

## CONTENTS

---

9.0	HUMAN RESOURCES .....	9-1
9.1	Relevant Legislation .....	9-1
9.2	Organizational Structure .....	9-2
9.3	GCM and Contractor Manning Levels .....	9-6
9.4	Remuneration Policies .....	9-8
	9.4.1 Work Schedule .....	9-10
	9.4.2 Camp .....	9-10
	9.4.3 Transport .....	9-10
9.5	Recruitment and Training .....	9-10

## TABLES

---

Table 9.1-1:	Chilean Labour Standards .....	9-2
Table 9.3-1:	Overall Staffing by Department .....	9-7
Table 9.3-2:	Staffing Distribution by Department .....	9-7
Table 9.4-1:	GCM Employees Salary Scale .....	9-9

## FIGURES

---

Figure 9.2-1:	GCM Management Organization Chart .....	9-3
Figure 9.2-2:	GCM Mine Organization Chart .....	9-3
Figure 9.2-3:	GCM Geology and Exploration Organization Chart .....	9-4
Figure 9.2-4:	GCM Process Organization Chart .....	9-5
Figure 9.2-5:	GCM Administration and Finance Organization Chart .....	9-6

## **9.0 HUMAN RESOURCES**

### **9.1 Relevant Legislation**

In Chile, the Ministerio de Trabajo y Prevision Social (Ministry of Labour and Social Security) is the organisation in charge of preparing and proposing policies, plans, and regulations that rule the labour relations system in the country. Services that belong to this ministry are:

- Dirección del Trabajo (Bureau of Labour)
- Servicio Nacional de Capacitación y Empleo (Sence) (National Training and Employment Service)
- Superintendencia de AFP (Superintendent of Pension Funds)
- Superintendencia de Seguridad Social (Superintendent of Social Security)
- Instituto de Normalización Previsional (INP) (Social Security Institution)
- Dirección General del Crédito Prendario (General Bureau of Mortgage Credit)
- Comisión Ergonómica Nacional (National Ergonomic Commission).

The Dirección del Trabajo is the entity that has the most direct relation with the fulfillment of labour standards. The principal functions of the bureau are:

- Supervision of the fulfillment of the labour, social security, and hygiene and safety standards in the work place
- To establish by means of rulings, the application and scope of labour laws
- To communicate to workers and employers the principles of current labour legislation
- To perform actions to prevent and solve labour conflicts, generating a system that will encourage cooperation and agreements between workers and employers.
- To provide technical assistance to participants all types of work, to encourage and promote harmonious and balanced labour relations.
- To provide a mediation system to solve collective work conflicts and a conciliation system.

The law that rules relations between workers and employers is the Labour Code (Código del Trabajo) and various complementary standards, as indicated in Table 9.1-1. The basis of this legislation is founded in the Constitution of Chile.

**Table 9.1-1: Chilean Labour Standards**

<b>Labour Standards</b>	<b>Number</b>
Labour Code	DFL N° 1
Work Accidents and Industrial Illnesses	Law N° 16.744
Regulation of the Law of Work Accidents and Industrial Illnesses.	Decree N° 101
Regulation about industrial risk prevention	Decree N° 40
Sanitary and basic environmental conditions in the work place	Decree N° 594
Mining Safety Regulation	Decree N° 132

In January 1994 a new Labour Code became law and included reforms to better protect collective negotiations, individual work contracts, and the exercise of freedom of unions, as well as to speed up labour court procedures. The Labour Code regulates work contracts, their termination; work day duration; compensation for vacation, illness and work accidents; union organization and unionization; foreign workers; collective agreements; and resolution of labour conflicts by means of negotiations and labour courts.

In addition, this labour standard extends to the regulation and control of safety, hygiene, health and environmental aspects that affect workers.

