the operation is located. ICMI has been established to administer the Code, promote its adoption, evaluate

its implementation, and manage the certification process. A detailed list of the operations covered by signatory companies' applications, along with the full text of the Code and its implementing and administrative documents, are available at www.cyanidecode.org.

- Some local officials and community members in San Miguel Ixtahuacán began discussion about the desirability of holding a "consulta publica" or local referendum on the Marlin Mine.

September 2009

- On September 19th and 20th, Montana sponsored its first Workshop on the Voluntary Principles on Security and Human Rights, which was attended by Police and Military representatives from the National, Regional, and Local level, by representatives of Montana's Marlin's security contractors and by representatives of the San Miguel Mayor's Office, among others.

October 2009

- Technicians from both the Guatemalan Ministry of Environment and Natural Resources (MARN) and Ministry of Mining and Energy (MEM) conducted an inspection of the Marlin Mine and took water samples at various locations within and near the mine property. The agencies asked AMAC to participate in the inspection and to take parallel samples.

November 2009

- Local officials and community members in San Miguel Ixtahuacán began to indicate that a "consulta publica" on the Marlin Mine would not be held at that time.

December 2009

- On the 24th of December, a junction on the pipe that transports tailings to the tailings storage facility failed, resulting in an 83 cubic meter spill of treated tailings. Approximately 20 percent of the tailings were recovered and approximately 80 percent flowed through a gully and roadside drainage ditch and reached the natural intermittent stream, which is known downstream as Quebrada Seca (dry creek). The material precipitated in a sedimentation pond that was constructed upstream of a monitoring well, PSA2, as a sediment control structure. The responsible Guatemalan government agencies (MARN and MEM) and AMAC were notified and samples were taken as a part of the contingency response plan. All material was removed and the entire area was cleaned. The ministry of mines and AMAC monitored and sampled the area during the week of December 28th.

5.0 LIAISON WITH EXTERNAL PARTIES

5.1 Guatemalan Monitoring Requirements for the Marlin Mine

MEM and MARN Requirements

The Guatemalan Ministry of Energy and Mines (MEM) and Ministry of Environment and Natural Resources (MARN) are the two primary government agencies that oversee mining activities

within the country. According to Article 31 of the Guatemalan Mining Law, a mining exploitation license holder is required to prepare and submit an Environmental and Social Impact Statement (EIA&S) for proposed projects. The MARN is the agency that approves the document, and the MEM requires a copy of the MARN approval in order to issue the exploitation license. Montana is required to comply with the 13 terms of the MARN resolution 779-2003/CRMM/EM approving the EIA&S document.

Key 2009 monitoring milestones and events include the following:

- During 2009 monitoring stations remained the same as in 2008.
- MW8 was vandalized twice during 2009; no monitoring was possible during the second half of the year as a result.
- Aquatic biology monitoring stations remained the same as the previous year. Station SW10 was included as in previous years, although this is a station beyond the requirements of the EIA&S.
- A forestry cover study was conducted during 2009 (according to the EIA, a forestry cover study must be submitted every two years).
- The results of the Marlin Mine monitoring program must be presented to the MARN and MEM quarterly.
- The National Institute of Forests (INAB) conducted three field inspections during 2009 to assess the implementation of the Forest Management Plan.

Other Requirements

No other Guatemalan institutions require environmental monitoring for the Marlin Mine; however, the Ministry of Public Health and Social Assistance (MSPAS) is authorized to conduct audits.

5.2 Ongoing Public Consultation and Disclosure

Montana has an ongoing Public Consultation and Disclosure Program (PCDP) for the Marlin Mine. The objectives and initial elements of the program are described in the *Marlin Mining Project Public Consultation and Disclosure Plan*, which was submitted to IFC as a supporting document for the original IFC loan application. Marlin Mine public consultation and disclosure policies and procedures have evolved over time as conditions have changed and mine staff and local officials and residents have become more familiar with each other. The key elements of Marlin Mine communications program include:

- A 28 member Community Relations Unit, which includes Mam and Sipakapense-speaking residents of San Miguel Ixtahuacàn and Sipacapa, who visit individuals, organizations, schools and communities to provide information about mine activities and initiatives and respond to issues and requests.
- Seven Marlin Mine public information offices; one in the municipal seat of San Miguel Ixtahuacàn, five in the communities of Salem, Pueblo Viejo, Xeabaj, Pie de la Cuesta and La

Ciénaga in the municipality of Sipacapa and one in the community of Las Delicias in the municipality of Tejutla.

- Guided tours of the mine for individuals, organizations and public officials.

- An extensive print and broadcast media communications program, which includes a variety of locally produced and circulated documents that 1) provide information about mining, Marlin Mine activities and initiatives and responses to current issues, and 2) regional and national print and broadcast announcements concerning various aspects of Marlin Mine activities. During 2009, national communications initiatives also include billboards and posters in Guatemala City and elsewhere in the country.

- Information about the Marlin Mine is also available in English on the Goldcorp website at: www.goldcorp.com and in Spanish on the Goldcorp Guatemala website at: www.goldcorpguatemala.com.

- Montana has a formal grievance redress process that is available to the public. The grievance process includes a formal written statements but is also fully functional for persons who wish to make oral declarations in Spanish, Mam or Sipacapanese. There is a separate system for Marlin Mine employees in accordance with Goldcorp corporate policy and Guatemala law.

- Disclosure of Marlin Mine activities and social and environmental performance through preparation and publication of annual monitoring reports, which are available in English on the Goldcorp website at: www.goldcorp.com and in Spanish on the Goldcorp Guatemala website at: www.goldcorpguatemala.com.

- Communication of Marlin Mine tax and royalty payments, on a billboard at the Marlin Mine entrance, through pamphlets and radio announcements and on the Goldcorp Guatemala website at: www.goldcorpguatemala.com.

Marlin Community Relations Unit

One of the key elements of the PCDP is the Community Relations Unit of the Marlin Mine Sustainable Development Department, made up of Mam and Sipakapense-speaking residents of the municipalities of San Miguel Ixtahuacán and Sipacapa and headed by a community relations specialist. The Community Relations Unit has been trained to provide information about the mine and to conduct meetings and facilitate participation of indigenous peoples at the community, organization and individual level. The public consultation and disclosure work of the Community Relations Unit has been expanded over time to include communities throughout the municipalities of San Miguel Ixtahuacàn and Sipacapa as well as communities in the Departments of Huehuetenango and Quetzaltenango that are located along the access road to the Marlin Mine from the Pan American Highway and communities located along the electric power transmission line from Tejutla to the mine.

As shown in Table 9, the Marlin Mine Community Relations Unit made 840 visits to individual communities and held meetings attended by a total of 45,019 people during 2009. A total of 17,615 people were contacted individually and 843 people visited Marlin's seven community information offices. A total of 363people also toured the Marlin Mine during 2009.

Table 9. Public Consultation Summary: Community Relations Unit							
Consultation Type	**Number of Consultations**						
	2003/2004	**2005**	**2006**	**2007**	**2008**	**2009**	**TOTAL**
Community Visits	179	163	727	796	729	840	**3,434**
Number of persons attending meetings	11,609	4,357	10,722	17,726	3,288	45,019	**92,721**
*Number of persons contacted individually					15,072	17,615	**33,317**
Number of Persons visiting the mine	3,389	2,414	459	628	550	363	**7,803**
*Number of persons visiting the information offices					970	843	**1,813**

*Not tracked prior to 2008.

Montana Staff Contacts

In addition to these visits, a variety of Montana personnel held numerous formal, informal and ad hoc meetings with community, departmental and national government officials, NGOs and individuals. These meetings occurred frequently and addressed a variety of topics.

Public Communications

Montana has an ongoing public communications program that includes the following elements:

- *Volantes Informativos (Flyers):* These are short papers - often one page - on specific topics that are widely distributed in communities near the Marlin Mine. Each *volante* has a circulation of about 2,000 copies. During 2009 Montana published and circulated four *Volantes Informativos*. The topics for the *volantes* included 1) announcement of scholarships offered by the Marlin Mine, 2) Earth Day events and activities, 3) announcement of a Marlin-sponsored workshop on livestock management, and 4) an invitation for residents of communities near the mine to participate in the first annual "Posada Montana" celebration.

- *Boletín El Ingeniero:* With a circulation of about 2,500, *El Ingeniero* is the Marlin Mine's major print medium for ongoing communications with neighboring communities. *El Ingeniero* provides stories in plain, non-technical language on aspects of mining, mine and community events and milestones, community projects, profiles of mine employees, and occupational health, safety and environmental programs. Three regular issues of *El Ingeniero* were distributed during 2009. Additionally, five special editions of 3,000 copies each were circulated during an "Information Day" under the banner "*Sí al Desarrollo, Sí a la Minería*" (*Yes to Development, Yes to the Mining Industry*). Topics for these special additions included Marlin Mine environmental protection and monitoring programs, community health protection measures, the effects of open pit mine blasting, benefits of mining, the Marlin community development program and payment of taxes and royalties.

- *El Ingenierito:* A new publication, "*El Ingenierito,*" was created to present information on the mining industry to the youth of San Miguel Ixtahuacán and Sipacapa. During 2009 two editions of *El Ingenierito* were published with a circulation of 2,500 for each edition.

- *Folletos (Pamphlets)*: Illustrated pamphlets are used to provide more detailed information about various aspects of the Marlin Mine. During 2009 a pamphlet was circulated which provided information about Montana's "*Future with Responsibility*" policy, the company's respect for and compliance with Guatemalan Law, environmental protection activities, tax and royalty payments and sustainable development initiatives such as the company's role in education and economic, infrastructure and community development initiatives. Other 2009 topics included the construction of the new Health Center in San Miguel Ixtahuacán and the paving of the Highway between Conception Tutuapa and San Miguel. These pamphlets are available at Montana's information offices in San Miguel Ixtahuacán, Sipacapa and Tejutla, at the Marlin Mine offices and at Montana's offices in Guatemala City and are distributed to visitors and at events. About 5,000 *Folletos* were distributed during 2009

- *Posters*: Posters are used to extend and amplify the coverage of flyers and pamphlets. Posters containing the information in selected flyers and pamphlets are placed in public places in local communities, often at Auxiliary Mayor's offices, schools, and other publicly accessible locations. In 2009, the Community Relations Unit distributed two posters, which provided information about 1) Montana's support for the education of Marlin Mine workers and their children through the gift of backpacks with school equipment for each elementary school child, 2) information about a "Health Day" organized by Montana and the NGO HELPS, and 3) information about H1N1 virus prevention. A total of 125 posters were distributed during 2009.

- *Radio Announcements:* Radio is one of the most important mass communications media in Guatemala. Marlin Mine announcements are made on a variety of local, regional and national radio stations covering topics such as the payment of taxes and royalties and environmental, social and economic aspects of Marlin Mine activities. Radio announcements placed on local radio stations are broadcast in the Mam and Sipakapense languages as well as Spanish. During 2009, radio announcements included human interest stories about the personal achievements of Marlin Mine workers and contract workers. At the local level, radio announcements were also used to announce the mine's support for education through the awarding of scholarships, to publicize the "Health Day" campaign and to announce the inauguration of the Montana-funded San José Esperanza Community Health Clinic. Montana also sponsored radio advertisements for local sporting and social events in San Miguel Ixtahuacán and Tejutla in the Department of San Marcos.

- *Cable Television Announcements:* During 2009, Montana ran monthly television announcements on two different cable television stations that serve the Department of San Marcos and local communities near the mine. Montana also initiated a special of television communication initiative that provided program segments on the mining process on the San Miguel Ixtahuacán local cable station. These segments lasted about five minutes each, and include information concerning exploration, surface and underground mining, processing, environmental protection, the mine's health initiatives and mining industry benefits. Goldcorp's nationwide communication initiative, described below, also included a variety of television announcements, advertisements and sponsorships.

- *Newspaper Announcements:* Announcements are published in local, regional and national newspapers to communicate significant events and technical, environmental, social,

economic and legal aspects of the Marlin Mine that might not be otherwise covered by the press.

- *Magazine Announcements:* Montana also publishes informational announcements in national magazines.

- *Issue/Briefing Documents:* Montana prepares and circulates documents on a variety of aspects of mining in general and the Marlin Mine in specific. These documents are circulated to interested government and private sector representatives.

- *Video presentations:* Montana has developed a number of video presentations on aspects of the Marlin Mine. These presentations are circulated to television stations and to other interested groups and individuals in DVD format. During 2009, Montana distributed five videos describing its mining activities and the benefits of the mining industry, under the slogan of "*Sí al Desarrollo, Sí a la Minería.*" Montana also developed and circulated a video called "*The 100*," which commemorated the 2009 milestone of 100 infrastructure and community development projects that the Marlin Mine has supported in communities near the mine and along the mine access and electric power transmission routes. About 70 DVDs of these videos were distributed to community officials and leaders and to mineworkers and visitors to the mine.

- *Youtube:* During 2009 Montana posted videos to a Youtube channel www.youtube.com/goldcorpguatemalapress. This communication medium allows broad communication with both Guatemalan national and international audiences.

- *Briefings:* Montana routinely provides briefings for representatives of the banking, commerce, industrial and governmental sectors.

During 2009, Goldcorp continued its nationwide communication initiative that included a series of announcements in newspapers and magazines, radio and cable television stations and on billboards and kiosks in Guatemala City, along the Pan American Highway and elsewhere throughout the country. These announcements were designed to familiarize the public with Montana and Goldcorp and their social, environmental and development policies, and the environmental, social, economic and development activities and benefits of the Marlin Mine.

Goldcorp also sponsored charitable events, participated in trade shows and corporate social responsibility organizations and forums and hosted Marlin Mine tours for a variety of organizations including The Chamber of Industry, Rotary Club International, engineering students and faculty from the University of San Carlos, members of the Ministry of Defense and the School of Advanced Studies.

Another method for communicating with the public is through the Goldcorp website, which contains information on the Marlin Mine including Goldcorp press releases. Goldcorp posts Marlin Mine Annual Monitoring Reports on the website. The 2004 through 2008 AMRs for the Marlin Mine are available to the public in English on the Goldcorp website at http://www.goldcorp.com/operations/marlin/reports/; the 2004 through 2008 AMRs and other documents are available in Spanish on the Goldcorp Guatemala website at http://www.goldcorpguatemala.com/index.php?showPage=56&cache=1. The 2009 AMR will also be available on both websites. The Goldcorp Guatemala website provides additional information including news items, tax and royalty payments, sustainable development activities, environmental protection and restoration activities and industrial health and safety policies.

Grievance Redress

Montana has established responsibility and resources for addressing community-based grievances within the Marlin Mine Sustainable Development Department. The institutional grievance system allows for improved tracking and documentation of local inquiries, grievances and complaints. Montana implemented the new grievance system in early 2007. The Sustainable Development Department presented the policy and procedures to company employees – most of whom are residents of nearby communities – stressing that the community grievance policy is not a system for labor issues, and then presented the grievance policy and procedures to communities. The system provides a formal, documented system to respond to inquiries from members of neighboring communities. The system takes into account that some community members do not read or write and that their native language may be Mam or Sipakapense rather than Spanish.

The community grievance redress process was invoked once during 2009.

