

Golder Associates Inc.

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**INTERNATIONAL CYANIDE MANAGEMENT CODE
TRANSPORTATION SUMMARY AUDIT REPORT**

Submitted to:

TransWood
INC



*TransWood Inc.
P.O. Box 2213
Winnemucca, NV 89446*

*International Cyanide Management Institute
1200 G Street N.W, Suite 800
Washington, D.C. 20005*

Submitted by:

*Golder Associates Inc.
44 Union Boulevard, Suite 300
Lakewood, Colorado 80228*

Rev. 1 October 3, 2006

063-2156

**TRANSPORTATION SUMMARY AUDIT REPORT
TRANSWOOD INC.**

Name of Cyanide Transportation Facility: TransWood Inc.

Name of Facility Owner: TransWood Inc.

Name of Facility Operator: TransWood Inc.

Name of Responsible Manager: Phil Bennett, Terminal Manager
 Address: PO Box 2213
 Winnemucca,
 State/Province: Nevada
 Country: United States
 Telephone: (775) 623-0707
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 E-Mail: winnemuccanv@transwood.com

Date of Audit: June 26 – 28, 2006

Location detail and description of operation:

TransWood provides the transportation of liquid sodium cyanide from Cyanco to gold mining companies throughout Nevada and the Western US.

TransWood owns a 28-acre facility on Jungo Road approximately 1.5 miles west of Winnemucca and 5.5 miles east of Cyanco.

The Terminal includes a rail spur, a 9,000-sq. ft. Maintenance Shop and approximately 1500 sq. ft. of offices and driver safety - training room. The terminal is dedicated exclusively to maintenance of the cyanide hauling fleet. The shop has a 27 thousand pound hoist and heavy fabrication, rebuild, and repair capability. The facility has state-of-the-art computer / diagnostics ability and is authorized by the tractor OEM to do warranty work on equipment. The shop participates in the Commercial Vehicle Safety Alliance program, wherein Nevada State Troopers from the Commercial Vehicle Enforcement Division come to the terminal on a quarterly basis to complete Level One DOT Inspections on the equipment.

The tractors receive a full service every 10K miles, which average every 10 days. Brakes are not allowed to wear past 50%. Tires are pulled at 6/32nds minimum tread, or three times the legal standard.

All power units have Qualcomm satellite communications and tracking on board, and all are equipped with emergency “panic” buttons should the driver be unable to complete a typed message.

 TransWood Inc.
 Name of Facility


 Signature Lead Auditor

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Auditors Finding

in full compliance with

The operation is

in substantial compliance with

**International Cyanide
Management Code**

not in compliance with

Audit Company:

Golder Associates Inc.

Audit Team Leader:

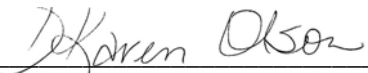
Scott Miller

E-mail:

Scott_Miller@[golder.com](mailto:Scott_Miller@golder.com)

Names and Signatures of Other Auditors:

Karen Olson
Name of Auditor



Signature of Auditor

October 3, 2006
Date

I attest that I meet the criteria for knowledge, experience and conflict of interest for Code Verification Audit Team Leader, established by the International Cyanide Management Institute and that all members of the audit team meet the applicable criteria established by the International Cyanide Management Institute for Code Verification Auditors.

I attest that this Summary Audit Report accurately describes the findings of the verification audit. I further attest that the verification audit was conducted in a professional manner in accordance with the International Cyanide Management Code Verification Protocol for Cyanide Transportation and using standard and accepted practices for health, safety and environmental audits.

TransWood Inc.
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Signature Lead Auditor

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1. TRANSPORT: *Transport cyanide in a manner that minimizes the potential for accidents and releases.*

Transport Practice 1.1: *Select cyanide transport routes to minimize the potential for accidents and releases.*

in full compliance with

The operation is in substantial compliance with **Transport Practice 1.1**

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The cyanide producer, Cyanco and TransWood have implemented a procedure for the transport route selection to minimize potential for accidents and releases and related impacts that considers population density, infrastructure condition, pitch and grade of roads, and presence of water bodies. The transportation routes have been analyzed for risks and restrictions developed where appropriate to manage these risks. The written procedures require that route risks be re-evaluated every three years. Drivers assess and report on conditions during each trip. Cyanco and TransWood seek input from communities, stakeholders and government agencies when necessary for route selection. TransWood has used escorts to provide additional safety protection when hauling through areas of concern. Cyanco has advised external emergency responders and medical facilities of their roles and aid requirements during emergencies.

Transport Practice 1.2: *Ensure that personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.*

in full compliance with

The operation is in substantial compliance with **Transport Practice 1.2**

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Each employee at TransWood goes through an extensive training program upon hire and every year thereafter. The training consists of Cyanide Safety, Driver Evaluation, HM 126 and 232, Hazardous Awareness, MSHA training, Highway Watch, and Hazardous Operation. Each driver has been trained to minimize the potential for cyanide releases and exposures.


Transport Practice 1.3: *Ensure that transport equipment is suitable for the cyanide shipment.*

in full compliance with

The operation is in substantial compliance with **Transport Practice 1.3**

not in compliance with

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Summarize the basis for this Finding/Deficiencies Identified:

TransWood uses only equipment designed and maintained to operate with the design loads. Procedures are in place to assure the adequacy of the equipment for the load and to prevent overloading. The loading of the cyanide is automated.