## **9.2 Organizational Structure**

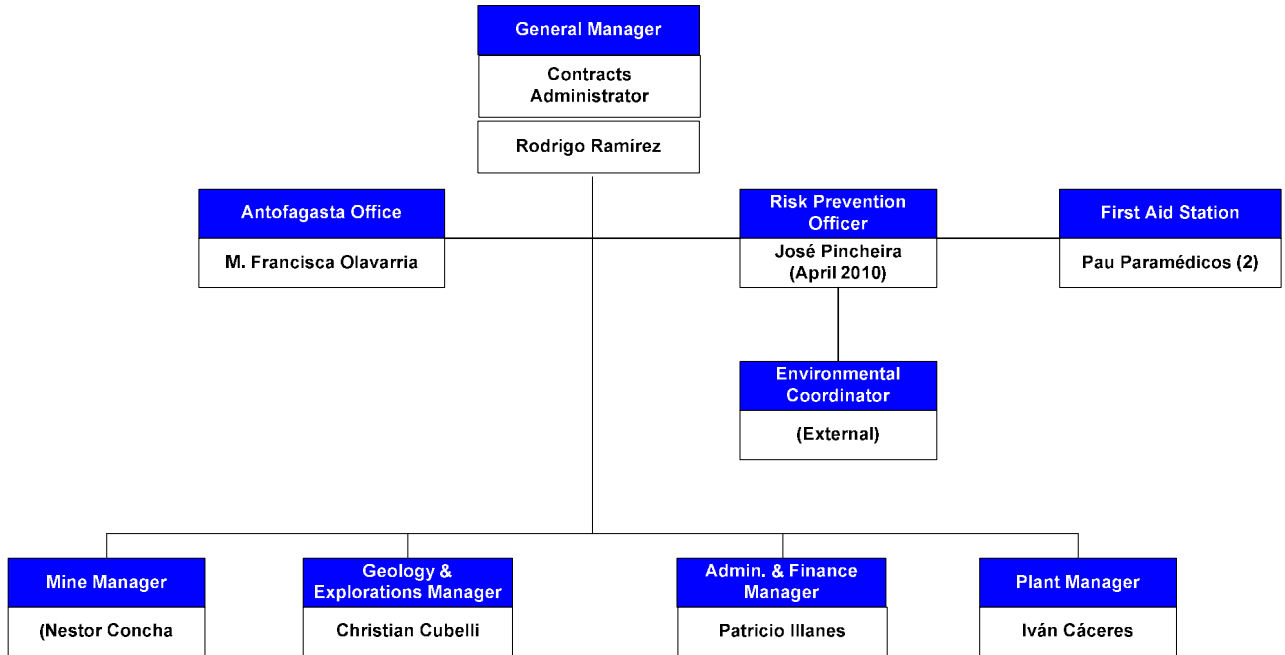
The basic principle of GCM operations will be to maximize the production in the mine and plant without neglecting or sacrificing the safety and health of employees, as well as preserving the company's facilities and assets, and maximizing recovery of the ore reserves and resources.

GCM's organizational structure will be composed of three levels; management, supervision, and employees, all reporting to the General Manager.

The Mining, Geology and Exploration, Administration and Finances, and Process areas will be managed by a functional manager who will report to the General Manager as shown in Figure 9.2-1.

Mine management will consist of the Planning, Geotechnical, and Mining Operation departments as shown in Figure 9.2-2.