Complaint: On June 25, Mr. Arcadian Manolo Rodriguez Castillo of La Cal submitted a complaint stating that that on Sunday, June 7th, a heavy vehicle collided with the rear of Mr. Rodriguez's pickup truck causing minor damages, near kilometer 241 on the road between the Pan American Highway and the Marlin Mine. The heavy vehicle driver said that he was employed at the Marlin Mine and offered to pay the damages and gave Mr. Castillo a check for Q. 1,000 (about US$125). But when Mr. Rodriguez attempted to cash the check, the account had insufficient funds. Mr. Rodriguez attempted to contact the driver by telephone for several days without success.

Montana Response: Upon receiving Mr. Rodriguez' complaint, the Sustainable Development Department initiated an investigation involving the Marlin Mine Purchasing and Institutional Security departments, which were able to provide information about the vehicle, the driver and his employer. When contacted, the driver's employer deposited the necessary funds in the complainant, Mr. Rodriguez', account on July 14. After receiving the funds, Mr. Rodriguez, expressed his satisfaction with the resolution of his complaint and signed a statement to that effect in the Sustainable Development Department offices on July 20.

Although the Sustainable Development Department received only one complaint under the formal grievance redress system during 2009, it is important to note that community members frequently prefer to make informal complaints to mine managers, department supervisors and other employees. Many of these complaints are resolved at that level, consequently community members are not inclined to make subsequent formal complaints though employees are encouraged to offer that option to all complainants.

It is also important to note that disruptive actions such as roadblocks, vandalism and occasional acts of violence against employees occur, but at least in cases where the perpetrators are known, the individuals and groups involved appear to have been more interested in making political statements and gaining media attention than working with the company through the grievance mechanism process to resolve issues.

Community Environmental Monitoring Association (AMAC)

Avanzar, an independent consulting firm that provides facilitation services to AMAC, provided information for this section.

In September 2005, residents of communities near the Marlin Mine formed *Asociación de Monitoreo Ambiental Comunitario* (AMAC) to conduct an independent community-based environmental monitoring program in the area around the mine. In addition to Avanzar, AMAC receives technical assistance from two technical representatives, a civil engineer/geologist and a chemist, both members of the Faculty of Engineering of the University of San Carlos in Guatemala who were selected by AMAC to assist them. AMAC also receives assistance from a social facilitator.

Legal Status and Decision Making

AMAC is independent and community-based; each of the participating communities elects their representative in a community assembly. The association's internal regulations require that decisions be made in assemblies that follow local traditions. The association is under the direction of an executive committee comprised of a president, vice president, secretary and treasurer.

Funding

AMAC has an agreement with FUNSIN (Foundation for the Advancement of Engineering – a foundation with headquarters in the Guatemala School of Engineering) for the management of funds. FUNSIN manages funds obtained from all sources to enable AMAC to retain its independent status. To date the IFC, Montana and the Canadian Embassy have contributed funds to support AMAC's activities. AMAC continually strives to diversify its funding base.

Training

AMAC conducted four training sessions for its members during 2009, including basic training on the environment, mining industry processes, chemical science and a special session on seismic effects of open pit mine blasts which was taught by an expert in seismic science.

Water Sampling

AMAC collected water samples four times during 2009, during the months of February, May, August and December. Samples were collected in both the Rio Tzala and Rio Cuilco drainage basins as well as at various Marlin Mine monitoring wells. Ten sampling points are monitored on a regular basis. The samples obtained were sent to a laboratory chosen by AMAC (ALS Laboratory Group in Canada, an internationally certified laboratory). Two AMAC members visited ALS laboratories in Vancouver during 2009 to familiarize themselves with laboratory procedures and quality control processes.

AMAC conducted an unscheduled and unannounced monitoring event during the month of July. This monitoring event was attended by representatives of the Council of Development (COMUDE) of San Miguel, Ixtahuacán. On this occasion, the group sampled a series of monitoring points that are located within or flow through the municipalities, including two locations on the Rio Cuilco, one on the Quivichil, a tributary stream on the Rio Cuilco, and one sample of water from the tailings pond.

AMAC was also invited to participate in sampling events conducted by two Guatemalan agencies with regulatory authority over the Marlin Mine. The Ministry of Energy and Mines (MEM) included AMAC in a series of three monitoring events and the Ministry of Environment and Natural Resources (MARN) included AMAC in one monitoring event. During these events

samples were taken from points routinely sampled by AMAC as well as some additional sampling points.

As described in Section 4.0 (Significant Events), a junction in the HDPE tailings pipe failed on December 24, resulting in an 83 cubic meter spill of treated tailings. AMAC inspected the site of the spill and prepared a sampling plan. During the week of December 28, AMAC took samples from three monitoring wells and a spring located near the spill area and took surface water samples from the stream in the drainage where the discharge occurred.

Analysis and Comparison of Laboratory Results

AMAC and its advisors use a series of statistical controls that compare ongoing sampling results with baseline sampling values to determine if there are any changes in the sampling points that are sampled. Additionally, statistical models are used to determine if the correlations between the various parameters that are analyzed demonstrate changes that might be attributable to mining operations.

Since the beginning of the sampling program, AMAC and Marlin Mine Environmental Department employees have collected samples at the same time and at the same locations. The two sets of samples have been sent to different certified laboratories for analysis, but the laboratory analysis results have always been compared. During 2009 AMAC also compared its laboratory analysis results with those of the MEM and MARN for the joint sampling events in which AMAC participated.

The laboratory results from all samples taken during 2009 by AMAC, by the mine personnel, by the MEM and by the MARN were consistent and did not show any significant negative impacts related to mining activity.

Sampling Program Conclusions

After reviewing the results of the laboratory analysis and comparing these results with those of the Marlin Mine Environmental Department, the MEM and the MARN, AMAC concluded that no perceptible influence of Marlin mining operations has been detected in the analysis of the samples that they have collected.

Communications

One of AMAC's primary objectives is to communicate the results of its findings to area residents, to civil organizations to municipal, departmental and national government officials and agencies and to other interested parties. Each quarter, shortly after the laboratory results analysis meetings, AMAC members visit participating communities to present and explain the results. Besides the mining company, AMAC is the only organization that provides documented information about the Marlin Mine's effects on surface and groundwater to communities near the mine and other parties interested in the mine's environmental performance.

During 2009, AMAC developed a news bulletin, written for the local audience, detailing the current findings of the monitoring program. As in past years, AMAC's Annual Report was disseminated to local, departmental and national government agencies and civil organizations. Also during 2009 AMAC participated in public events in Guatemala City including corporate social responsibility events organized by CENTRARSE and academic events organized by universities and colleges. AMAC representatives also traveled to Toronto to participate in an event organized by PDAC regarding monitoring of transnational mining activities (see Section

4.0, Significant Events). AMAC has also been asked to participate in the Environmental Commission instituted by the San Miguel Ixtahuacán Council of Development (COMUDE).

Fundación Sierra Madre Community Advisory Councils

Fundación Sierra Madre (FSM – described in Section 9.2 of this AMR) has established Community Advisory Councils (CADEC) in the municipalities of San Miguel Ixtahuacàn, Sipacapa and Máquivil, and has developed rules, procedures and structures for the CADEC. The CADEC are intended to engage the communities in the formulation and implementation of the Foundation's plans and strategies.

During 2009, FSM conducted participatory diagnostic studies in 59 of the 61 communities in San Miguel Ixtahuacán as part of an agreement with the municipality. In addition, FSM conducted six participatory diagnostic studies that led to development plans in San Miguel Ixtahuacán, five in Sipacapa and one in Los Horcones, Malacantancito, Huehhuetenango

6.0 SCHOOLS

Montana coordinates with local communities, national, departmental and local educational institutions, FSM and other NGOs to strengthen and improve educational resources in communities near the Marlin Mine. Montana's educational initiatives include supporting municipalities and communities in the construction and improvement of school facilities through the work of the Marlin Mine Community Development Program (see Section 9.1), funding of school equipment and supplies and funding of the salaries of teachers. During 2009, Montana funded the salaries of 20 teachers including 12 in communities in the municipality of San Miguel Ixtahuacàn, seven in communities the municipality of Sipacapa and one in the municipality of Malacatancito. Montana contributed Q.500.000 (US$63,000) during 2009 for the funding of these 20 teachers. The additional teachers lower the teacher/student ratios in the affected schools, resulting in more individual attention for students. Since its inception in 2004, teachers funded by Montana have helped educate a total of 7,197 students in community schools near the mine.

Montana has also supported a number of communities in the construction and improvement of schools and classrooms in communities in the municipalities of San Miguel Ixtahuacàn, Sipacapa and Malacatancito. Montana's support for school initiatives are described under a later section of this report, titled *Marlin Organizational Development Unit and Community Development Funding.* During 2009, Marlin supported construction or improvement of school buildings in 14 communities.

A collateral benefit of the Marlin Mine is that school enrollment is increasing, in part because of the increased availability of year-round work in communities near the mine. Information about school enrollment is collected from schools in each directly affected community. Table 10 contrasts 2002 and 2009 enrollment for schools in villages near the mine site.

Table 10. Enrollment In Schools Near The Marlin Mine: 2002 – 2009				
Community/School	**2002 Ending Enrollment**	**2009 Enrollment**	**Change in Number From 2002**	**Percent Change From 2002**
Agel	208	297	89	43%
San José Ixcaniche	97	186	89	92%
San Jose Nueva Esperanza	57	124	67	117%
Salitre	208	443	235	113%
Siete Platos	129[7]	200	71	55%
Salem	58	129	71	122%

School enrollment has increased substantially between 2002 and 2009 in every community near the mine site, despite relatively minor changes in population (although no official census of these communities has been conducted in recent years, they are relatively small, stable communities and there has been no appreciable population growth). Fewer families are traveling to the coast for work and more children are completing the school year. It is also clear from discussions with teachers that fewer children are dropping out of school each year, although the dropout rate in some schools continues to be relatively high.

6.1 Scholarships

During 2009 Montana provided 20 scholarships for students with records of excellent academic achievement but limited financial resources. The selection process considered students from the municipalities of San Miguel Ixtahuacán, Sipacapa and communities located along the access road and electric power transmission line to the mine. Scholarship recipients are currently studying at the state university (San Carlos de Guatemala) in the city of Quetzaltenango and in technical schools. The goal is to allow these students access to higher education and careers that will permit them to raise their quality of life and that of their families and communities.

7.0 HEALTH

Montana's health care strategies for communities near the Marlin Mine have evolved over time. Initially the company supported development of health care facilities and services through Fundación Sierra Madre in partnership with other health care NGOs.[8] During the past several years, the company sponsored the health baseline study described below and participated in numerous discussions with the Guatemalan Ministry of Health. Also during this period, the emphasis shifted from immediate delivery of health care services to the sustainability of the local health care delivery system.

GETSA (Gestión y Tecnología en Salud) completed a baseline health study that included communities within the municipalities of San Miguel Ixtahuacàn and Sipacapa. The Health Baseline Study was reviewed and approved by the Ministry of Health of Guatemala effective October 27, 2006. Part of an agreement between Montana and the Ministry of Health was the sharing of the baseline study information in communities in the area near the Marlin Mine. This work is pending implementation as part of a regular health-monitoring program.

[7] The Siete Platos enrollment number is from 2004. The 2002 enrollment was not available.
[8] See Section 8.2 for a description of Fundación Sierra Madre.

The Health Baseline study provides information about the health conditions and services prior to the development and operation of the Marlin Mine. It also provides technical information to better plan Montana's support of the local health system in coordination with the Ministry of Health, and a platform to implement a health monitoring system that will be useful for Montana and the Ministry of Health during the life of the Marlin Mine.

The information developed in the initial baseline study also justified a higher level of health care and the development of a Level I[9] health center in San Miguel. In January of 2007, the Ministry of Health and Montana signed an agreement for 1) the sharing of results from the Health Baseline study, 2) a joint effort to implement a health monitoring program to build on the Health Baseline study and 3) improvement of the San Miguel Health Center to a provide 24 hour/day integrated health care.

Montana is currently seeking a qualified research organization to conduct a longitudinal health study, which will monitor health conditions described in the GETSA Health Baseline study. As currently conceived, researchers would conduct the study under guidance from the Guatemalan Ministry of Health with financial support from Montana.

During 2009, the Marlin Mine Sustainable Development Department collected additional health monitoring information and provided the information to the MEM as part of its annual monitoring report.

Regarding the remodeling and expansion of the San Miguel Health Center, during 2009 Montana worked with the Municipality of San Miguel Ixtahuacán, the Ministry of Health, and municipal health care authorities to construct the expanded Health Center or CAP. Construction was 75 percent complete at the end of 2009 and completion was anticipated during the first quarter of 2010. Montana acquired the equipment and supplies necessary for the operation of the CAP, and these were being installed in the building at the end of 2009.

Montana also supported the purchase of basic medical supplies for the CAP and funded two "Health Days," which were held in coordination with the NGO HELPS International.

8.0 MARLIN MINE ROLE IN POVERTY REDUCTION

The IFC's mission is to "*promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives*." The Marlin Mine Social and Community Development Program, described in the *Indigenous Peoples Development Plan* submitted as part of the original Marlin Mine IFC loan application, included activities intended to ensure that residents of communities near the mine site share in the benefits of the mine in a manner that substantially reduces poverty and improves their lives. This section of the AMR demonstrates Marlin Mine progress in achieving those goals.

In February of 2003, the World Bank released "*Poverty in Guatemala*,"[10] a five-year comprehensive analysis of poverty in Guatemala conducted through the Guatemala Poverty Assessment Program (GUAPA). The study's three main objectives were to 1) conduct a multi-dimensional analysis of poverty in Guatemala using both quantitative and qualitative data; 2)

[9] This health center categorization has been superseded by one developed by the new central government administration.
[10] Poverty in Guatemala, Report No. 24221-GU. World Bank. February 20, 2003.

examine the policies of government spending and policies on the poor; and 3) use the empirical findings of the report to identify options and priorities for poverty reduction in the future.[11]

The Priority Actions for poverty reduction contained in the study include the following:

1. *Promoting economic growth*: The study notes that "In this context, the main engine of growth is likely to come from the private sector" and that priority actions should include "promoting growth with special emphasis on sectors that are likely to generate substantial employment for the poor." Activities which could support growth in non–farm activities in rural areas include:

    a. increasing and improving the targeting of investments in education and technical training;

    b. increasing investments in transport and basic infrastructure, which are crucial for the diversification, growth and inclusion of the poor in the rural economy; and,

    c. policies that promote micro, small and medium-enterprises (MSMEs), a segment of the private sector that tends to generate a lot of employment.

2. *Investing in education*, *with priority actions to improve quality and access to pre-primary and primary education.*

3. *Investing in health*, *with an emphasis on expanding access and usage using both supply- and demand-side interventions*.

4. *Integrating actions to reduce malnutrition into the basic health-care package*.

5. *Reducing isolation and improving communications by investing in rural transport and roads*.

6. *Improving governance and the effectiveness of the public sector.*

The study also identified priority target groups for poverty reduction, including (a) poor and malnourished children, (b) poor women and girls, (c) poor indigenous households, (d) the rural poor, and (e) specific geographic areas including the Department of San Marcos.[12]

The following provides brief highlights of Marlin Mine 2009 social and community development activities and outcomes that correspond to each of the GUAPA priority actions for poverty reduction. The Marlin Mine and its Sustainable/Community Development Program is presented in detail in other sections of this AMR.