Transport Practice 1.4: *Develop and implement a safety program for transport of cyanide.*

- in full compliance with**
- The operation is** in substantial compliance with **Transport Practice 1.4**
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The tankers used by TransWood have been designed and constructed to specifications by the cyanide manufacturer to specifically transport liquid cyanide. TransWood, in conjunction with Cyanco, has developed and implemented a Safety Program which includes: vehicle inspections prior to each shipment, preventive maintenance requirements, limitations on driver hours of operation, procedures for modifying or suspending travel during severe weather, and drug abuse prevention. Records are maintained for all aspects of the Safety Program.

Transport Practice 1.5: *Follow international standards for transportation of cyanide by sea and air.*

- in full compliance with**
- The operation is** in substantial compliance with **Transport Practice 1.5**
- not in compliance with


Summarize the basis for this Finding/Deficiencies Identified:

TransWood does not ship cyanide internationally. TransWood can meet all international standards for cyanide transportation. Currently Cyanco does not have any international clients and therefore, TransWood does not ship cyanide internationally.

Transport Practice 1.6: *Track cyanide shipments to prevent losses during transport.*

- in full compliance with**
- The operation is** in substantial compliance with **Transport Practice 1.6**
- not in compliance with

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Summarize the basis for this Finding/Deficiencies Identified:

TransWood and Cyanco use a satellite tracking system and communication system that can follow a particular shipment from the plant to its destination. The communication equipment is tested every load. Driver calls in when he is leaving and every two hours thereafter. Cyanide loads are weighed after loading and upon arriving at the delivery site. All trucks carry sodium cyanide Material Safety Data Sheets.

2. INTERIM STORAGE: *Design, construct and operate cyanide trans-shipping depots and interim storage sites to prevent releases and exposures.*

Transport Practice 2.1: *Store cyanide in a manner that minimizes the potential for accidental releases.*

 in full compliance with

The operation is in substantial compliance with **Transport Practice 2.1**

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The TransWood and Cyanco written procedures do not allow for Interim Storage of cyanide at the TransWood facilities. TransWood’s shipments remain within a single tanker hauled by a single truck throughout transportation without interim storage requirements. TransWood is required to return all loaded tankers back to Cyanco’s secured facility for interim storage should a shipment be delayed.

3. EMERGENCY RESPONSE: *Protect communities and the environment through the development of emergency response strategies and capabilities*

Transport Practice 3.1: *Prepare detailed emergency response plans for potential cyanide releases.*

 in full compliance with

The operation is in substantial compliance with **Transport Practice 3.1**

 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

TransWood utilizes the Cyanco Emergency Response Plan. The emergency response plan includes appropriate responses for the transportation routes used by TransWood. The plan considers the liquid form of the cyanide, the nature and specific design of the tankers, and the road conditions. The emergency response plan includes response action scenarios for the anticipated emergencies including rollovers and emergency offloads. The plan defines the roles of outside emergency responders and medical facilities in emergency response.

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Transport Practice 3.2: *Designate appropriate response personnel and commit necessary resources for emergency response.*

- in full compliance with**
- The operation is** in substantial compliance with **Transport Practice 3.2**
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

All TransWood drivers receive emergency response training and have annual refresher courses. The Emergency Response Plan lists the appropriate response personnel and their respective duties. The ERP also includes a list of emergency response equipment with a maintenance schedule. All drivers carry appropriate personnel protective equipment. Driver responsibilities to an incident are limited to calling in the incident and keeping the public away from the release. Cyanco has its own ER team that will be dispatched to respond if necessary. In addition, Cyanco has an emergency response contractor that is on call for response as needed.

Transport Practice 3.3: *Develop procedures for internal and external emergency notification.*

- in full compliance with**
- The operation is** in substantial compliance with **Transport Practice 3.3**
- not in compliance with


Summarize the basis for this Finding/Deficiencies Identified:

The Emergency Response Plan contains a list of emergency responders, medical responders, utilities, LEPC, and Risk Management Communication Center along with phone numbers. The plan is reviewed and updated at least annually to assure that contact numbers are current.

Transport Practice 3.4: *Develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.*

- in full compliance with**
- The operation is** in substantial compliance with **Transport Practice 3.4**
- not in compliance with

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Summarize the basis for this Finding/Deficiencies Identified:

The Emergency Response Plan provides an overview of remediation and/or neutralization of solutions and solids. The plan addresses the use of neutralization chemicals and only allows chemicals to be used in isolated water bodies, use of chemicals to treat a cyanide release in surface water with potential ecological or human health risks is not allowed.

Transport Practice 3.5: *Periodically evaluate response procedures and capabilities and revise them as needed.*

- in full compliance with**
- The operation is** in substantial compliance with **Transport Practice 3.5**
- not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

All TransWood and Cyanco written procedures provide a requirement that they be reviewed annually and updated if necessary. The emergency response plan requires mock drills to be conducted annually. Cyanco and TransWood participate in annual mock drills with the community responders and gold mines. Emergency response activities are critiqued to update the emergency response plan as required.

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