**Figure 9.2-1: GCM Management Organization Chart**



**Figure 9.2-2: GCM Mine Organization Chart**

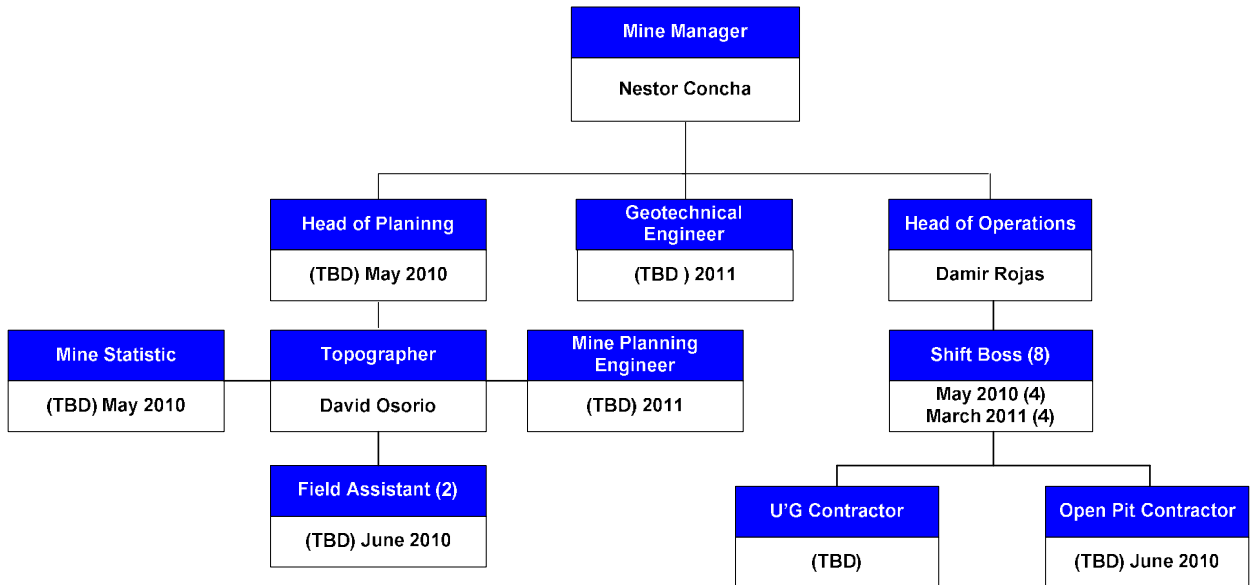
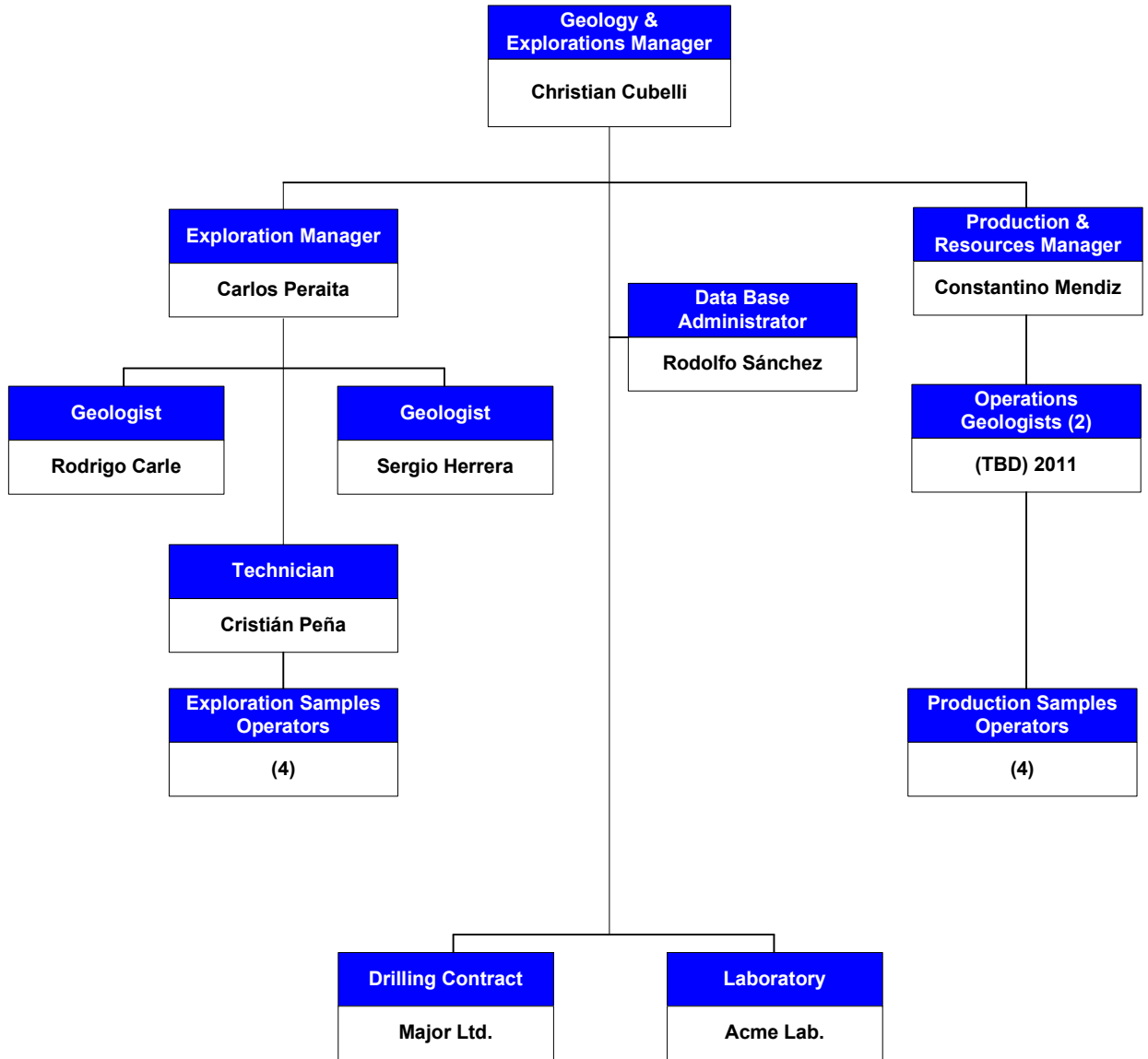