1. Promoting Economic Growth

The Marlin Mine has promoted economic growth in the following ways:

a. **Payroll**: The 2009 payroll for the Marlin Mine totaled over US$23 million, including Montana direct and contract employees. Of that amount, 96% percent, US$22.4 million was paid to Guatemalan workers, including US$8.3 million paid to workers

[11] Ibid, Executive Summary, p.i.
[12] Ibid, Executive Summary, pp.x – xiii

from San Miguel Ixtahuacàn and over US$2 million paid to workers from Sipacapa. Employees from San Miguel Ixtahuacàn and Sipacapa are virtually all indigenous and most were in poverty at the time of hire. In all, 58 percent (US$13.4 million) of the 2009 Marlin Mine payroll was paid to employees from San Marcos Department during 2009.

b. **Purchasing**: During 2009 Montana spent over US$8.4 million for materials, supplies and contract services in San Miguel Ixtahuacàn and about $374,000 in Sipacapa. Including both direct and contract purchases, Montana spent over US$12.5 million in San Marcos Department in 2009.

c. **Land Acquisition**: During 2009, Montana paid over US$1.25 million for land and improvements. All of the landowners who received payments were indigenous. Payments for this land were substantially above market value. These lands will go to the Sierra Madre Foundation upon mine closure.

d. **Training (Marlin Mine)**: Montana has provided vocational and technical training to many local indigenous residents to qualify them for technical jobs at the mine.

e. **Training (Vocational Training for Community Members)**: Fundación Sierra Madre (FSM, described in Section 8.2 of this AMR) has provided vocational training for a variety of MSME enterprises. During 2009, over 300 local residents attended FSM-sponsored training sessions and workshops and/or received technical assistance. Virtually all of these attendees were indigenous and about half were women.

2. *Investing in education*, *with priority actions to improve quality and access to pre-primary and primary education.*

The Marlin Mine 2009 contribution to education included the following:

a. During 2009 Montana funded salaries, benefits and supplies for 20 teachers in San Miguel Ixtahuacàn, Sipacapa and Malacatancito.

b. Also during 2009 FSM provided training in improvement of reading, writing and mathematics teaching skills for 80 pre primary and grade school teachers and provided reading and writing improvement programs for 121 pre primary and grade school students.

c. The 2009 Marlin Mine Community Development program included substantial funding for construction or improvements for schools in 14 communities and supported one community in the development of a microcomputer training center.

Perhaps the most significant contribution to education in communities near the Marlin Mine has been the stability provided by employment, which has allowed families to keep children in school. Since 2002, both school enrollment and the number of students who remain in school for the entire school year has increased substantially in all communities near the mine.

3. *Investing in health*, *with an emphasis on expanding access and usage using both supply- and demand-side interventions*.

Over the past several years both Montana and FSM have refocused their health promotion strategies; from direct provision of services to supporting the San Miguel Health Center and other local health care providers in the interest of local capacity building and sustainability. FSM's Marlin Mine 2009 health sector activities included the following:

a. During 2009 Montana worked with the Municipality of San Miguel Ixtahuacán, the Guatemalan Ministry of Health, and municipal health care authorities to construct an expanded Health Center or CAP in San Miguel. Construction was 75 percent complete at the end of 2009 and completion was anticipated during the first quarter of 2010. Montana had acquired the equipment and supplies necessary for the operation of the CAP, which were being installed in the building at the end of 2009.

b. Montana also supported the purchase of basic medical supplies for the CAP and funded two "Health Days," which were held in coordination with the NGO HELPS International.

c. The Marlin Mine Health Clinic provides health care services to mine employees and to members of communities surrounding the mine.

d. During 2009 a total of 421 people received medical services during four separate FSM-sponsored health fairs in the communities of Chilive, El Zapote, and the municipal seats of Sipacapa and San Miguel Ixtahuacán. Services included 87 people who received dental services and 206 people who received optometry (eye care) services.

4. *Integrating actions to reduce malnutrition into the basic health-care package*.

a. During 2009 the Marlin Mine began providing quick breakfasts for all day shift mine workers.

5. *Reducing isolation and improving communications by investing in rural transport and roads*.

a. In addition to the 2004 construction of a bridge and major improvement to the road that leads from the Marlin Mine to the Pan American Highway and a bridge constructed by Montana to provide access to Sipacapa, Montana provided over US$5 million to significantly upgrade and pave 20 kilometers of road providing access between San Miguel Ixtahuacán and the road that connects Concepción Tutuapa, Tejutla and eventually San Marcos, in response to a request from the Guatemalan Government and the Mayor of San Miguel Ixtahuacàn.

This important road is used by residents to move people and products throughout the region. The improvement and paving of this road substantially reduced travel time from San Miguel to San Marcos, the departmental capitol, provided access to the road from a number of communities not currently served, reduced wear and tear on vehicles and most importantly, provided a much safer roadway for local residents.

Paving of the road from San Miguel to Tejutla was completed during 2008. Paving of several kilometers of a loop road that provides access to the main road for a number of communities remains to be completed. Paving of the loop road is a commitment of the Guatemalan government and the San Miguel Ixtahuacán municipality, which is dedicating a portion of the royalties it receives from the Marlin Mine to the project.

There has been an increase in the number of local taxis based in San Miguel Ixtahuacán during 2009, which was a direct result of the increase in kilometers of paved road in the area.

b. Montana's has provided funding, materials and in some cases in-kind assistance to communities for improvement of local roads since the mine was in the exploration phase. During 2009, the Marlin Mine Community Development program included support for road improvement and maintenance projects in two communities.

6. *Improving governance and the effectiveness of the public sector.*

Montana's contribution to improving governance and the effectiveness of the public sector has proceeded in two areas.

a. Montana has promoted transparency by communicating the Marlin Mine tax and royalty payments in newspaper and radio announcements, on a large billboard in front of the Marlin Mine entrance and on the Goldcorp Guatemala website.

b. Through the Marlin Mine community development program, the Organizational Development Unit has supported communities in three municipalities in the planning and prioritization of projects at the community and municipal level and supported them in improving their infrastructure operations and maintenance skills.

c. As part of their municipal and community capacity building program, FSM supported the municipality of San Miguel Ixtahuacán and selected communities in the municipalities of Sipacapa and Malacatancito in their efforts to implement the *Ley de los Consejos de Desarrollo Urbano y Rural*, (Urban and Rural Development Council Law). During 2009, FSM's municipal and community capacity building efforts included the following:
    1. Performed rural participatory diagnoses (needs assessments) in 59 of the 61 communities that make up the municipality of San Miguel Ixtahuacán, in three communities in Sipacapa and one in Malacatancito.
    2. Assisted 12 communities in the preparation of an 18-month development plan.
    3. Trained 45 teachers in the preparation of project profiles, so that they will be able to support community officials in the development process.
    4. Trained 150 representatives of COCODES of 47 communities in San Miguel Ixtahuacán in a variety of development skills.
    5. Trained 120 representatives of second level COCODES from 57 communities in development planning, project formulation, management and negotiation and conflict resolution.

7. *Priority target groups for poverty reduction, including indigenous households and women*.

Montana's achievements in this area include:

a. At the end of 2009, a total of 1,110 residents of local communities worked at the Marlin Mine, almost all of these residents were indigenous.

b. The residents of the area around the Marlin Mine who received health care services from FSM in 2009 were virtually all indigenous and many were women.

c. The participants in the FSM vocational training courses in 2009 were virtually all indigenous and about half were women.

9.0 COMMUNITY/SUSTAINABLE DEVELOPMENT

9.1 Community Development Projects

Montana provides resources and funds for selected community development initiatives in communities near the Marlin Mine, along the access road to the mine from the Pan American Highway and along the electric power transmission line that transmits power to the mine from Tejutla. Community development initiatives are managed through the Organizational Development Unit of the Marlin Mine Sustainable Development Department.

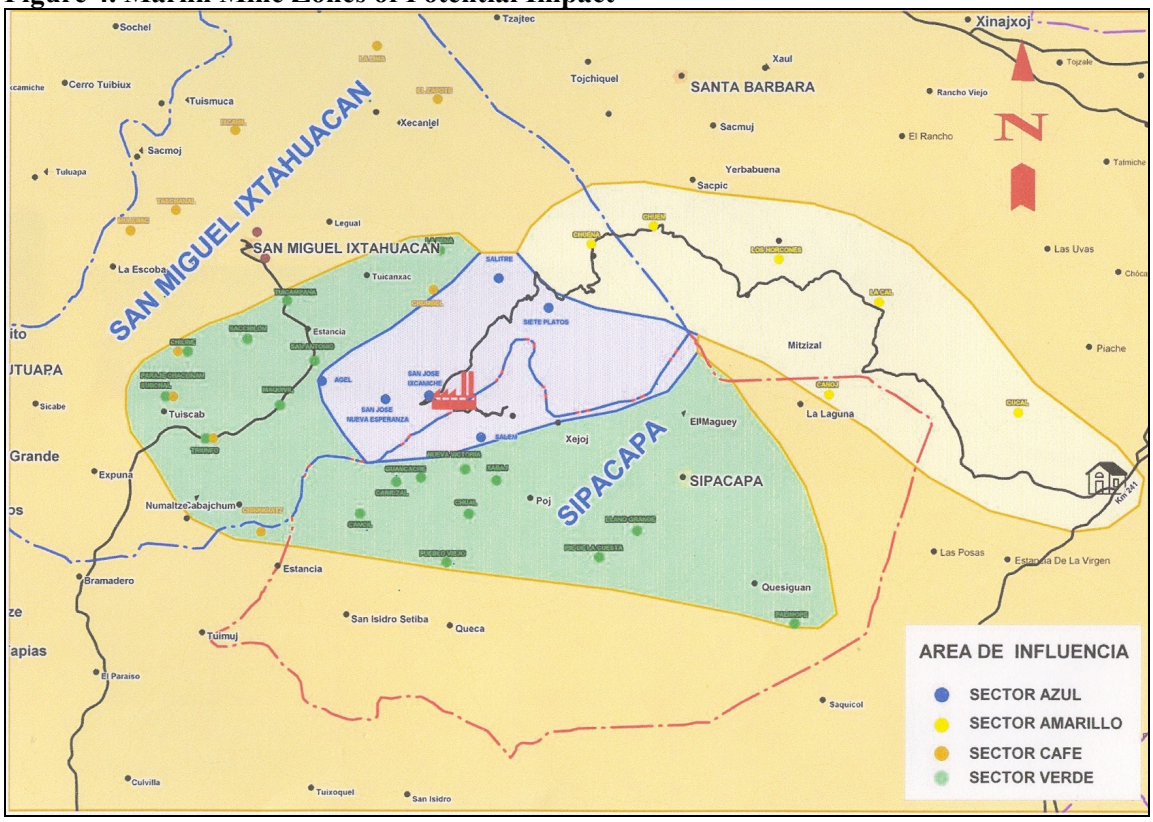
Marlin Organizational Development Unit and Community Development Funding

Established in 2005, the Marlin Organizational Development Unit (MODU) engages communities in the identification, prioritization and implementation of community development projects in the context of available resources including those from the Marlin Mine. During 2009, the MODU conducted its community grant cycle (described below), completed some projects begun in 2008, prepared profiles of some projects, conducted community diagnoses (evaluation and needs assessments) in selected communities and provided development training for some community officials.

Montana and the communities near the Marlin Mine use a geography-based system for allocating the major portion of company support for community development projects based on the intensity and types of potential impacts. The system also has some flexibility so that the company can consider and support emerging and urgent community development projects if the need arises.

The structure of the community development system is based on four zones of potential impact, which are color-coded (Blue, Green, Yellow and Brown) on a map as shown in Figure 4.

Figure 4. Marlin Mine Zones of Potential Impact



- The Blue Zone is the area of direct influence, which includes six communities that are located adjacent to the Marlin Mine and its activities: Agel, San Jose Nueva Esperanza, San Jose Ixcaniche, Salitre and Siete Platos in the municipality of San Miguel Ixtahuacán and Salem in the municipality of Sipacapa. These communities receive 40 percent of the annual community development budget for this geographic strategy.

- The Green Zone includes a second ring of communities located around the Marlin Mine that are indirectly affected by the mine and its activities. These communities receive 30 percent of the annual budget.

- The Yellow Zone includes communities located along the transportation route between the Marlin Mine and the Pan American Highway. These communities receive 20 percent of the annual budget.

- In previous years, the remaining communities in the municipalities of San Miguel Ixtahuacán and Sipacapa that may or may not be affected by the Marlin Mine and its activities were designated as the Brown Zone.

  Beginning in 2009, the Marlin Mine made a significant increase in development funding for all communities in the Municipality including those previously designated as Brown Zone communities. A total of Q. 12 million (US$1.5 million) in additional funding was earmarked for development activities to be implemented by the San Miguel Ixtahuacán municipality. The entire amount was not disbursed in 2009 due to time constraints and the municipality's limited capacity to implement the relatively large number of projects. However, the remaining funds will be carried over to social investment in 2010, along with the additional

2010 funding. Even so, 60 percent of the San Miguel Ixtahuacán municipality projects were concluded during 2009 and the rest will be completed in early 2010. This is part of Marlin's new strategy for increased support for the San Miguel Ixtahuacán municipal development plan. All of the 2009 projects were community social infrastructure projects, but it is anticipated that in the near term, the municipality will identify and develop some projects designed to promote income generation.

During 2009 Montana met with communities in the Blue, Yellow and Green zones to get input on the community organizational development process. The elements of the process include:

- The COCODES (local development councils) and auxiliary mayors of each community identify, prioritize and select community projects.

- General guidelines establish the types of development projects Montana will fund.

- The community organizational development program is ongoing and phased multi-year projects are allowed and encouraged.

- Montana provides a set amount of funding each year for community development. It is up to the COCODES and Auxiliary Mayors to determine the distribution of that funding. Communities are encouraged to use Marlin Mine funding to leverage additional funding from the municipality and other sources. The funding level for the 2009 program was approximately US $650,800 for all zones, not including the US$1.5 million for the San Miguel Ixtahuacán municipal development plan, which were separately allocated.

- A participatory community diagnosis or assessment process (involving the community from the beginning) is a key element of the Marlin Mine community development program. For example, during 2009, a total of 12 community diagnosis processes were carried out with the direct assistance of the Organizational Development Unit. The main purpose is to prepare communities to make community development decisions and to strengthen their ability to manage development processes. Additional community diagnoses and community development capacity-building processes were carried out by FSM and are described in the following section of this AMR.

- The MODU conducted five training sessions for community officials in the improvement of preventative maintenance and corrective action skills for maintaining capital projects in their communities during 2009 and one training session on masonry skills. Preventative maintenance and corrective action training is an important element of the Marlin Mine Organizational Development Plan for neighboring communities.

The community organizational development process is intended to foster sustainable community development by strengthening local community planning, financing and implementation capacities.

Table 11 displays 2009 community development projects selected by the COCODES and auxiliary mayors in participatory community processes. Materials for these projects and in some cases a portion of the funding is provided by Montana. The communities also provide a portion of the funding and in some cases labor. The respective municipalities also provide materials and funding contributions for some projects.

