Directorial Resolution

No. 334-97-EM/DGM

Lima, October 16, 1997


WHEREAS:

Pursuant to Section 9 of the Environmental Protection Rules for Mining and Metallurgical Activities, as approved by means of Executive Decree No. 016-93-EM and Section 3 of Executive Decree No. 059-93-EM enacted to partially amend the Rules approved through Executive Decree (DS) No. 016-93-EM, it is provided that the Environmental Management and Adaptation Programs (Programas de Adecuación y Manejo Ambiental, PAMA) shall be approved or challenged by the General Mining Office through a Resolution and according to the opinion of the General Office of Environmental Affairs and they shall be amended by the same General Mining Office through a Directorial Resolution (RD) on its own initiative or at the instance of any interested parties, on the grounds of technical, economical, social and environmental reasons.

By means of Appeals No. 1152485 and No. 1155365, dated September 19 and October 10, 1997 respectively, CENTROMIN PERÚ S.A. requested that the PAMA applicable to the La Oroya Metallurgical Complex should be split on account of the transfer of title to the Complex due to sale thereof. The applicant deemed it necessary to share the undertakings under the Environmental Management and Adaptation Program with Empresa Metaloroya S.A., as substantiated before the General Office of Mining Affairs, which agency has rendered a favorable opinion as per Report No. 107-97-DGAA/LC of October 14, 1997 and Memorandum No. 2159-97-EM/DGAA of October 14, 1997.

Now, therefore, in accordance with the Rules approved through D.S. No. 016-93-EM, as amended by D.S. No. 059-93-EM,

It is hereby RESOLVED as follows:

Section 1.- Section 2 of R.D. No. 325-97-EM/DGM of October 6, 1997, whereby the action and investment schedule is amended for an aggregate amount of USD 131,742,000 with respect to an environmental adaptation period of ten (10) years (1997-2006), under the Environmental Management and Adaptation Program for the LA OROYA METALLURGICAL COMPLEX held by CENTROMIN PERÚ S.A. is hereby abrogated.

Section 2.- The split of the PAMA for the LA OROYA METALLURGICAL COMPLEX is hereby approved, for an aggregate amount of USD 24,167,000 with respect to CENTROMIN PERÚ S.A. for an execution period running up to 2005 (09 years) and for an aggregate amount of USD 107,575,000 with respect to METALOROYA S.A. for an execution period running up to 2006 (10 years), pursuant to the action and investment schedule to be executed by both companies in compliance with the applicable Environmental Laws.

Be this resolution registered and notified.

[Signature]
Ministry of Energy and Mines
REPORT No. 947-97EM-DGM-DFM-DFT

TO Head of the General Mining Office
SUBJECT Amendment of the PAMA requested by Centromin Perú S.A. of the La Oroya Production Unit (UP)
REFERENCE Appeal No. 1149473 of September 15, 1997
Appeal No. 1151912 of September 16, 1997
Report No. 91-97-EM/DGAA/LC
Memo No. 1184-97-EM/DGAA

Regarding the above matter, this is to inform you of the following:

In the referenced Report, the General Office of Environmental Affairs has evaluated the above documents as submitted by Centromin Perú S.A. to request the amendment of the PAMA’s, regarding a re-programming of the action and investment Schedule for their various Mining Units, including the PAMA for the La Oroya U.P. The report indicates that the amendment involves an increase in the investment amount from USD 129,125,000 to USD 131,742,000, that is to say, an additional USD 2,617,000; such amount has been executed during 1995, 1996 and 1997 in the course of performance of the Monitoring Program, the preparation of the Preliminary Environmental Assessment (Evaluación Ambiental Preliminar, EVAP), the preparation and approval of the PAMA. The reprogramming does not entail an amendment of the term granted upon approval of the PAMA.

It is the opinion of this General Office of Environmental Affairs that, according to the above referenced Report and Memo, as requested by Centromín Perú S.A., and considering that the amendment of the PAMA is mainly intended to include the activities which have been executed before the approval of the PAMA, they represent no significant variations in the actions and time periods of environmental adaptation as originally committed, thus recommending that the amendment requested be approved and holding it conforms to the applicable legal requirements.

Consequently, on the basis of the foregoing, the undersigned does hereby abrogate Section 2 of R.D. No. 017-97-EM-DGM dated January 13, 1997, whereby the execution period of ten (10) years is approved, on account of the action and investment schedule initially submitted for an amount of USD 129,125,000, all other provisions thereof remaining in full force and effect. Furthermore, the new action and investment schedule for an aggregate amount of USD 131,742,000 shall be modified and included in the PAMA, based on the technical and economical grounds discussed in the referenced Report.


[Signature]
Eng. Javier F. Guerrero Valera
CIP License No. 406112
Technical Fiscalization Office
MINISTRY OF ENERGY AND MINES

Lima, [Seal:] October 03, [illegible].

In agreement with the report above, be it SENT to the General Mining Office for all subsequent purposes.

[Signature]
Eng. Cesar Lavado Huyhua
Head of Mining Fiscalization Office

Lima, [Seal:] October 06, 1997.