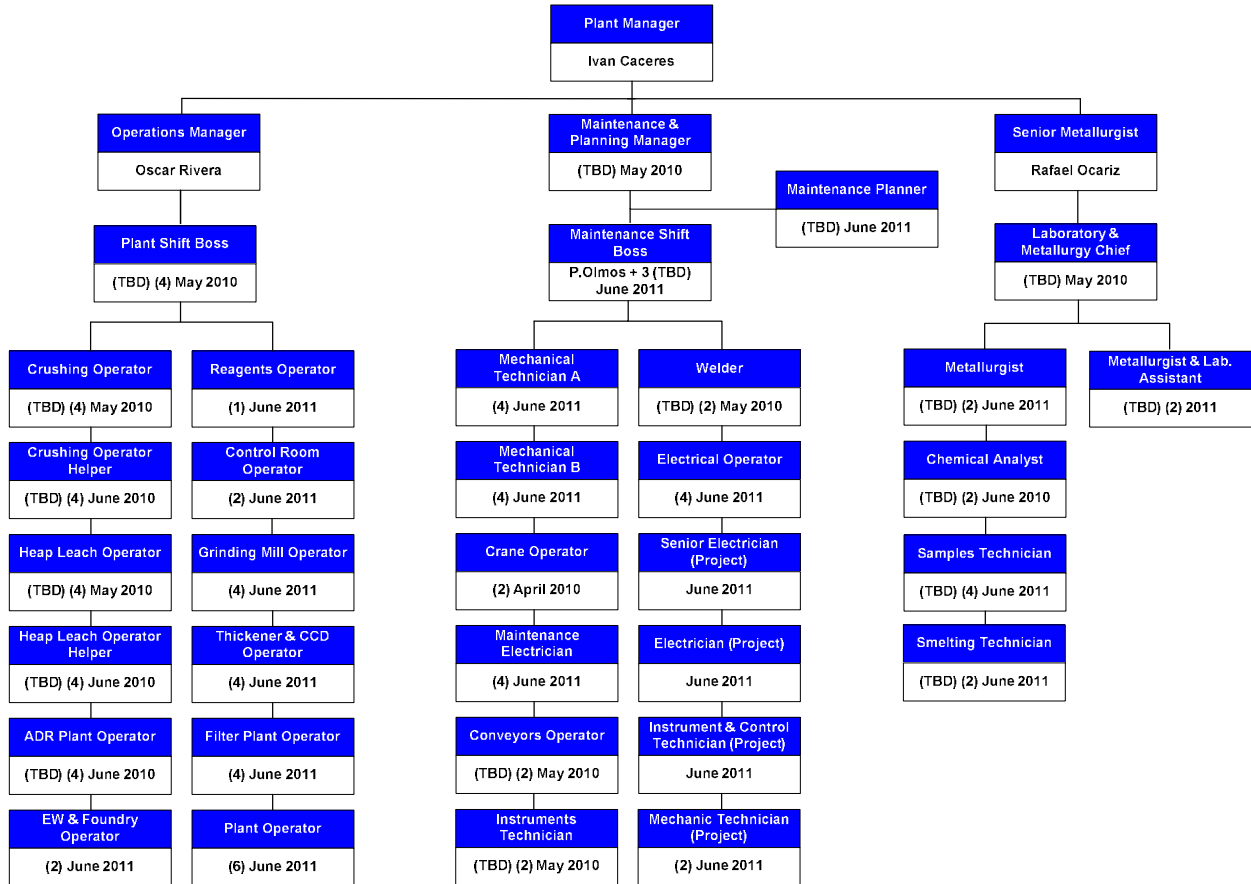
Figure 9.2-3 shows the organization of the Geology and Exploration department that will be responsible for the exploration, production and resources, drilling and laboratory areas.