Table 11. Marlin Mine Community Development Projects for 2009			
No.	**Community**	**Project Type**	**Status**
1	Agel	Construction of two second-floor school classrooms	Completed
2	San José Nueva Esperanza	Urban Center fencing	Completed
3	San José Ixcaniche	Construction of second level offices of the Deputy Mayors and COCODE building	Completed
4	El Salitre	Construction of two second-floor school classrooms	Completed
5	Siete Platos	Installation of 135 improved stoves in homes	Completed
6	Chuena	Construction of two school classrooms	Completed
7	Chuen	Clearing of a terraced area for construction of community buildings	Completed
8	Horcones	Construction of a sports field	Completed
9	La Ciénaga,	Installation of 36 solar panels to provide home lighting	Completed
10	La Cal	Support for the introduction of electric service	Completed
11	Cùcal	Construction of two school classrooms	Completed
12	San Antonio Los Altos	Construction of the second level of the Auxiliary Mayor and COCODE assembly hall	Completed
13	Màquivil	Paving of the first section of the plaza	Completed
14	Chilive	Grandstands for the soccer field	Completed
15	Subchal	Contribution for purchase of gravel	Completed
16	Chiquilila, SMI	Construction of one classroom	Completed
17	Cabajchun	Construction of a school kitchen	Completed
18	Ixchol, SMI	School fencing	Completed
19	La Estancia SMI	Construction of a computer center, installation of 15 computers and a network	Completed
20	Tui Campana, SMI	Payment for planning and construction of a second level on the school building	Completed
21	Tierra Blanca Mubel, SMI	Four kilometers of road improvements	Completed
22	Legual, SMI	Roofing for the sports court	Completed
23	La Patria, SMI	Purchase of 12 typewriters	Completed
24	Cancil, Sipacapa	Construction of a roof and a retaining wall for the deputy mayor's building	Completed
25	Quequesiguan, Sipacapa	Roofing, siding, doors and windows for the school	Completed
26	Pie de La Cuesta, Sipacapa	Study for a mechanical well and training in the well's use	Completed
27	Pueblo Viejo, Sipacapa	Construction of a woman's nursery and improvement of the computer center	Completed
28	La Barranca el Cafetal, Sipacapa	Construction of a school kitchen	Completed
29	Saquicol,	Purchase of materials for cemetery improvements	Completed

Table 11. Marlin Mine Community Development Projects for 2009			
No.	**Community**	**Project Type**	**Status**
30	Salem, Sipacapa	Construction of a community meeting hall	Completed

In September of 2008 the MODU created a complementary community development program to include communities located along the electric power transmission line from Tejutla to the Marlin Mine. The program, was named *Programa de Integración Comunitaria y Municipal "Ch'isb'il qanq'ib'i,l,"* which in the Mam language means "Creciendo Juntos" (Growing Together). The 2009 plan included the following three elements:

- An individual plan, which has 494 beneficiaries, provides a variety of benefits including food vouchers, school scholarships and agricultural equipment and supplies to landowners along the transmission line right-of-way.

- A community plan, which includes the 12 communities traversed by the transmission line, includes three aspects:

    - Prioritization, planning, implementation and evaluation of sustainable community development projects.
    - The plan is carried out by community authorities, with technical and financial assistance from a local NGO.
    - Social and accounting reviews of the projects are also conducted by the community and auditors from a local NGO.
    - Financial support for the plan is provided by Montana.

- A municipality-level plan, which was only operational in San Miguel Ixtahuacán during 2009. These projects are funded by the Marlin Mine but implemented by the corresponding municipality or community authorities.

Table 12 displays projects initiated under the *Ch'isb'il qanq'ib'il* program during 2009 and their status.

Table 12. Marlin Mine Ch'isb'il qanq'ib'il Community Development Projects for 2009			
No.	**Community**	**Project Type**	**Status**
Tejutla			
1	Colonia las Manzanillas, zona 5	Purchase of three springs for the community and payment for project planning	Completed
2	Loma Linda	Construction of a potable water tank	Completed
		Construction of a school building	90%
3	El Mirador	Construction of a four classroom, two-level school building	95%
4	La Fraternidad	Construction of a three classroom school building	75%
5	Las Delicias	Fencing for community buildings, purchase of grandstands	Completed
6	Las Hortalizas	Construction of a soccer field	Completed
Comitancillo			
1	San Jose La Frontera	Purchase of land for use by the community	Completed
		Completion of paving for the school patio	Completed
		Payment for the design of a potable water storage tank	Completed
2	Paraje Cantzela	Purchase of land for use by the community	Completed
		Construction of a two classroom school building	Completed
		Construction of a well to provide water to the school	Completed
San Miguel Ixtahuacán			
1	Sibinal	Construction of a community kitchen	Completed
		Purchase of land for use by the community	Completed
2	El Triunfo	Construction of storm water drainage in the community plaza	Completed
		Completion of construction of a community building	Completed
		Purchase of gravel	Completed
		Construction of three vehicle bridges	Completed
		Purchase of a spring	Completed
3	Máquivil	Construction of a community warehouse and wastewater improvements	Completed
		Community center paving	Completed
4	Agel	Construction of a school classroom	Completed
		Purchase of land for use by the community	Completed
		Community street improvements	Completed

2009 Education Funding

Montana also participates in education initiatives in communities near the Marlin Mine. As noted in section 6.0 of this AMR, Montana funded the salaries and benefits of 20 teachers during 2009: 12 in the Municipality of San Miguel Ixtahuacàn, seven in the Municipality of Sipacapa and one in the Municipality of Malacatancito. This ongoing initiative was initiated during 2006 in response to request from the mayors of San Miguel Ixtahuacàn and Sipacapa, who are using municipal funds to pay for additional teachers. Table 13 displays the 2009 distribution of Montana-funded teachers and the total amount paid.

Table 13. 2009 Montana Teacher Funding

Municipality	Number of Teachers	Montana Contributions/ Quetzales	Montana Contributions/ Dollars
San Miguel Ixtahuacán	12		
Sipacapa	7		
Malacatancito	1		
Total	**20**	**Q.500,000**	**US$ 62,573**

In the final months of 2008, the Guatemalan Ministry of Education announced an initiative to increase educational coverage for children by increasing the number of teachers in schools during 2009. Although a number of additional teaching posts were authorized in San Miguel and Sipacapa, (12 of the total 36 teachers which Marlin funded in 2008 were funded by the Ministry of Education in 2009), there is a funding lag. When this program is fully funded, and the additional teachers are hired and working in schools near the mine, the need for mine-funded teachers should be reduced and eventually eliminated. This is important as it is a sustainable solution for improved education in these communities. The Marlin Mine intends to continue supporting education in other ways and has been increasing its support through scholarships; during 2009 Marlin provided 20 scholarships

9.2 Sustainable Development: Fundación Sierra Madre

Information for this section was obtained from FSM's 2009 annual report, *Programa Integral de Desarrollo Comunitario – PIDEC - San Miguel Ixtahuacán & Sipacapa: Memoria Anual De Labores, 1 De Enero Al 31 De Diciembre 2009.* Information about FSM's organization and early initiatives is available in prior year AMRs and in the *Marlin Mining Project Indigenous People's Development Plan*, which are available on the Goldcorp Guatemala website.

FSM is a Guatemalan foundation founded with the specific mission to plan and implement sustainable, community-based, development and capacity building programs in the municipalities of San Miguel Ixtahuacán and Sipacapa. Managed and staffed by Guatemalans, it has become a part of the local community throughout the Municipality of San Miguel Ixtahuacàn and in villages near the mine site in the Municipality of Sipacapa, and plays an integral role in building local capacity and promoting economic and community sustainability. FSM is based in San Miguel Ixtahuacán.

Recognizing that the municipalities of San Miguel Ixtahuacán and Sipacapa are changing rapidly, FSM began 2009 with a strategic planning process for the five-year period of 2009 - 2013. The foundation observed that recent economic growth and evolution of the communities including major improvements in the quality of access to the area, the increase in availability of services

and the improvement in the quality of communications, called for a corresponding response from the foundation in order to meet the communities' changing needs and fulfill the foundation's institutional commitments. As a result, FSM formulated the following four program areas for the ensuing five-year period:

1. *Promote family, group and community businesses that help generate stable economic incomes in the area.*
2. *Promote community development processes that help improve the capacity of communities to manage their own development and design comprehensive development policies.*
3. *Increase the area's competitiveness by increasing educational levels and worker training.*
4. *Help communities improve the environment as part of a sustainable development process.*

The foundation's progress in these program areas during 2009 is summarized below.

1. *Promote family, group and community businesses that help generate stable economic incomes in the area*.

   FSM's efforts in this program area focused on development of rural businesses that offer better services, operate more efficiently and anticipate customer needs. Specific 2009 activities included:

   - Seventh Annual Business Fair: FSM and its affiliates sponsored the seventh annual Business Fair. The fair provides visibility for local businesses and allows them to advertise their products and services. The 44 business that participated in the 2009 fair sold more than Q.28,000 (US$3,500) in merchandise. The fair was supported by a variety of larger businesses and organizations including ACREDICOM, ACODIHUE, Banrural, Banco Industrial y Banco Agromercantil**.**

   - Micro business training and technical support: FSM provided micro-business training and technical support to a number of businesses including:
     - three computer businesses (one in San Miguel Ixtahuacàn and two in Sipacapa);
     - three beauty salons (one in Sipacapa and two in San Miguel Ixtahuacàn); and,
     - two new bakeries (one in Cancil, Sipacapa and the other in Los Horcones, Malacantancito).

   - Coffee Program: FSM continued its efforts to develop and support sustainable coffee businesses. The 2009 efforts in this area included:
     - Support to a total of 78 producers from the communities of Carrizal, Xeabaj, Los Horcones, Siete Platos, Chicas Zapote and Legual who are ongoing coffee program participants. These producers had 2009 sales of 175.19 quentales (17,519 pounds) of dried coffee, and received an increase of nine percent in the sales price over the previous year for their product.
     - Some producers submitted applications to become "UTZ Certified," with the assistance of BCS ÖKO-Garantie, the Guatemalan division of a German company licensed as a private controlling agency to implement the EU Regulation on organic production. Certification will allow the producers to label their coffee as organically grown.

- FSM provided ongoing technical support in the areas of quality control, use of organic fertilizers, production techniques, and preparation and use of nurseries and product storage areas.
- FSM organized two workshops for growers to exchange cultivation management techniques to reinforce the information provided during training and technical support.
- A total of 38 producers became agricultural promoters through their participation in eight technical training modules, organized tours to existing coffee producers and specialized training in administration, organization, commercialization and certification.
- During 2009, the FSM coffee program added 44 producers in five additional communities in the Municipality of San Miguel Ixtahuacán (Chisnan, Shanshegual, La Patria, La Lima y El Salitre). These new producers received training in the use of organic fertilizers, fertilizer production, organic certification and commercialization.
- As part of the coffee program's efforts to add value to their product and to diversify their market, FSM supported some growers in toasting and grinding their dried coffee and packaging it for sales. These growers marketed a total of 15 quintales (1,500 pounds) in a combination of four ounce, half pound and one-pound packages, which were sold for Q.7, Q.13 and Q.25 respectively.

- Another program objective is to improve the economic incomes of families in the area. FSM's 2009 initiatives in this area included:
  - Organic fertilizer production for the commercial market. During 2009 participants in the FSM program sold 20 quintales (2,000 pounds) of organic fertilizer.
  - Production of coffee plants for transplanting. During 2009 three producers generated additional income by producing and selling a total of 5,000 plants for transplanting.
  - Evaluation of areas for production of passion fruit. During 2009 FSM provided technical assistance to areas fruit growers to evaluate the potential for adding this crop.

2. *Promote community development processes that help improve the capacity of communities to manage their own development and design comprehensive development policies.*

This process is designed specifically to support communities in their internal community development process. The initiative was endorsed for the second year through an agreement between the municipality of San Miguel Ixtahuacán and FSM. The 2009 agreement and funding allowed the participation of more communities in the program. The 2009 program achievements included the following:

- Rural participatory diagnoses (needs assessments) have been performed for a total of 59 of the 61 communities that make up the municipality of San Miguel Ixtahuacán, as well as three communities in Sipacapa and one in Malacatancito. These processes were designed in conjunction with the communities, implemented, and the results compiled and shared with the communities so that they became a tool for planning and management of development.

- A total of 12 communities prepared an 18-month development plan in which each of the communities established joint actions with the municipality and other entities to help further the development of the community.
- A total of 45 teachers were trained to prepare project profiles, so that they will be able to support community officials in the development process.
- A total of 150 representatives of COCODES in 47 communities in San Miguel Ixtahuacán were trained in a variety of development skills including: "what is development," preparation of project profiles and planning.
- A total of 120 representatives of second level COCODES from 57 communities were trained in development planning, project formulation, management and negotiation and conflict resolution.

Women played an important role in the 2009 joint San Miguel Ixtahuacán – FSM community development process. FSM provided support to eight community groups – a total of 139 women – to help them improve their internal organization and operation. FSM supported women's groups from the communities of Xeabaj, Carrizal, Pie de la Cuesta and Llano Grande in the management of economic initiatives such as the establishment of agro forestry nurseries. The women of Nueva Victoria and Maquivil were assisted with the development of community orchards and the women of Cancil and Los Horcones received assistance in the development of two new bakeries.

FSM and the municipality of San Miguel Ixtahuacán also provided training for a total of 50 youths in a variety of skills and topics such as self-esteem, values, civic participation, leadership and teamwork. The objective is to develop a youth network in the municipality, which will be represented in the activities of the COMUDE so that their needs and initiatives can be identified and addressed. The training process is also intended to provide future community leaders with skills and training for community development and encourage their gradual involvement in community affairs.

3. Increase the area's competitiveness by increasing educational levels and worker training.

This program area is designed to 1) improve early childhood education by improving children's opportunities for acquiring basic educational skills such as reading, writing and mathematics; 2) help teachers improve their reading, writing and mathematics teaching skills; and 2) provide opportunities for adults to acquire and improve their business skill and abilities.

Activities that occurred during 2009 in this program area included:

- A total of 23 women enrolled in literacy studies.
- A total of 11 people enrolled in adult education courses in their homes through the FSM distance-learning program (Educación a Distancia–ISEA) with tutoring assistance from the foundation.
- A total of 80 pre primary and grade school teachers received training in improvement of their reading, writing and mathematics teaching skills.
- A total of 121 pre-primary and grade school students participated in the FSM-sponsored reading and writing improvement program.
- 60 people received training to improve their business skills and abilities. A total of 16 people completed basic MS Windows and Office training, 13 completed computer maintenance and repair training and 31 people enrolled in a trade apprenticeship program, such as learning the bakery trade.

4. *Help communities improve the environment so that it will be suitable and healthy for the comprehensive development of community members.*

Activities in this program area during 2009 included the following:

- Solid waste management training for 178 students in Chilive and Maquivi schools.
- Training for 127 women and men in the development and maintenance of latrines, vermiculture (earthworm composting), using sprouts to improve the diet of domestic animals, biodigestors (devices to turn human and animal waste into gas and fertilizer) and establishment and management of family orchards.
- A total of 165 hectares were reforested with 2,200 trees (pine, cypress and alder).
- A total of 421 people received medical services during four separate health fairs, which were given in the communities of Chilive, El Zapote, and the municipal seats of Sipacapa and San Miguel Ixtahuacán. Specific services included 87 people who received dental services and 206 people who received optometry (eye care) services.
- Installation of latrines, curtains and signage and renovation of classrooms in the two schools in Los Horcones, Malacatancito.

FSM's 2009 activities were carried out through a joint effort of the COCODES, the Auxiliary Mayors, health promoters, parents and a number of institutions and NGOs including the San Miguel Ixtahuacán Health Center, APROFAM, FUNDAP, the Guatemalan National Committee for the Blind and Deaf, Colegio La Salle of Huehuetenango, the Agronomy faculty of the University of San Carlos and the Association DAR.