In view of the above Report, which this Office finds admissible, the relevant RD shall be ISSUED to abrogate Section 2 of R.D. No. 017-97-EM/DGM dated January 13, 1997, all other provisions thereof remaining in full force and effect. Furthermore, the new action and investment schedule for an aggregate amount of USD 131,742,000 shall be duly MODIFIED and INCLUDED for the same execution period of ten (10) years (1997-2006) of the Environmental Management and Adaptation Program of the La Oroya UP held by CENTROMÍN PERÚ S.A., based on the technical and economical grounds asserted by the title-holder. Once these instructions have been complied with, this file shall be returned to the Mining Fiscalization Office.

[Signature]
Eng. Jorge Dios [illegible]
Head of Mining Fiscalization Office

J.G.V.
LAOROYA.DOC
REPORT No. 1047-97EM-DGM-DFM-DFT
TO Head of General Mining Office
SUBJECT Split of the PAMA of the U.P. La Oroya held by Centromín Perú S.A.

REFERENCE Appeal No. 1152485 of September 19, 1997
Appeal No. 1155365 of October 10, 1997
Report No. 107-97-EM/DGAA/LC
Memo No. 2159-97-EM/DGAA

Regarding the above matter, this is to inform you of the following:

In the referenced Report, the General Office of Environmental Affairs has evaluated the above documents as submitted by Centromín Perú S.A. to request the split of the PAMA for the LA OROYA METALLURGICAL COMPLEX, on account of the transfer of title to the Complex due to sale thereof, and deemed it necessary to share all commitments assumed under the Environmental Management and Adaptation Program (Programa de Adecuación y Manejo Ambiental, PAMA) with EMPRESA METALOROYA S.A. The split up of all commitments has been made in the knowledge of the Ministry of Energy and Mines, by means of Appeal No. 1152485. Moreover, after performing the referred evaluation the following can be noted:

- The amounts to be borne by CENTROMIN PERÚ S.A. and METALOROYA S.A. in order to comply with the PAMA commitments shall be as follows: USD 24,167,000 (18.34%) with respect to CENTROMIN PERÚ S.A. and USD 107,575,000 (81.66%) with respect to METALOROYA S.A.; the overall sum of the foregoing amounts adds up to the result of the PAMA re-scheduling as approved through R.D. No. 325-97-EM/DGM of October 6, 1997.

- The Action and Investment Schedule of CENTROMIN PERÚ S.A. shall be performed over a period running up to and including 2005 (9 years), while the period afforded to METALOROYA S.A. shall run up to and including 2006 (10 years).

- Under Appeal No. 1155365, whereby the split of the PAMA is requested, a summary of the economic and financial consolidated results is presented for the period as of August 1997, as well as a projection until December. In such projection, the sales volume expected for METALOROYA S.A. for 1997 is USD 263,359,500, thus defining that 1% would amount to USD 2,633,595. The investment projected for each year of the performance of the PAMA, in excess of the calculations, is 1% of METALOROYA S.A. sales.

It is the opinion of the General Office of Environmental Affairs that, according to the referred report and memo, based on the foregoing and considering that the proposal falls
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within the guidelines set forth by the Environmental Rules for Mining and Metallurgical Activities, D.S. No. 016-93-EM and D.S. No. 059-93-EM, and thus hereby recommends that the PAMA be split and the referred companies undertake to perform the actions and investments in accordance with the re-scheduling approved.

Consequently, on the basis of the foregoing, the undersigned does hereby authorize the split of the PAMA approved through R.D. No. 325-97-EM/DGM dated October 6, 1997, in favor of CENTROMÍN PERÚ S.A. and METALOROYA S.A., according to the amounts previously mentioned for each company, and similarly approves the re-programming of the action and investment schedule and the term provided for the environmental adaptation of the corresponding Environmental Management and Adaptation Program, based on the technical and economical grounds discussed in the referenced Report.


[Signature]
Eng. Javier F. Guerrero Valera
CIP License No. 406112
Technical Fiscalization Office


In agreement with the report above, be it SENT to the General Mining Office for all subsequent purposes.

[Signature]
Eng. Cesar Lavado Huyhua
Head of the Mining Fiscalization Office

Lima, [Seal:] October 06, 1997.

In view of the above Report, which this Office finds admissible, the relevant RD shall be ISSUED to abrogate Section 2 of R.D. No. 325-97-EM/DGM dated October 6, 1997, all other provisions thereof remaining in full force and effect. Furthermore, the split of the PAMA for the La Oroya Metallurgical Complex in an overall amount of USD 24,167,000 with respect to CENTROMÍN PERÚ S.A. for a performance period up to and including 2005 (09 years) and in an overall amount of USD 107,575,000 with respect to METALOROYA S.A. for a performance period up to and including 2006 (10 years), shall be duly MODIFIED and INCLUDED, based on the technical and economical grounds asserted by the title-holder. Once these instructions have been complied with, this file shall be returned to the Mining Fiscalization Office.

[Signature]
Eng. Jorge Dios [illegible]
Head of the Mining Fiscalization Office

J.G.V.
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