**Figure 9.2-3: GCM Geology and Exploration Organization Chart**



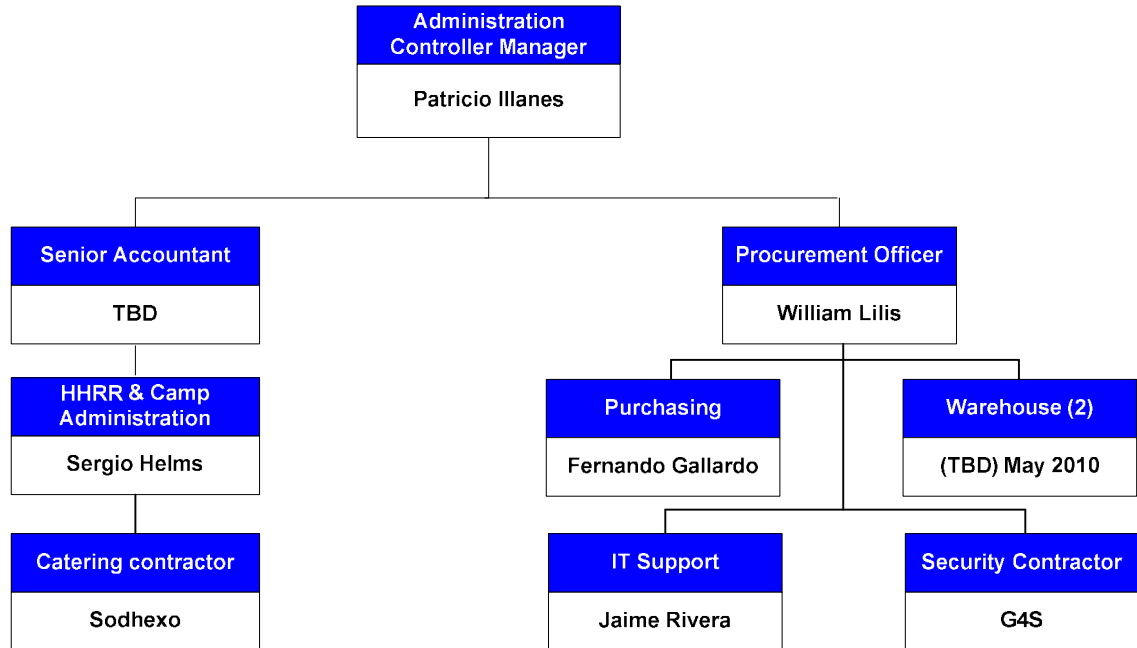
The Process department will consist of the Operation, Maintenance and Planning, and Metallurgical areas. Figure 9.2-4 shows the organization chart for this department

**Figure 9.2-4: GCM Process Organization Chart**



The Administration and Finance department organization is shown in Figure 9.2-5 and includes Accounting, Human Resources, Purchasing, and IT.