10.0 ENVIRONMENTAL AND SOCIAL MANAGEMENT CAPABILITY

Goldcorp Inc., the parent company of Montana Exploradora de Guatemala, S.A., issued a corporate *Environmental and Sustainability Policy* in 2008. Montana has designed Marlin Mine environmental and social management policies and systems to ensure compliance with corporate policy.

10.1 Environmental and Social Management Systems

Marlin Mine Environmental Management System

The Marlin Mine Environmental Management System (EMS) is intended to promote continuous improvement in environmental management. The EMS implementation is concentrated into four phases including:

1. Policy & Planning,
2. Implementation,
3. Evaluation, and
4. Review & Improvement.

Phase I – Policy & Planning

Phase I of the Marlin EMS has been completed and includes a Policy Statement signed by the General Manager. The Policy Statement was updated during 2009. Under the EMS, environmental management plans (EMPs) for the following subjects have been completed:

1. Flora and fauna,

2. Sediment & erosion control,
3. Dust control,
4. Materials and waste management,
5. Environmental monitoring.

Phase II - Implementation

Phase II of the Marlin EMS has also been completed. The Policy Statement is posted in the applicable areas of the mine. Additionally, drafts of the various EMPs were submitted to the affected area managers for their comments. After addressing the comments, the EMPs were finalized and distributed to the management team. The EMPs have become part of the contract documents for significant work that will be done at Marlin by third parties. Standard contract language specifies that third party contractors are expected to comply with the EMPs.

Phase III - Evaluation

An internal inspection system was implemented to review each operating area for compliance with the EMPs using agreed-upon critical performance indicators (CPIs) for each department. These inspection reports are kept on file within the Marlin Mine Environmental Department.

Phase IV – Review and Improvement

Phase IV of the Marlin EMS was determined to occur through two principle mechanisms: inclusion of environmental CPIs into the production bonus system, and a quarterly environmental performance review by the management team. CPI performance was tied to the production bonus system by department and continues as such. Environmental performance reviews are conducted, but are still relatively informal. The 2010 focus will be on implementing a more structured and documented management review of environmental issues. This will complete the implementation of the Marlin Mine EMS.

Marlin Mine Sustainable Development Management System

Although the Social/Sustainable Development Management System (SDMS) for the Marlin Mine was initially scheduled for completion during 2009, revisions to and expansion of the SDMS to include municipalities and communities located along the mine's electric power transmission line delayed completion of the SDMS until 2011. The SDMS is intended to promote continuous improvement in the sustainable development efforts of the Marlin Mine. The SDMS is concentrated into four phases including:

1. Policy & Planning
2. Implementation
3. Monitoring
4. Evaluation, Review & Improvement

Phase I

Phase I of the Marlin SDMS is being drafted. It will include a Policy Statement signed by the General Manager. The sustainable development management plans (SDMPs) are under preparation. SDMPs for the following subjects will be prepared:

1. Community Relations,
2. Organizational Development and Community Projects,

3. Liaison with the Sierra Madre Foundation,
4. Liaison with external organizations such as national & international NGOs, national and foreign governmental agencies and other interested groups and organizations.

Phase II

The final Policy Statement will be signed and clearly posted in the applicable areas of the mine. This statement will be reviewed and approved by the management team. Additionally, drafts of the various SDMPs will be submitted to the area managers and supervisors for their comments. After addressing the comments, the SDMPs will be finalized and distributed to the management team. The SDMPs will become part of the commitment of Montana to the surrounding communities. Contractors hired to work for the Sustainable Development Department will be expected to comply with the SDMPs, which will be a standard part of contracts.

Phase III

Phase III of the Marlin SDMP will be implemented in 2011.

Phase IV

Phase IV of the Marlin SDMP will be implemented in the second quarter 2011. This will include regular meeting of the senior management to review sustainable development performance. Any issues and concerns raised will be discussed and measures to improve performance developed and implemented.

The Sustainable Development Department has continued to consult with local community leaders, independent consultants and others on the department's performance during preparation of the plan. These consultations will be continued as part of compliance with the final plan. It is anticipated that the SDMS will undergo continuous development and improvement over the life of the Marlin Mine.

10.2 Cyanide Code Certification

The **"***International Cyanide Management Code For the Manufacture, Transport, and Use of Cyanide In the Production of Gold"* (Code) was developed by a multi-stakeholder Steering Committee under the guidance of the United Nations Environmental Program (UNEP) and the then- International Council on Metals and the Environment (ICME). The Code is an industry voluntary program for gold mining companies. It focuses exclusively on the safe management of cyanide and cyanidation mill tailings and leach solutions. Companies that adopt the Code must have their mining operations that use cyanide to recover gold audited by an independent third party to determine the status of Code implementation. Those operations that meet the Code requirements can be certified. A unique trademark symbol can then be utilized by the certified operation. Audit results are made public to inform stakeholders of the status of cyanide management practices at the certified operation. The objective of the Code is to improve the management of cyanide used in gold mining and assist in the protection of human health and the reduction of environmental impacts (www. cyanidecode.org).

Goldcorp became a signatory of the Cyanide Code; Marlin was appointed as one of the certifiable operations. The Marlin Mine formally achieved certification to the Cyanide Code on August 11, 2009 and became the first mine in Central America to achieve full compliance with Code standards.

10.3 Marlin Mine Environmental and Sustainable Development Staffing

Environmental Department Staffing

The 2009 status of the Marlin Environmental Department professional and technical staff is shown in Table 14.

Table 14. 2009 Marlin Mine Environmental Department Staff

Position	Individual	Reports To
Regional Environmental Director – Central & South America	Lisa Wade	Regional Vice President
Environmental Manager	Peter Hughes-Hallett	Marlin General Manager
Environmental Superintendent	Gustavo Gomez	Environmental Manager
Environmental Chief /Air quality, geochemical and waste management section	Ismael Mancilla	Environmental Manager
Environmental Chief / Water quality, GIS and meteorology section	Jose Carlos Quezada	Environmental Manager
Environmental Chief / Reforestation and area recovery section	Oliver Cano	Environmental Manager
Environmental Supervisor II	Géser Gonzalez	Env Chief
Environmental Supervisor I	Marvin Mejia	Env Chief

In addition to these professional and technical staff, there are 38 unskilled employees in the Marlin Mine Environmental Department.

Sustainable Development Department Staffing

The 2009 status of the professional staff within Marlin's Sustainable Development Department is shown in Table 15.

Table 15. 2009 Marlin Mine Sustainable Development Department Staff

Position	Individual	Reports To
Regional Director for Sustainable Development - Central and South America	James Schenck	Vice President for Central and South America
Manager for Sustainable Development	Alan Ovalle	Marlin General Manager
Information & Documentation Technician	Filogonio Gómez	S.D. Manager
Sustainable Development Superintendent	Emidia Flora Macario	SD Manager
Administrate Assistant	Griselda *Nohemì* Villatoro	SD Superintendent
Infrastructure Supervisor	Jorge Mario Godinez	Superintendent
Community Relations Supervisor	Fausto Rodríguez	Superintendent

Table 15. 2009 Marlin Mine Sustainable Development Department Staff		
Position	**Individual**	**Reports To**
Municipal Relations Coordinator San Miguel	Jeremías Pérez	C.R. Supervisor
San Miguel Information Office Manager	Celia Carrillo	San Miguel M.R. Coordinator
Community Relations Promoters San Miguel	Four employees	San Miguel M.R. Coordinator
Municipal Relations Coordinator Sipacapa	Francisco Ambrocio	C.R. Supervisor
Sipacapa Information Office Manager	Sandra López	Sipacapa M.R. Coordinator
Community Relations Promoters Sipacapa	Four Employees	Sipacapa M.R. Coordinator
Organizational Development Supervisor	Jairo Francisco Gonzàlez	Superintendent
Transmission Line Program Coordinator	Amner Aguilar	O.D. Supervisor
Transmission Line Program Promoter	Two Employees	C.R. Supervisor
Transmission Line Program Technician	Two Employees	T.L. Program Coordinator
Community Relations Supervisor for Exploration	One Employee	S.D. Manager
Coordinator for Land Acquisition	David Rodríguez	S.D. Manager
Maintenance & Logistical Support	One Employee	Administrative Assistant

10.4 Sustainable Development Department Training

Table 16 displays Marlin Mine 2009 Sustainable Development Department staff training.

Table 16. 2009 Marlin Mine Sustainable Development Department Training	
Training	**Participants**
Seminar on Income Generation in Rural Aras	6
Industrial Firefighting	2
Microsoft Office Excel 2007	27
Leadership and Security Skills	5
Introductory Course and Certification in type C Construction; concrete testing	1
Motivational Training	28
Incident Command	3
Planning Skills Training	10

11.0 ENVIRONMENTAL PROGRAM MONITORING

11.1 2009 Environmental Permit Status

The 2009 status of Marlin Mine permits are shown in Table 17.

Table 17: 2009 Status of Marlin Mine Permits

PERMIT, RESOLUTION OR LICENSE	DURATION	DATE OF RENEWAL	OBLIGATIONS OR BONDS
Mining Exploitation License **MEM**	25 years starting November 27th, 2003. On November 18th, 2005 an extension request was presented to MEM and it was resolved on February 1, 2006, authorizing zinc, lead, iron, copper and mercury as well as the previous gold and silver.	Year 2028	Annual tax payments, royalties, annual report.
Annual Sworn Declaration for Royalty Payment **MEM**	Annually for the period of January to December. The SD for calendar year 2008 was presented to the MEM on January 30th, 2009.	The first 30 days of each year.	Present invoices and support of the yearly exports.
Marlin I EIA&S Approval **MARN**	The period of time that the Marlin Mine is functioning, starting on September 29th, 2003.	NA	Annual Environmental License and compliance with environmental commitments in the EIA&S and approval resolution from MARN.
Powder Magazine License (Peridot, S.A.) **MDN**	Annual, first issued on September 30th, 2005.	On Wednesday, January 28th, 2009 the inspection of the powder magazines was performed by Captain Aroldo Castro and CIEG's specialist Carlos Santos, prior to extending the license through 2009.	Bond Q.441,034.00 In favor of MDN Policy No. 26847 El Roble Storage Bond Bond Q.13,500.00 In favor of MDN Policy No. 30353 El Roble Transportation Bond

Table 17: 2009 Status of Marlin Mine Permits			
PERMIT, RESOLUTION OR LICENSE	**DURATION**	**DATE OF RENEWAL**	**OBLIGATIONS OR BONDS**
Dosimetry Agreement **DGE**	Indefinite, starting on August 20th, 2005.	Renewal on December 30th, 2009. Paying 12 months of service up to December 2010.	Annual Payment of $600.00
Environmental License **MARN**	Annual, first issued on January 27th, 2006.	First renewal from August 30th, 2006 to August 8th, 2007. Second renewal from August 9th, 2007 to August 8th, 2010.	Renewal of bond C-6 26561 Q.400,000.00 El Roble, to MARN Renewal of bond C-6 26561 with a voluntary bond increase of Q.3,000,000.00, in favor of MARN (3 year duration until August 8th, 2010).
Surveillance and Follow-up License **MARN**	3 years starting on August 9th, 2007 and ending August 8th, 2010.	August 8th, 2010	With the cost of such license of Q15,000.00 for a 3 year period, MARN will verify with its technicians the progress and compliance of the environmental commitments established in the Marlin EIA&S resolution.

Table 17: 2009 Status of Marlin Mine Permits			
PERMIT, RESOLUTION OR LICENSE	**DURATION**	**DATE OF RENEWAL**	**OBLIGATIONS OR BONDS**
Technical Closure Agreement **MEM**	Indefinite, starting September 6th, 2005.	First bond No. 26734 from September 8th, 2005 to September 7th, 2006. First bond renewal, from September 8th, 2006 to September 7th, 2007. Second bond renewal, from September 8th, 2007 to September 7th, 2010.	Maintain a bond in effect for 1 million dollars renewable annually until the MEM provides a Successful Technical Closure resolution to Montana.

Table 17: 2009 Status of Marlin Mine Permits			
PERMIT, RESOLUTION OR LICENSE	**DURATION**	**DATE OF RENEWAL**	**OBLIGATIONS OR BONDS**
Forestry Licenses (Peridot, S.A.) **INAB**	1. DR-VI-016-M-2004 Marlin I Forestry Management Plan 2. DR-VI-016-M-2-2004 Implementation of Operational Plan II 3. DR-VI-016-M-3-2004 Implementation of Operational Plan III 4. DR-VI-016-Cu-2005 Electric Line Tejutla-Marlin I 5. DR-VI- 022-Cu-2005 Marlin I Interior road – Modified by resolution No. BI -2-031-2006-Cu., dated October 3rd, 2006 (field) 6. DR-VI-022-Cu-2005, Marlin I interior road, July 2nd, 2007. 7. MODIFICATIONS TO THE FORESTRY PLAN RES. 62-1205-039-1.1-2008, DATED OCTOBER 28TH, 2008. 8. MODIFICATIONS TO THE SOIL USE CHANGE PLAN RES. 62-1205-040-1.6-2008, DATED OCTOBER 28TH, 2008.	Marlin's main license has a 16-year duration (2020), for the implementation of the Forestry Management Plan, its last phase starting on April 30th, 2004.	Comply with the reforestation commitments established in the forestry management plan and keep the bonds in effect in each working shift. **BONDS**: (sequential with the license) 1. No. 24278, in effect from April 26th, 2004 to October 31st, 2010 in the amount of Q.1,240.967.20 2. No. 26330, in effect from June 14th, 2005 to October 31st, 2011 in the amount of Q.858,228.80 3. No. 28108, in effect from March 23rd, 2006 to October 31st, 2012 in the amount of Q.496,496.00 4. It does not have a bond. 5. No. 27170, in effect from November 3rd, 2005 to October 2011 in the amount of Q.13,596.00

Table 17: 2009 Status of Marlin Mine Permits			
PERMIT, RESOLUTION OR LICENSE	**DURATION**	**DATE OF RENEWAL**	**OBLIGATIONS OR BONDS**
Operational License Fuel Station with an approximate 114,800 diesel gallons capacity **DGH**	Indefinite starting on April 13th, 2007.	NA	1. Civil responsibility insurance in the amount of Q.300,000.00; renewed annually. 2. Send monthly to the Engineering and DGH Operations Department the inventory, local sales, consumption, sources and product dispositions forms.
License for the modification of the facilities of the site fuel station. **DGH**	On November 11th, 2008, DGH authorized the MODIFICATION LICENSE FOR THE FACILITIES OF FUEL STATION of Marlin, for 1 year, extended. 2 diesel tanks of 25 thousand gallons each. At the end, 9 diesel tanks with a 157,400 gallons capacity will exist.	NA	NA
Major Electricity User Resolution **MEM**	Indefinite starting on April 18th, 2006.	NA	Obligations to AMM, ETCEE and companies that supply power and energy.
Operational License for Industrial Monitors (Medidores) **DGE**	Starting on November 4th, 2005 until November 14th, 2010.	NA	Inform about the decommissioning of nuclear monitors and send them back to their country of origin when the mine operation is finished.

