



HIGHLAND GOLD MINING Ltd.

Strict controls in mining – a daily practice

In light of the debate concerning state regulatory issues in the Russian mining industry, Highland Gold would like to reassure our stakeholders of our sincere commitment to be in compliance with all domestic and international regulations.

All exploration fields and mines of Highland Gold Mining are under constant supervision by the State Authorities. This is 'business as usual'. As a matter of course we use explosives, chemicals, complex engineering works in our everyday business life as well as underground constructions (mines and shafts) used for extracting raw materials. Such work is only possible through rigorous execution of all health and safety regulations and environmental protection rules.

Different Government institutions are involved in constant overseeing of the industrial process. Only during the last 10 months our Mayskoye development project has been checked by the Government authorities 9 times. It is most likely that as the company nears reaching its full production capacity the numbers of these checks will only increase. The same applies at our Mnogovershinnoye mine, the major current producing component of HGM, which has been checked 54 times during the same period.

Not a single check revealed any serious breaches of the technical regulations or the environmental safety regulations. To the contrary, in the reports that followed the checks, it had been stated that all previous recommendations had been followed and all necessary permissions and authorisations obtained. However, where any omissions were noted they were dealt with efficiently and quickly.

Checks and controls are of an all-encompassing nature: yearly coordination of plans, quarterly reports, preliminary permission for production works, licensing, reporting on the use of resources, planned checks, unexpected checks, reports on correcting previously noted omissions, complex checks by joint commissions, public checks, and the attestation of acting specialists. In other words, if an enterprise is producing it cannot be anything but absolutely transparent.

The realisation of how important our actions are helps us to manage and accept this part of our production process. Moreover, as a public company we are directly interested in strict controls: all omissions and mistakes that are brought to our attention show our weak points and help us to improve. This is why we work in close contact with government organisations, all their comments are followed-up, every report is meticulously studied and every tiny breach or notification is analysed and the reasons are looked for and eliminated.