**Figure 9.2-5: GCM Administration and Finance Organization Chart**



### 9.3 GCM and Contractor Manning Levels

The management and operation of the plant, management and engineering for the mine, and geology and exploration services will be performed by GCM's own personnel.

The underground mine, open pit, and Phase III heap leach operation will be performed by contractors with known qualifications and experience in the area. The first aid station, catering and camp services, transportation of personnel to and from the site, safety and security will also be provided by contractors.

The total GCM and contractor staffing by department is shown in Table 9.3-1. The distribution of personnel is shown in Table 9.3-2.

**Table 9.3-1: Overall Staffing by Department**

Department	GCM Employees	Contractors
General Manager's office	3	3
Mine	17	110
Geology & Exploration	17	20
Process Plant	98	30
Administration & Finance	7	40
<b>TOTAL</b>	<b>142</b>	<b>203</b>

**Table 9.3-2: Staffing Distribution by Department**

Department	GCM Employees	Contractor Staff
<b>General Manager Office</b>		
General Manager	1	
Antofagasta Office	1	
Risk Prevention Officer	1	
Environmental Coordinator		1
First Aid Station		2
<b>Mine Department</b>		
Mine Manager	1	
Head of Planning	1	
Geotechnical Engineer	1	
Head of Operations	1	
Mine Statistic	1	
Topographer	1	
Mine Planning Engineer	1	
Topographer Field assistant	2	
Shift Boss	8	
Underground Mine Contractor		90
Open Pit Mine Contractor		20
<b>Geology and Exploration Department</b>		
Geology & Exploration Manager	1	
Exploration Chief	1	
Geologist	2	
Geology Technician	1	
Exploration Sampling Operators	4	
Database Operator	1	
Production & Resources Chief	1	
Operations Geologists	2	
Production Sampling Operators	4	

Department	GCM Employees	Contractor Staff
Drilling Contractor		16
Laboratory Contractor		4
<b>Process Department</b>		
Process Plant Manager	1	
Operations Chief	1	
Plant Shift Boss	4	
Operators	35	30
Operator Helpers	8	
Maintenance Planning Chief	1	
Maintenance Planner	1	
Maintenance Shift Boss	4	
Senior Technicians	1	
Specialty Technician	20	
Maintenance Operators	8	
Senior Metallurgist	1	
Laboratory & Metallurgy Chief	1	
Metallurgist	2	
Metallurgist & Lab. Assistant	2	
Chemical Analyst	2	
Laboratory Technicians	6	
<b>Administration and Finance Department</b>		
Admin. & Finance Manager	1	
Senior Accountant	1	
HR & Camp Administration	1	
Procurement Officer	1	
Purchasing	1	
Warehouse	2	
Catering Contractor		27
IT Support Contractor		1
Security Contractor		12
<b>TOTAL</b>	<b>142</b>	<b>203</b>

#### 9.4 Remuneration Policies

GCM's Human Resources strategy will guarantee workers' rights, ensuring they receive training and strengthening their values, creating a culture based on respect.

The remuneration plan established by GCM consists of the payment of a monthly salary for each worker which will be adjusted semi-annually according to positive variations of the IPC (Chilean price index).

The monthly salary of each position in the organization (Table 9.4-1) will be established by the market, for the industry type and size of operation. The purpose of this strategy is to position each worker between the 50<sup>th</sup> and 75<sup>th</sup> percentile for the industry.

Supervisors will potentially have two additional monthly salaries per year which will be determined by performance evaluation. For supervisors these bonuses or additional salaries will be variable income.

It has been considered that employees (not supervisors) will receive additional bonuses for national holidays and Christmas, equivalent to 25% of their net salary (maximum net salary US\$250,000).

All workers will be incorporated into a Caja de Compensación (insurance and social benefits organization), health insurance system (Isapre), pension fund (AFP), and an unemployment benefit system as required by the current legislation. As an extra benefit, GCM will provide supplemental medical insurance and life insurance for all their workers. Table 9.4-1 shows the monthly gross salary by cost level.