Table 17: 2009 Status of Marlin Mine Permits			
PERMIT, RESOLUTION OR LICENSE	**DURATION**	**DATE OF RENEWAL**	**OBLIGATIONS OR BONDS**
EIA Fuel Station Approval **MARN**	Indefinite starting on June 2nd, 2005.	NA	Comply with the environmental commitments established in the resolution.
EIA Electric Transmission Line Approval **MARN**	Indefinite starting on October 26th, 2004.	NA	Comply with environmental commitments.
Importation Resolution for Sodium Cyanide **MARN**	Indefinite starting on July 26th, 2005.	NA	Report to MARN each sodium cyanide shipment that enters Guatemala.
Importation and Use Resolution for Chemicals **MSPAS**	Indefinite, starting on October 5th, 2005.	NA	Monthly reports to the Ministry of Health, establishing the volume of consumption of such precursors.
EIA Approval Resolution for the Construction and Operations of Marlin I Electric Sub-station **MARN**	Indefinite starting on May 27th, 2005.	NA	Comply with environmental commitments.
Licenses for Radioactive Equipment Operators and Radiological Protection Supervisors **DGE**	Starting October, 2005	The DGE issued a resolution dated February 5th, 2008 approving the RENEWAL of the operators' licenses for a two-year period that ends on February 6th, 2010.	Deliver dosimeters monthly for radiation levels analysis on behalf of DGE. Annual payment of dosimetry agreement.

Table 17: 2009 Status of Marlin Mine Permits			
PERMIT, RESOLUTION OR LICENSE	**DURATION**	**DATE OF RENEWAL**	**OBLIGATIONS OR BONDS**
Resolution Number 0005-2007, extended by the General Directorate of Civil Aeronautics (DGAC). **NUEVA ESPERANZA AIRFIELD.**	From April 13th, 2007.	Indefinite	- Accredit the payment for the inscription right in the National Aeronautic Registry. - Strictly observe the OACI regulations. - Signaling of the airfield and allow DGAC inspections.
Waste Waters Technical Study (dated May 2007) **MARN**	Indefinite	Study update every 5 years, according to Article 10 of the Residual Waters Reuse and Discharge Regulations.	- Keep a hard copy of the study in the Marlin Mine. - Allow the entrance of MARN technicians to verify the study. - In the case of Marlin, the study will be updated regularly based on the discharges to receptor bodies (possibly quarterly reports). - Comply with the regulation.

Table 17: 2009 Status of Marlin Mine Permits			
PERMIT, RESOLUTION OR LICENSE	**DURATION**	**DATE OF RENEWAL**	**OBLIGATIONS OR BONDS**
Resolution No. 1114-2007/ECM/KC approved the EIA for LA HAMACA **MARN**	The Resolution is indefinite; the associated environmental license and bond is renewed periodically.	July 12th, 2010 renewal of environmental license and bond associated with the resolution.	- The recommendations stated in the approval resolution were complied with, by sworn declaration and low impact environmental evaluations for the incinerator and the mercury recovery was presented to MARN on July 18th, 2007, and they were approved. - Environmental monitoring and environmental reports for MARN.
Environmental License No. 0496-07/DIGARN for the WORKING FRONT UNDERGROUND MINE LA HAMACA **MARN**	From July 13th, 2007 to July 12th, 2010.	July 12th, 2010.	- Bond Policy C-6, 31,530 Fianzas El Roble, in the amount of Q.1,500,000.00, which puts into effect resolution 1,114-2007/ECM/KC.
Sanitary Authorization Occupational General Medical Clinic Marlin. **MSPAS**	From February 20th, 2008 to February 18th, 2013.	February 18th, 2013.	- Comply with the Health Code, articles 7, 121, 123, 157, 28 and 237. (Decree 90-97)

11.2 Sampling and Measurement Reports

The following sections present specific environmental sampling and measurement information. A map showing the location of monitoring stations for air quality, aquatic biology, surface water quality, and ground water quality is included as Attachment C. Monitoring data for surface water quality and ground water quality are presented in Attachment D. Marlin submits the monitoring results each quarter to the MARN with a copy to the MEM.

Air Emissions

The EIA&S evaluated the potential for air quality impacts resulting from operations. Based on conclusions from the air quality prediction study, it was determined that air quality impacts would not be significant. The most apparent potential air quality impacts from mining operations result from fugitive dust emissions from the roads, occurring primarily during the dry season (November – April). Marlin conducts a fugitive dust suppression program to mitigate potential fugitive dust emissions. The ambient monitoring program calls for the quarterly measurement of particulate levels around the site using PM_{10} (particulate matter with mean aerodynamic diameter of 10 microns or less) monitoring stations, however, during 2009 monthly measuring in the stations was conducted. Additionally, visual inspections are performed daily in the dry season to ensure that management practices are implemented as required to minimize fugitive dust emissions.

Table 18 summarizes the PM_{10} ambient air quality monitoring data for 2009. All monitoring results, at both the upwind and downwind stations were below the USEPA ambient air quality standard for PM_{10} of 150 µg/m^3 maximum for the 24-hour period, with the exception of one value, 155 µg/m^3 registered at AQ2 in April, The equipment used for ambient air monitoring is properly calibrated, and inspected by Marlin personnel..

Table 18. Marlin Mine 2009 PM_{10} Monitoring Data

PM10 (ug/m^3) - Marlin 2009

Monitoring Stations				2008	Month, 2009												2009
					EPA Estándar=> 150 ug/m^3 (24 hour maximum)												
Marlin	Downwind	AQ1a (Agel)	Date Monitoring		9-ene	22-feb	16-mar	21-abr	5-may	9-jun	17-jul	10-ago	2-sep	4-oct	3-nov	2-dic	
			# Filter		56	61	68	79	81	92	101	99	108	116	124	133	
			Value	36	50	33	12	64	30	15	39	25	3	11	9	21	26
		AQ2 (San José NE)	Date Monitoring		16-ene	19-feb	31-mar	18-abr	5-may	9-jun	19-jul	13-ago	7-sep	6-oct	11-nov	6-dic	
			# Filter		57	63	74	76	82	93	104	106	113	118	132	126	
			Value	37	19	55	119	155	51	46	30	21	8	14	12	21	46
		AQ4 (San José	Date Monitoring		10-ene	24-feb	11-mar	21-abr	9-may	9-jun	19-jul	15-ago	10-sep	11-oct	7-nov	8-dic	
			# Filter		55	64	66	78	85	94	102	107	114	121	131	127	
			Value	58	54	49	109	60	14	20	49	9	12	5	17	29	36
	Upwind	AQ7 (Carrizal)	Date Monitoring		18-ene	16-feb	16-mar	21-abr	9-may	23-jun	19-jul	12-ago	7-sep	8-oct	5-nov	6-dic	
			# Filter		59	60	67	80	84	97	103	105	112	120	125	122	
			Value	51	2	13	21	39	12	11	43	13	10	4	5	13	16
		AQ9 (Salem)	Date Monitoring		16-ene	19-feb	19-mar	18-abr	5-may	14-jun	17-jul	10-ago	2-sep	4-oct	3-nov	8-dic	
			# Filter		58	62	69	75	83	96	98	100	109	117	130	134	
			Value	13	1	32	31	78	39	34	34	19	7	15	21	42	29
La Hamaca	Background	AQ10 (Salitre)	Date Monitoring				26-mar			3-jun			4-sep			14-dic	
			# Filter				73			87			110			136	
			Value	53			150			12			35			54	63
		AQ11 (Salitre Northwest)	Date Monitoring				24-mar			6-jun			4-sep			14-dic	
			# Filter				72			89			111			137	
			Value	55			111			33			36			37	54
Road to Marlin	Not Applicable	AQ12 (Chuena)	Date Monitoring				10-mar			3-jun			10-sep			10-dic	
			# Filter				65			86			115			135	
			Value	43			89			17			17			33	39

Ambient Noise

Ambient noise is monitored in the communities around the mine, at a point along the access road to the mine, and in two background locations where no mining activity is taking place. Ambient noise levels are regularly above the IFC guidelines (WBG in the tables below) in both background monitoring locations and in receptor communities near the mine, with both having similar levels. There are significant ambient noise sources in the surrounding communities which have been documented since the baseline monitoring. The 2009 results are included in Tables 19 and 20.

Table 19: 2009 Marlin Mine Ambient Noise Levels – Daytime							
Monitoring Stations				Daytime 2009			
			WBG dBA	1st Qtr dBA	2nd Qtr dBA	3rd Qtr dBA	4th Qtr dBA
Marlin	Downwind	AQ1a (Agel)	55	54.1	49.0	47.1	52
	Downwind	AQ2 (San José NE)	55	51.5	57.2	56.2	49
	Downwind	AQ4 (San José Ixcaniche)	55	53.5	50.3	53.6	52
	Upwind	AQ7 (Carrizal)	55	53.9	42.8	43.2	52
	Upwind	AQ9 (Salem)	55	44.3	48.5	46.5	45
La Hamaca	Background	AQ10 (Salitre)	55	53.7	53.8	54.0	60
	Background	AQ11 (Salitre NW)	55	54.0	57.6	56.3	52
Road to Marlin	Not Applicable	AQ12 (Chuena)	55	58.4	53.3	54.2	57

Table 20. 2009 Marlin Mine Ambient Noise Levels – Night Time							
Monitoring Stations				Night Time 2009			
			WBG dBA	1st Qtr dBA	2nd Qtr dBA	3rd Qtr dBA	4th Qtr dBA
Marlin	Downwind	AQ1a (Agel)	45	48.5	48.6	43.5	54
	Downwind	AQ2 (San José NE)	45	51.2	54.8	51.6	47
	Downwind	AQ4 (San José Ixcaniche)	45	53.9	53.0	53.5	52
	Upwind	AQ7 (Carrizal)	45	51.8	42.1	33.5	51
	Upwind	AQ9 (Salem)	45	38.1	42.0	44.3	40
La Hamaca	Background	AQ10 (Salitre)	45	50.8	47.1	50.5	61
	Background	AQ11 (Salitre NW)	45	49.5	47.7	45.4	49
Road to Marlin	Not Applicable	AQ12 (Chuena)	45	54.3	46.0	47.0	52

Groundwater

Data from the groundwater sampling program is compared to historical data to analyze for any changes in water quality. Data from the wells downgradient of the TSF are also reviewed for any indicator parameters related to the water stored in the TSF. The monitoring wells included in the sampling program and their location descriptions are listed in Table 21.

Table 21. Marlin Mine Groundwater Monitoring Wells & Well Locations	
Groundwater Quality Monitoring Point	**Location Description**
MW8	Upgradient of the TSF, near Agel. New well installed in 2007.
MW3B	Downgradient of the TSF.
MW10	Downgradient of the TSF. New well installed in 2007.
MW11	Downgradient of TSF. New well installed in 2007.
MW5/PSA-1	Production Well – South of Marlin Pit, near Río Tzalá

Groundwater at Marlin is fracture controlled. In large-scale terms it can be concluded that groundwater generally flows from south to north, and that wells MW10, MW11, and MW3B are downgradient from the waste rock pile and tailings impoundment and wells MW5 (also noted as PSA-1) and MW8 are upgradient. However, it is likely that there is no direct hydraulic connectivity between any of these wells due to the nature of the fracture controlled system.

MW10 and MW11 were installed in 2007 to provide a more robust groundwater monitoring network downgradient of the tailings impoundment. Shortly after the installation these wells were vandalized and only one monitoring event could be conducted in 2008; both wells were rehabilitated during 2009 and sample activities resumed on quarterly basis. MW10 continues to report arsenic at an average for 2009 of 0.04 mg/L. However, this is not thought to be related to any seepage from the TSF because typically arsenic is non-detectable or near the detection limit in the Marlin process water, and because this has been the typical value in MW10 since its installation. For these reasons the arsenic levels in MW10 are thought to be background concentration. None of the monitoring wells downgradient of the TSF (MW3B, MW10, and MW11) reported water quality that would be indicative of seepage problems from the TSF to groundwater.

MW5 is the production well and is approximately 340 meters deep. Some changes in water quality in this well have occurred over time, but not necessarily in 2009. This well may be tied to a deep, geothermal source and the changes in chemistry may be due to the fact that pumping over time may be drawing water from this deep geothermal source. The recharge in this well is relatively fast during idle periods. This well is not in the same hydrologic and/or hydrogeologic basin as any of the processing facilities, waste rock pile, or tailings impoundment facilities.

MW8 was sabotaged twice during 2009; no monitoring was possible during the second half of the year as a result.

Water quality data from these wells is included in Attachment D.

Water Use

The water from MW5/PSA-1 and PSA-2 is used for makeup water in the process plant, water supply for the mine camp and administration buildings, and for underground mining activity. It is not considered potable water.
Water consumption is monitored continually. The process plant requires fresh water, although the majority of process water is recycled from the TSF. During 2009 the process plant used an average of 3.8 L/s, or 329 m^3/day of make-up water, and an average of 96 L/s, or 8,311 m^3/day of

reclaim water recycled from the TSF (i.e., 95% of the Process Plant water needs are met by water recycled from the TSF).
The Marlin Mine continues to work toward improving the water balance efficiency. Since 2006 Marlin has continued to increase the percentage of recycled water to the supply system and decrease the percentage of fresh water to the supply system. The water use efficiency in 2009 was similar to that of 2008, the first year that a significant improvement was not achieved. However, since continuous improvement if one of Marlin's goals, some changes to the water management at Marlin are being instituted in 2010. 89% water use efficiency is excellent, however, the Marlin professional staff is convinced that additional water conservation can be achieved at Marlin and is therefore making some additional water management changes as noted. A summary of the site-wide water consumption data is included in Table 22 below.

