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UNITED STATES OF AMERICA

## **PT NUSA HALMAHERA MINERALS – GOSOWONG SUPPLY CHAIN RECERTIFICATION AUDIT CORRECTIVE ACTION PLAN IMPLEMENTATION LETTER**

Dear Sir

### **BACKGROUND**

The PT Nusa Halmahera Minerals (NHM) Gosowong Supply Chain was found to be non-compliant with the *International Cyanide Management Code for the Manufacture, Transport, and use of Cyanide in the Production of Gold* (the Code) on 18 November 2015 based on the ICMI Recertification audit held from 27-29 January and 22-23 April 2015. Accordingly the NHM developed a Corrective Action Plan (CAP) to address the identified deficiencies (*PT Nusa Halmahera Minerals – Gosowong Supply Chain Recertification Audit – Corrective Action Plan* (Report No. 1413542-012-R-Rev0, Golder Associates, October 2015)).

This letter details the successful implementation of the necessary actions to bring the operation into full compliance with the Code.

### **VERIFICATION OF CORRECTIVE ACTION PLAN IMPLEMENTATION**

A review of the evidence presented by NHM supporting the full implementation of the Corrective Action Plan was conducted by Golder Associates (Golder) in April, May and June 2016. A site visit to verify the implementation of some elements of the CAP was conducted on 21 and 22 June 2016. The review is summarised in the table below.

<b>Corrective Action</b>	<b>Finding/Evidence</b>
<b>Standard of Practice 2.1</b>	
Description of deficiency – NHM has provided some evidence; however the material provided is not sufficient to demonstrate full compliance with the Cyanide Emergency Response Plan (CERP) training commitments or Code requirements that Emergency Response Coordinators and members of the Emergency Response Team are trained in the procedures included in the CERP regarding cyanide. (Question 3.2.1)	
Train Emergency Response Coordinators and members of the Emergency Response Team in the procedures included in the Emergency Response Plan regarding cyanide, including the use of necessary response equipment.	NHM has undertaken a review of emergency response capability and processes. It has systematically address identified gaps through the implementation of a structured training process and mentoring of site personnel by experienced emergency response professionals. The focus has been on upskilling local responders and establishing a clear command and control structure for the Emergency Response Team (ERT). Given the revision and restructuring of the training program the 12 months of training records requested as evidence of reinstating the previous training regime in the CAP is no longer required. The restructured training program for emergency responders is considered to an improvement on the previous program and in addition, NHM has



Corrective Action	Finding/Evidence
	<p>developed and implemented a training package that details responsibilities and commitments under the Code. The training packages are tailored to each department including emergency response commitments and responsibilities. The roll out of this program was confirmed through interviews with line management and supervisory personnel from a number of departments together with a review of training records. Personnel interviewed could describe the actions necessary for compliance with the Code within their area of responsibility.</p> <p>A series of mock drills has been conducted to bring the ERT train, test and re-establish the capability of the ERT to respond to cyanide. A review of mock drill reports and interviews with trainers and ERT captain confirmed that capability had been restored and a system for conducting, reviewing and improving response from mock drills had been re-established.</p> <p>NHM is now considered to have completed the corrective action and is Fully Compliant with this Standard of Practice.</p>
<p>Description of deficiency – NHM has been unable to provide sufficient evidence to demonstrate that transport vehicle operators or other transport personnel with assigned emergency response roles receive initial and periodic refresher training in emergency response procedures including implementation of the Emergency Response Plan (Question 3.2.5)</p>	
<p>Train transport vehicle operators or other transport personnel with assigned emergency response roles in the procedures included in the Emergency Response Plan</p>	<p>NHM has trained vehicle operators in their response actions which includes activation of the NHMs Gosowong Mine ERT. The ERT are the primary responders and vehicle operators will provided assistance as needed including controlling access to the scene and non-technical response actions. As noted in 3.2.1, NHM has retained its ERT in response actions.</p> <p>NHM is now considered to have completed the corrective action and is Fully Compliant with this Standard of Practice.</p>
<p><b>Transport Practice 3.3</b></p>	
<p>Description of deficiency – Internal and external emergency contact information has not been updated. (Question 3.3.2)</p>	
<p>Update the internal and external emergency contact information and conform with the emergency contact review commitments.</p>	<p>NHM have reviewed and updated the contact information in the Cyanide Emergency Response Plan (CERP). An action for the periodic review of contact information has been entered in the Community, Health, Environment, Security and Safety (CHESS) system to prompt for the review of this information.</p> <p>NHM is now considered to have completed the corrective action and is Fully Compliant with this Standard of Practice.</p>
<p><b>Transport Practice 3.5</b></p>	
<p>Description of deficiency – The CERP contains provisions for periodic review and evaluation; however, they are not being implemented.</p>	
<p>To re-establish and maintain compliance NHM is required to review the CERP</p>	<p>NHM has re-established processes that will trigger the review of the CERP. The mock drills include a specific debrief process that assesses performance of the drill against the plan and consideration if the plan requires modification. A series of mock drills have been conducted and the debrief process has been implemented.</p> <p>An action has been included in the CHESS system to prompt periodic review of the CERP in addition to the mock drill process.</p> <p>NHM is now considered to have completed the corrective action and is Fully Compliant with this Standard of Practice.</p>

Corrective Action	Finding/Evidence
Description of deficiency NHM has not been able to demonstrate that the ICMC requirements for periodically conducting mock drills have been met for the duration of the Recertification Audit Period. NHM only conducted a single cyanide transportation emergency drill (13 December 2014) for the duration of the Recertification Audit Period. This drill involved the ERT responding to a cyanide transportation incident. Meeting minutes of the drill debriefing and evaluation session were kept. (Question 3.5.2)	
To re-establish and maintain compliance NHM is required to conduct the emergency drills specified for a 12 month period and ensure the drills cover both worker exposures and environmental releases.	A series of mock drills has been conducted train, test and re-establish the capability of the ERT to respond to cyanide. A review of mock drill reports and interviews with trainers confirmed that mock drills have covered both worker exposure and environmental release scenarios. Actions within the CHES system will prompt the conduct of both worker exposure and environmental releases for future drills. NHM is now considered to have completed the corrective action and is Fully Compliant with this Standard of Practice

### STATEMENT OF COMPLIANCE

Based on the evidence observed, I am satisfied that NHM has fully implemented the Corrective Action Plan submitted to the ICMI and consequently the operation is fully compliant with the Code.

Should you require any additional information, please do not hesitate to contact me.

Yours faithfully

### GOLDER ASSOCIATES PTY LTD



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MCW/EWC/hn



Ed Clerk  
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