**Table 9.4-1: GCM Employees Salary Scale**

Salary Scale	Monthly Base Salary	Bonus Payment <sup>1</sup>	Job Performance Bonus <sup>2</sup>	Gross Salary	Payment Accrual	Work Accident Insurance	Supplemental Health insurance	Total Cost CLP\$
S-0	4,200,000	65,313	700,000	4,965,313	45,360	97,650	75,674	<b>5,183,997</b>
S-1	3,500,000	65,313	583,333	4,148,646	45,360	97,650	75,674	<b>4,367,330</b>
S_2	3,300,000	65,313	550,000	3,915,313	45,360	97,650	75,674	<b>4,133,997</b>
S_3	3,200,000	65,313	533,333	3,798,646	45,360	97,650	75,674	<b>4,017,330</b>
S_4	2,540,000	65,313	423,333	3,028,646	45,360	97,650	75,674	<b>3,247,330</b>
S_5	2,340,000	65,313	390,000	2,795,313	45,360	97,650	75,674	<b>3,013,997</b>
S_6	2,240,000	65,313	373,333	2,678,646	45,360	97,650	75,674	<b>2,897,330</b>
S_7	1,940,000	65,313	323,333	2,328,646	45,360	97,650	75,674	<b>2,547,330</b>
S_8	1,840,000	65,313	306,667	2,211,980	45,360	97,650	75,674	<b>2,430,663</b>
S_9	1,240,000	65,313	206,667	1,511,980	36,288	97,650	54,674	<b>1,700,591</b>
S_10	1,140,000	65,313	190,000	1,395,313	33,488	97,650	54,674	<b>1,581,124</b>
S_11	840,000	65,313	140,000	1,045,313	25,088	81,012	54,674	<b>1,206,086</b>
S_12	740,000	65,313	123,333	928,646	22,288	71,970	54,674	<b>1,077,577</b>
S_13	640,000	65,313	106,667	811,980	19,488	62,928	54,674	<b>949,069</b>

<sup>1</sup> Voluntary bonus payment in lieu of profit sharing

<sup>2</sup> Paid on a yearly basis at year end.

Salary Scale	Monthly Base Salary	Bonus Payment <sup>1</sup>	Job Performance Bonus <sup>2</sup>	Gross Salary	Payment Accrual	Work Accident Insurance	Supplemental Health insurance	Total Cost CLP\$
S_14	540,000	65,313	90,000	695,313	16,688	53,887	54,674	<b>820,561</b>
S_15	440,000	65,313	73,333	578,646	13,888	44,845	54,674	<b>692,052</b>

#### 9.4.1 Work Schedule

The Guanaco mine will be operated by Chilean professionals with managers, supervisors, and staff living in Antofagasta or Taltal. The mine will operate continuous shifts, day and night, 24 hours per day, 7 days per week.

Both mine and plant operations personnel will work a 7 x 7 shift system working 12 hour work shifts, equivalent to 42 work hours per week. Administration, supervision, and technical staff will work from Monday to Thursday, on 4 x 3 day shift system working 12 hour work days, with a total of 43 work hours per week.

#### 9.4.2 Camp

GCM will provide their employees with lodging and food on site, to the normal standards of the mining industry in Chile, which consists of 3 meals per day with a fourth meal for those on night shift.

#### 9.4.3 Transport

GCM will establish a bus service to transport their personnel from Taltal and Antofagasta to the site and back. This service will be performed with a transportation company specialized in this type of services.

Managers and supervision will use the pick-up trucks assigned to each department, for transport to the site and for transport around the site as required by their work.

### 9.5 Recruitment and Training

Recruitment of personnel will be carried out using a management system defined by position requirements, and the search for manpower will focus primarily in Taltal, and in second place, in Antofagasta.

A training program will be implemented as required to meet the construction and start up schedule, taking into account the availability of qualified manpower in Taltal. Basic training will be provided for personnel who do not have experience in the tasks required for the mine and plant operation.

GCM will assign 2% of the total payroll to training. In each work area the position requirements that need to be incorporated or reinforced will be established.

Recruitment will be carried out by the Controller and Administration Manager through the HR department.