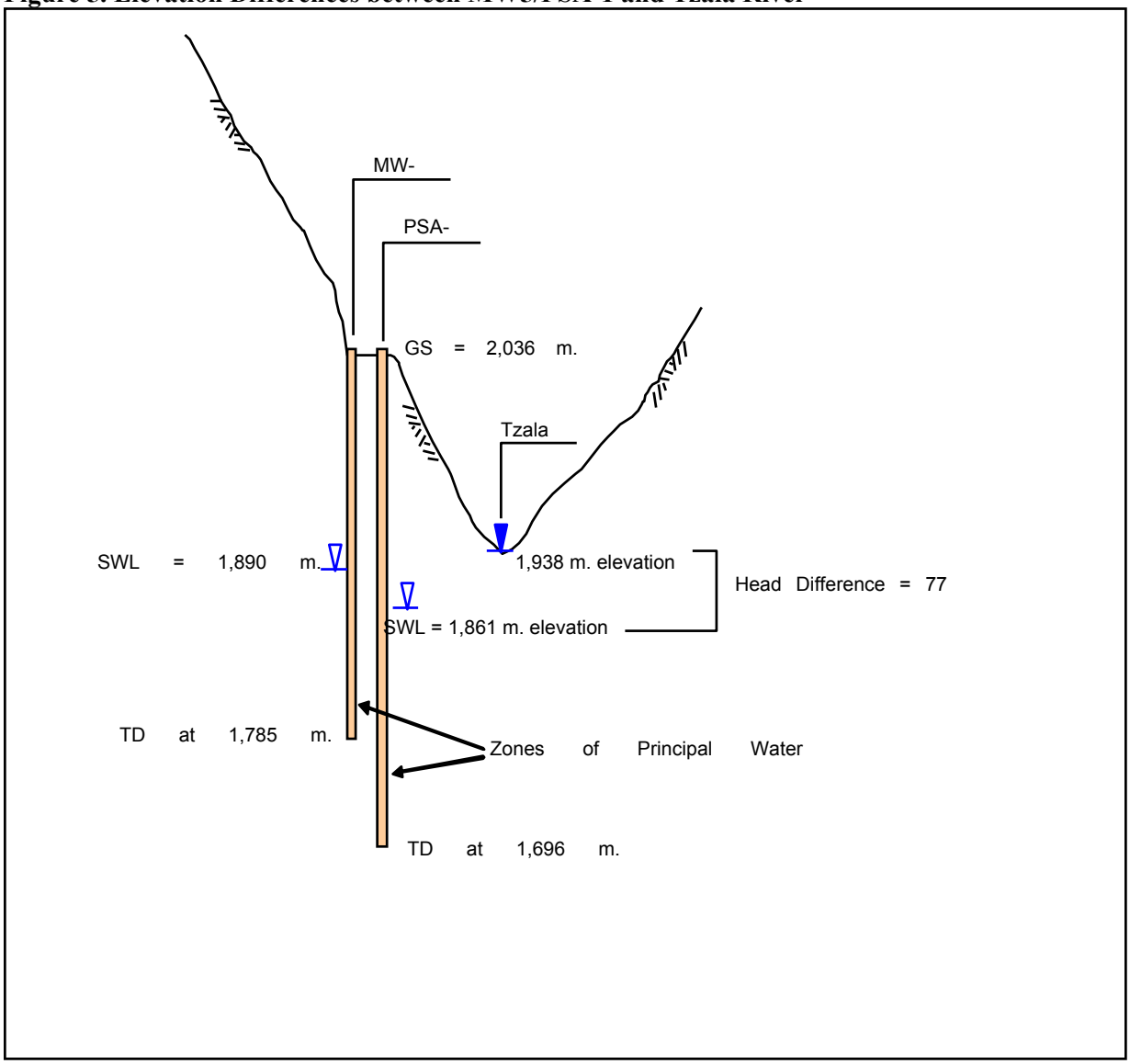
Table 22. Marlin Mine Water Consumption, Recycling and Water Balance Efficiency

	2006	2007	2008	2009
Freshwater (PSA1 & PSA2)				
Total Water Supply from Wells (m^3)	324,495	514,832	390,485	386,773
Average Pumped from Well (L/s)	9.9	16	12	12.3
Average Pumped from Well (m^3/día)	855	1,410	1,067	1036
Recycled Water				
Total Recycled Water from the TSF (m^3)	1,631,910	3,489,820	3,107,331	3,033,844
Average Pumped from TSF (L/s)	53	111	98	96
Average Pumped from TSF (m^3/día)	4,610	9,561	8,490	8,311
% of Water Supply from Recycled Water	**83%**	**87%**	**89%**	**89%**

The MW5 (PSA1) well has a total depth of approximately 340 m, which is approximately 200 m below the bed of the nearby Río Tzalá. The water chemistry in MW5/PSA-1 is different than the water quality in the Río Tzalá, indicating the two sources are not likely to have a direct, hydrogeologic connection, or that they are from different geological units. The diagram below illustrates the elevation differences. Well MW-9 shown in the diagram is the observation well adjacent to MW5/PSA-1.

PSA-2 has a total depth of 292 m, the water column is at 217 m; this well is located in the East Quebrada or "Quebrada Seca" which is an intermittent stream.

Figure 5. Elevation Differences between MW5/PSA-1 and Tzalá River



Operational Monitoring

In addition to the monitoring wells noted above, there are five wells along the east embankment of the TSF. These wells, the PW wells, were installed as part of the geotechnical and hydro-geological assessments of the Marlin Mine's TSF, and were completed on the east abutment ridge of the impoundment. The wells were primarily installed to allow *in situ* measurement on the permeability of the materials comprising the abutment. The natural abutment consists of a low permeability pyroclastic/ash unit underlain by a volcanoclastic unit. The wells penetrated between these units and are completed with a well screen in the first 40 m from the bottom. The water depths in the wells were generally at the contact level of the two units and ranged from approximately 60 m in PW12 (the shallowest well) to 90 m in PW5.

Water level monitoring has been conducted since the TSF was commissioned in early October 2005. The historical water level information in the PW wells is shown in Attachment D. One well, PW7, has shown a slowly increasing water surface elevation for some time and has been addressed in previous AMRs. The water quality data from this well does not indicate seepage from the TSF. The reason for the water level increase is still uncertain and water quality is now being monitored monthly rather than quarterly. A qualified hydrogeologist is conducting an investigation of the issue and a summary of the findings and recommendations will be reported in the 2010 AMR when they are available. Three additional piezometers are being installed in the area as part of this study. The other four wells have maintained consistent water surface elevation. The water depth and quality data for PW7 is included in Attachment D.

Seepage rates at the TSF's seepage collection pond continue to be within the design expectations.

Surface Water Monitoring

Marlin Mine personnel conduct surface water monitoring at upstream and downstream points where the potential for mining impacts can be monitored. Surface water sampling locations are listed in Table 23.

Table 23. Marline Mine Surface Water Sampling Locations

Surface Water Monitoring Point	Location Description
SW1	Upstream Monitoring – Río Tzalá
SW1-2	Between SW1 and SW2
SW2	Downstream Monitoring – Río Tzalá
SW3	Riachuelo Quivichil – downstream of the TSF
SW4	Upstream – Río Cuilco (upstream of Quivichil confluence)
SW5	Downstream – Río Cuilco (downstream of Quivichil confluence)
SW8	Quebrada Seca - Downstream of TSF, upstream of SW3
SW11	Upstream – Río Cuilco (upstream of Tzalá confluence)
SW12	Downstream – Río Cuilco (downstream of Tzalá confluence)

All points have perennial flow with the exception of SW8, which is within the upper, intermittent reaches of the drainage below the TSF. Point SW8 is upstream of SW3.

Marlin is located in two sub-watersheds, the Riachuelo Quivichil and the Río Tzalá. Both sub-watersheds drain to the Río Cuilco, which ultimately flows into Mexico and eventually discharges into the Gulf of Mexico. The Mexican border is approximately 80 km downriver from where the Riachuelo Quivichil enters the Río Cuilco.

There were no significant differences in the water quality of the Río Tzalá upstream versus downstream of mining installations in 2009. Sediment control continues in the open pit area, this ensures that excess sediments from open pit mining are not impacting the watershed during the rainy season.

No discharge from the TSF to the environment has occurred to date, but this eventual discharge will ultimately report to points SW8, SW3, and SW5 in that order. SW4 represents water quality in the Río Cuilco upstream of any future discharge events. Quarrying works continue to take

place near SW4 and is affecting the flowpath and water quality of the Cuilco River, this activity is not related to the Marlin mine.

There were no significant differences in the water quality of the points in the Riachuelo Quivichil/Rio Cuilco upstream versus downstream of mining installations in 2009, with the exception of sediments reported at SW4 which may be a result of the quarrying works discussed earlier.

The location of all of these surface water monitoring points are shown on the map in Attachment C. The data for all surface water points is shown in Attachment D.

Liquid Effluent Discharges

The Marlin Mine did not have any end-of-pipe discharges during 2009. The first end-of-pipe discharge from the TSF may occur in the 2010 rainy season but is dependent on climatic conditions. During any future discharge events, water quality will be monitored and flow measured regularly. Discharged water quality is required to comply with the IFC effluent guidelines and with the MARN standards (Reglamento de Descarga y Reuso de Aguas Residuales y la Disposición de Lodos Acuerdo 236-2006").

Water Treatment Plant

Monitoring in the TSF water indicated that to guarantee compliance with both the IFC effluent guidelines and the MARN regulation, water treatment prior to discharge is required.

The INCO plant is very effective in treating tailings for WAD cyanide significantly below 50 ppm as required by the IFC guideline for open waters. Additionally, the WAD cyanide levels in the TSF are typically below all effluent standards, but the total cyanide levels range from 1 ppm to 5 ppm, where the effluent standard is 1 ppm. To further reduce the total cyanide levels as required for discharge, a secondary water treatment plant was constructed. The plant includes an oxidation step followed by a clarification/filtration step. Finally this secondary water treatment plant includes a carbon adsorption process, however according to the test work conducted this will be only used as a contingency or polishing step when necessary. The secondary water treatment plant is operational; however, no discharge to the environment has occurred to date.

Waste Dump Monitoring

No seepage was noticed at the toe of the Area 5 Waste Dump, quarterly inspections were conducted to inspect this area. Sampling at the toe of the Main Waste Dump, point D8, was no longer possible as the point is now submerged under tailings as planned. Any seepage from this waste dump reports to the TSF

Aquatic Life Monitoring

In addition to water quality monitoring, Montana is required to conduct aquatic biology monitoring twice per year, corresponding to the dry and rainy seasons. This monitoring occurs in the Río Tzalá at points SW1 and SW2, the Riachuelo Quivichil at point SW3, and in the Río Cuilco at points SW4, SW5 and SW10. The aquatic life monitoring reports were submitted as scheduled to the MARN.

The work is conducted by qualified biologists from *Consultoria y Tecnologia Ambiental, S.A.* (CTA) which has been the case since the baseline data collection. This is the seventh sampling

season (2002-2009). The report includes detailed information on fish, macroinvertebrate and habitat monitoring.

A partial summary of the results of the fish sampling conducted to date are shown in Tables 36 and 24 and Figures 12 and 13.

Table 24. 2009 Marlin Mine Aquatic Biology: Dry Season

	Number of Individuals (Fish)								
	Feb, 2003	**Mar, 2005**	**Mar, 2006**	**March, 2007**		**March, 2008**		**March, 2009**	
Station				**Net**	**Electric**	**Net**	**Electric**	**Net**	**Electric**
SW1	12	NS	0	0	0	0	0	0	0
SW2	26	3	0	0	0	0	1	0	0
SW3	78	27	256	0	66	0	34	0	81
SW4	24	20	33	38	16	6	4	24	11
SW5	45	46	22	10	29	119	7	3	18
SW10	NS	NS	82	0	4	19	2	29	101

Table 25. 2009 Marlin Mine Aquatic Biology: Rainy Season

	Number of Individuals (Fish)										
	Jul, 2002	**Sep, 2004**	**Sep, 2005**	**Sep, 2006**		**Sep, 2007**		**Sep, 2008**		**Sep, 2009**	
Station				**Net**	**Electric**	**Net**	**Electric**	**Net**	**Electric**	**Net**	**Electric**
SW1	0	0	0	0	0	0	0	0	0	0	0
SW2	0	0	1	0	0	0	0	0	0	0	5
SW3	62	14	7	9	11	0	1	0	10	0	11
SW4	21	30	261	1	27	1	15	0	6	14	9
SW5	14	47	32	5	9	5	21	0	12	0	5
SW10	NS	NS	NS	15	17	0	13	0	17	0	8

NS: Not sampled.

Figure 6. 2002-/09 Dry Season Fish Count

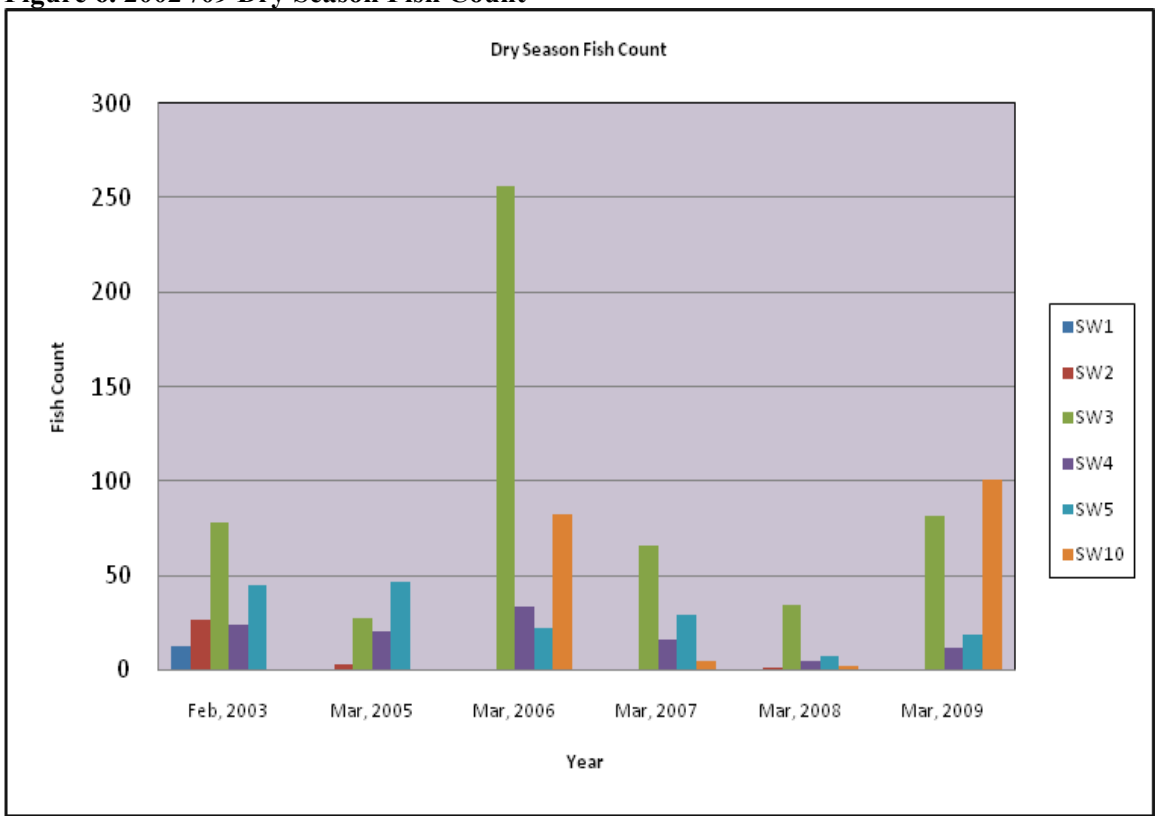
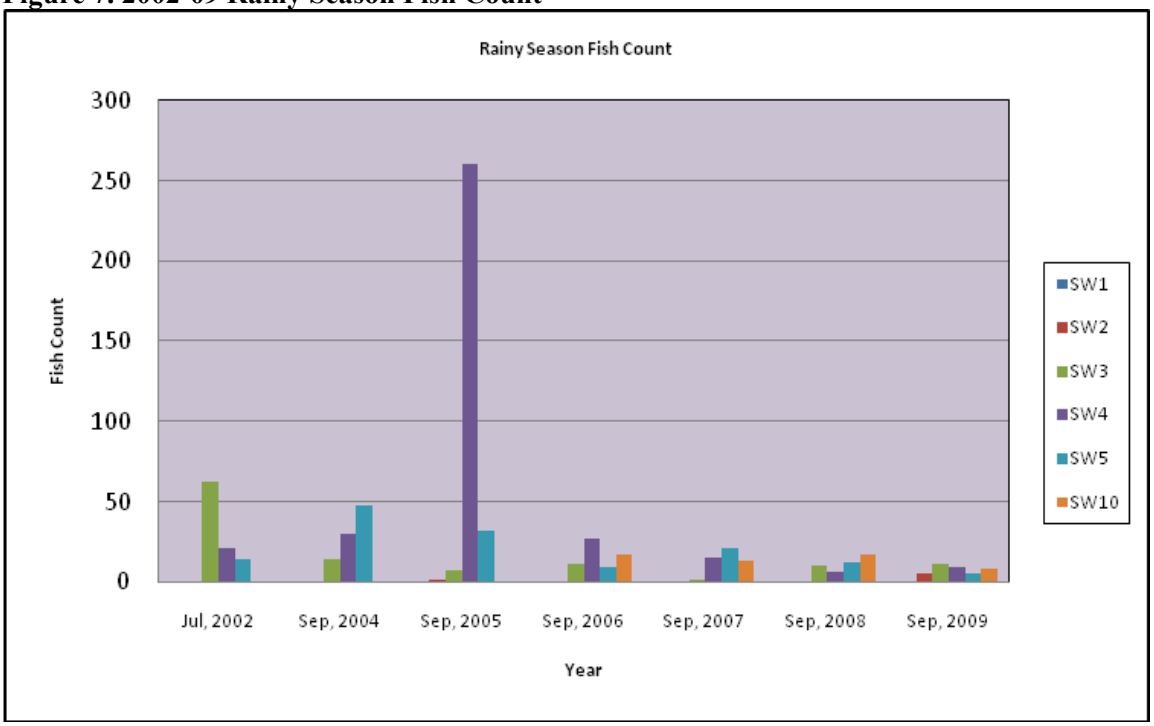


Figure 7. 2002-09 Rainy Season Fish Count



11.3 Waste Management

Marlin currently uses the main waste dump as a landfill facility for non-hazardous and solid waste, which mainly includes office and construction waste. Cells within the waste dump are opened, filled, and closed as the waste dump shifts and expands.

Organic wastes are disposed of in a trial compost cell to be later used as fertilizer in revegetation or reforestation areas. The petroleum contaminated soil (PCS) is transported to the bioremediation cell where it undergoes aeration, watering and fertilizing until the total petroleum hydrocarbon (TPH) level is below 1000 ppm. It is then placed in the Waste Dump or used where needed.

Chemical contaminated wastes such as empty cyanide bags and boxes are incinerated daily. The ash from the incinerator was analyzed and classified as a non-hazardous waste; therefore, the ash is disposed of within the waste dump.

Another special waste generated by Marlin is lead-contaminated wastes from the fire assay process. This waste is comprised of spent cupels, crucibles, and slag. These wastes are re-introduced into the process circuit at the SAG mill.

Heavy and light vehicles used batteries are collected in the maintenance shop, when a certain number is reached a licensed company transports the used batteries to a recycling plant "Acumuladores Iberia", which has an environmental license for recycling this type of product.

Two significant waste streams are recycled at Marlin; used oil and scrap metal. The used oil is collected by an approved company who then typically sells it to *Cementos Progreso* for their cement kiln. The scrap metal is collected and typically sold to a metal foundry for re-melt. Vehicle batteries in the case of the Caterpillar equipment are sent back to the vendor for recycling.

11.4 Dam Safety

The annual Marlin Mine dam safety review concluded that the waste rock facility and tailings dam continue to be designed and operated in accordance with standard international practices and guidelines. Details of the review, key findings, and recommendations can be found in Attachment E where the report is attached in its entirety.

11.5 Waste Rock Handling

The Marlin open pit mine initiated waste stripping in July of 2005, with ore production following in August. Previous tests have shown some rock types to be potentially acid generating in both the open pit and the underground mine. This section is a summary of the waste rock management procedures and handling.

Rock Analysis Procedures

Throughout 2009, all blastholes in the open pit waste zones were sampled and analyzed for total sulfur and total carbon content by the site Marlin on-site lab using their LECO furnace. These values are then used to calculate the acid generating potential (AGP) and acid neutralizing

potential (ANP) of the rock type sampled. The ratio of ANP:AGP is then used to characterize the waste as follows:

1. Non Acid Generating (NAG): Rock with ANP/AGP > 2 and/or S< 0.1%,
2. Potentially Acid Generating (PAG): Rock with 1 < ANP/AGP < 2 and S>0.1%
3. Acid Generating (AG): Rock with ANP/AGP < 1 and S> 0.1%.

Once each blasthole has been categorized accordingly, blocks of NAG and AG waste are mapped out, flagged in the mine, and managed accordingly by the mine operations department. The PAG and AG wastes are treated equally, and hauled to specific areas within the waste dump for encapsulation. To be conservative all waste rock from the underground mine is assumed to be PAG waste and handled as such.

2009 Waste Rock Data

The Marlin open pit mine produced approximately 7,426,169 tons of waste rock and the underground mine produced approximately 530,247 tons of waste rock during 2009. All the material from the open pits that was classified as PAG is encapsulated within the main waste dump. Waste rock from the underground is all assumed to be PAG to be conservative and some of it is encapsulated within the main waste dump and some of it goes back into the underground as backfill. The "Mini Dam" is a small, protective barrier placed in the tailings impoundment to keep fine tailings material from entering into the reclaim pumps, some waste rock is hauled to that location as noted in the table below .Details of waste rock placement are included in Table 26.

Table 26. 2009 Marlin Mine Waste Rock Production

Open Pit Waste Rock Management	**Tons 2007**	**Tons 2008**	**Tons 2009**
To Waste Dump	2,320,126	4,012,828	2,822,169
Clay to Dam Construction	385,702	91,432	69,808
Rock to Dam Construction	582,088	493,005	1,080,451
Rock to Aggregate Crusher	118,735	27,551	68,926
Clay to Area 5 Cap/Closure	47,953		
Organic to Area 5 Cap/Closure	9,831		
PAG to Waste Dump	71,537	561,578	3,086,340
Low Grade Material - Stockpile		39,737	3,496
Rock to Shop / Mini Dam		186,874	295,399
Total	**3,535,972**	**5,413,004**	**7,426,589**
Underground Waste Rock Management	**Tons 2007**	**Tons 2008**	**Tons 2009**
PAG to Waste Dump	72,800	20,000	405,998
Backfill	128,000	267,602	124,249
PAG to Area 5 Dump	12,500		
Total	**213,300**	**287,602**	**530,247**

Long Term Field Geochemical Testing

Geochemical test work was conducted on the exploration core samples prior to design of the mine to determine appropriate waste rock management practices to avoid future acid rock drainage production from the mine.

In addition to this early phase of test work, and the rock analysis procedures mentioned above; long term field column testing (drum tests) is underway to review the more long term potential for production of acid rock drainage. There are now a total of 19 drums with various rock types undergoing testing. Static Acid Base Accounting (ABA) was conducted on each rock type represented by the various different drums.

During the rainy season, weekly samples are taken of meteoric water that passes through the rock samples and results in a leachate, for field parameters (pH, conductivity, redox potential, etc.). Also during the rainy season a monthly sample is taken for a full suite of analytes.

In situ testing of the leachate for pH from seven of the drums has resulted in a pH < 6. The Annual Dam Safety Review also reviews the Waste Rock Dump and its encapsulation procedures. The Review also includes an assessment of the geochemical testing being conducted at Marlin. This report as noted previously can be found in its entirety in Attachment E..

12.0 HEALTH AND SAFETY MONITORING

Montana strives to provide a healthy and safe work environment, free of accidents and occupational health risks, focused on the control and prevention of all loss of human resources, company property and prevention of damage to the environment. It is the philosophy and belief of the company that accidental loss can be controlled through the implementation and administration of an effective loss-control program, which requires the active participation of all the employees. To this end, all employees are provided health, safety and loss prevention instruction and training to help them carry out their duties and responsibilities according to the rules, policies and practices established by the company. Montana has established an internal committee comprised of both management and hourly workers who perform monthly inspections focused on the environment, health and safety in the workplaces.

Goldcorp's Health and Safety Policy was included as Attachment G in the 2008 AMR. During 2009, the Marlin mine initiated planning for DELTA safety training for all mine employees. This training will focus on the same safety values presented to mine managers during the 2009 Safety Leadership training. DELTA safety training will be implemented during 2010.

Also during 2009 Marlin Mine employees received training and certification in all aspects of the International Cyanide Code.

Goldcorp conducted a Golden Eye Safety Review of the Marlin Mine during 2009. The Golden Eye review is Goldcorp's new approach to safety auditing using industrial health and safety peers from other operations within the company.

Other safety program advancements included the development of formal emergency response plans and additional training for staff in charge of emergency response for both surface and underground operations. Marlin mine staff also completed the installation of external and internal traffic control mechanisms and signage to improve traffic circulation and safety.

12.1 Occupational Health and Safety

During 2009, the Marlin Mine had a total of 108 lost-work days resulting from 7 lost-time accidents (see Tables 27 and 28). The 2009 lost time incident frequency improved over 2008 frequency by 30 percent.

Table 27. 2009 Marlin Mine Health And Safety Incident Statistics

Occupational Health and Safety Incidents	Number of Incidents	Details
Fatalities	0	
Total Lost Time Accidents	7	See Table 36 for a description of lost time accidents
Total number of lost work hours resulting from incidents	1,080	
Total man hours worked	4,708,688	2009 LTI frequency ITP 0.30

Table 28. Details Of Marlin Mine 2009 Lost Time Accidents

Accident No.	Date & Time	Accident Description and Causes	Corrective or Preventative Measures
1	18/Feb	A bolter helper placed a sheet of welded wire mesh and leaned it against the rib wall in preparation for installation. As he leaned it against the rib wall one side of the mesh got caught in another sheet of mesh that had previously been installed. When the helper tried to free the caught portion of the mesh it sprung back and pinched his little finger cutting it off just behind the fingernail. The worker received a 10 day medical suspension.	A. Re-instructed employees on netting placement procedures. B. Revised bolter operation procedures. C. Encouraged communication between the workers and equipment operators. D. Assigned EPP adequate for the operation. E. Reviewed the training program.
2	23/Feb	A process plant mechanic strained his back while trying to raise a heavy pump with a pole during the night shift. The worker was taken to the clinic and later sent to Huehuetenango for further diagnosis and treatment. The worker had suffered a minor stroke one month prior to his injury and had a history of a similar injury 3 years ago that was not in the clinic	A. Re-instructed mechanics in the procedures for lifting heavy loads. B. Instituted a weekly 30-minute talk for all shifts on the effective use of equipment for lifting heavy loads.

Table 28. Details Of Marlin Mine 2009 Lost Time Accidents			
Accident No.	**Date & Time**	**Accident Description and Causes**	**Corrective or Preventative Measures**
		records. After further analysis performed in Guatemala City, the worker was given a medical leave for recovery and physical therapy.	
3	1/Mar.	A worker from the Contractor Grupo EMO was scaling the underground tunnel near the face while he was inside a man-basket on a loader when some rock broke loose from behind shotcrete and came down and hit his leg and foot. He was sent to Huehuetenango for x-rays and the x-rays revealed a small fracture of the tibia bone.	A. Re-enforced proper sealing procedures. B. Instituted a weekly 30-minute talk on effective sealing methods.
4	6/Mar.	A Safety Department employee was backing up a pick-up at the underground mine warehouse area and did not see a worker bent over picking up split-set plates and struck the worker causing a fracture of his right ankle.	A. Reinforced golden rule No. 1 for driving light vehicles. B. Installed a caution sign inside the shop.
5	25/Abr.	A contractor's bus coming from San Miguel to the mine ran into a recently installed speed bump causing the bus to jump and passengers to fall out of their seats. One employee hit his face on the luggage rack above the seat. The employee was taken to the clinic, received sutures on his face and was given a two-day medical leave.	A. Reinforced the "management of change" process to remind employees that a change in one aspect of operations can affect others throughout the mine, and the necessity to communicate change to all employees. B. The bus driver was sanctioned for eating while driving the bus.
6	5/Oct.	A process plant maintenance worker was working on a ladder while servicing an air conditioning unit when he fell from the ladder and struck his face on the floor. He broke several upper front teeth and possibly the upper jaw bone area where the front teeth were embedded. The worker was flown to Guatemala City for follow-up treatment by an orthodontic specialist.	A. Increase personnel awareness through training. B. Reinforce working at height standards. C. Prepare procedures for working on ladders. D. Prepare procedures for securing work areas. E. Prepared disciplinary action for failure to follow proper safety procedures.

Table 28. Details Of Marlin Mine 2009 Lost Time Accidents			
Accident No.	**Date & Time**	**Accident Description and Causes**	**Corrective or Preventative Measures**
7	15/Nov.	An underground employee was injured when a piece of loose material fell from the wall while preparing area for blasting. The worker was taken to the clinic for medical assistance and later sent to the hospital in Huehuetenango for x-ray and further diagnosis.	A. Disclosed that the accident was caused by deficiencies in the sealing process. B. Initiated a policy of conducting explosive work only before16:30 hours. C. Reinforced procedures in 30–minute safety talks.

12.2 Training

Table 29 below details the Marlin Mine introductory and refresher Industrial Health and Safety training courses provided during 2009. All Montana and contractor employees receive industrial health and safety training shortly after they are employed and also receive 48 hours of specialized and refresher training on an annual basis.

Table 29. 2009 Marlin Mine Health And Safety Training	
Course	**Number of Employees Trained**
Introduction to Industrial Health and Safety	All employees
Annual Health and Safety Training	All company and contractor employees throughout the year

The following outlines the content of the introductory and annual refresher courses.

Introduction to Industrial Health and Safety:

Each surface employee receives a three-day introductory course and each underground miner receives a five-day introductory course on industrial health and safety rights and responsibilities including:

- Company health and safety policies, standards and procedures
- Industrial health and safety overview
- Rules of safety and general conduct
- Risk prevention
- Environmental preservation
- Emergency transportation and communication procedures
- Safety procedures and care of the work environment
- Emergency evacuation and escape plans
- Personal protection equipment
- Introduction to First Aid
- Land control issues
- Industrial health, safety and hygiene
- Electrical safety

- Safe use and management of explosives
- Safe use and management of chemical products
- Fire extinguisher use

Annual Refresher Training:

Each employee is required to attend an annual safety refresher training course. Topics include the following:

- Contingency committee organization and training
- Emergency action plan
- Operating contingency manual
- Evacuation
- Earthquakes
- Fire prevention and suppression
- Fire suppression teams
- First aid
- Use and management of emergency equipment
- Use and management of chemical products

12.3 Employee Workplace Monitoring

During 2009, Montana initiated an employee health program throughout the Marlin Mine workforce, by conducting a health baseline for all mine employees. This information will serve as a basis for a systematic employee health monitoring system, which in turn will inform the company's efforts to promote a healthy workforce and take corrective actions to remedy identified health problems. All mineworkers have previously been given pre-employment health exams, and this information will be incorporated into the health baseline.

12.4 Fire Safety Monitoring

Table 30 presents Marlin Mine fire safety monitoring data for 2009.

Table 30. Marlin Mine 2009 Fire Safety Activities

Fire Safety Verification Activities	Number Performed
Fire Drills*	See discussion below
Inspection and certification of electrical and mechanical fire detection and suppression systems.	1
Portable Fire Extinguisher Inspections	All fire extinguishers are inspected monthly
Portable Fire Extinguisher Recharging	All fire extinguishers requiring recharge are serviced bi-monthly

Fire Drills, Emergency Exercises and Training

During 2009, the Marlin Mine OH&S Department continued training and strengthening the skills and resources of the Emergency Response Contingency Brigade. The brigade received specialized training for a variety of emergency rescue situations and emergency rescue techniques. Each brigade member participates in periodic training sessions. The Contingency Brigade also conducts and participates in four mock disaster exercises each year. The 2009 emergency training program included:

- Execution of the evacuation plan and first aid applications;
- Contingencies and response to hazardous materials spills;
- Knowledge and use of fire suppression equipment;
- Underground Mine Rescue training scenarios.

Other 2009 Emergency Response milestones include:

- Hazardous materials response training for Marlin Mine personnel and for fire/emergency response agencies located along the transportation route to the mine.
- Incident Command Center training.
- Emergency response training for cyanide spills and contamination.