The CODE

The Newsletter of the International Cyanide Management Institute

www.cyanidecode.org

First Quarter 2008 Edition

What's Inside

Welcome to the First Quarter 2008 issue of The Code, a periodic publication of the International Cyanide Management Institute.

Signatory, Certification and Auditor Update

The number of signatories to the International Cyanide Management Code continues to grow. Four companies have signed the Code since January 1, 2008, extending the geographical reach of the Code to 111 operations in 27 countries on six continents and bringing the total number of signatories to 34.

Dundee Precious Metals, Incorporated, based in Toronto, Canada, became the fifteenth signatory gold producer. Dundee has designated its Chelopech and Krunovgrad Mines in Bulgaria for pre-operational certification once engineering of these facilities has advanced sufficiently. Lucebni zavody Draslovka a.s. Kolin, located in the Czech Republic, is the latest cyanide producer to become a signatory. Cyanide transporters Freight Forwarders Kenya Limited and Freight Forwarders Tanzania Limited bring the total number of signatory transporters to ten.

The International Cyanide Management Institute (ICMI) has certified six mines and one transporter since October 24, 2007 when we published the last newsletter; this brings the total number of certified operations to 35. Barrick's Bald Mountain and Ruby Hill Mines in Nevada, its Lagunas Norte Mine in Peru, and the Barrick/Rio Tinto joint venture Cortez Mine, also in Nevada, have all been certified as Code compliant, as was Kinross Gold Corporation's Fort Knox Mine in Alaska. The Chatree Mine in Thailand, owned and operated by Kingsgate Consolidated Limited's Akara Mining Company, was also certified. The Chatree Mine is the first mine with less than 100,000 ounces of annual production that has been certified under the Code, demonstrating that operations of this size have the economic and technical capability to comply with the Code. In addition to these mines, Ghanaian cyanide transporter Barbex Technical Services Limited was also certified as fully compliant with the Code.

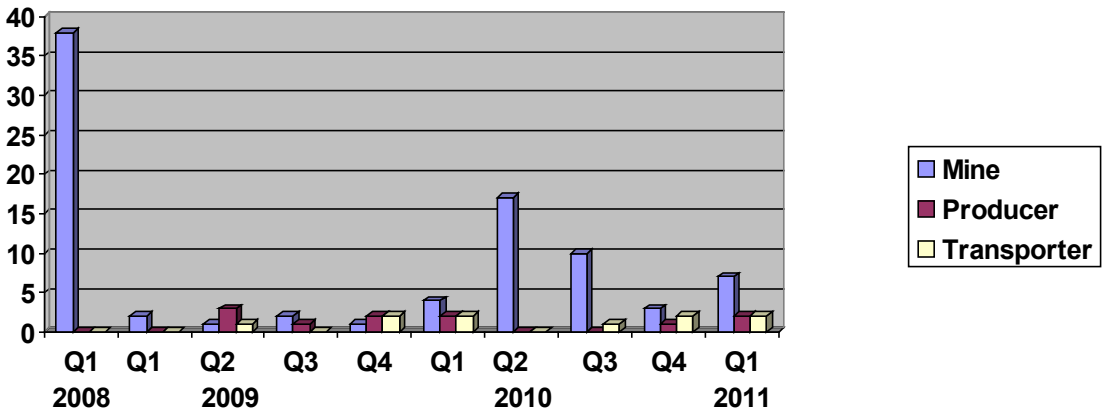
ICMI anticipates an increasing number of certifications throughout the rest of 2008 as the first three-year audit cycle ends for operations designated for certification by the initial group of signatory companies in November 2005. Table 1 and Chart 1 show the number of operations due for auditing and certification by calendar quarter through early 2011.

Table 1 - Certification Deadlines

	Mines	Cyanide Producers	Cyanide Transporters	Total
4th Quarter 2008	38	0	0	38
1st Quarter 2009	2	0	0	2
2nd Quarter 2009	1	3	1	5
3rd Quarter 2009	2	1	0	3
4th Quarter 2009	1	2	2	5
1st Quarter 2010	4	2	2	8
2nd Quarter 2010	17	0	0	17
3rd Quarter 2010	10	0	1	11
4th Quarter 2010	3	1	2	6
1st Quarter 2011	7	2	2	11
Total	85	11	10	106*

*Five additional operations are designated for certification after engineering is sufficiently advanced to allow pre-operational certification, or after construction.

Chart 1 - Operations to Be Certified



Five new auditor positions have been approved in the last three months, including an Australian lead auditor, mining expert auditors in Australia, New Zealand and the United States, and a transport expert auditor in the United States. These have been added to the list of approved auditors posted on our web site at http://www.cyanidecode.org/pdf/AuditorList.pdf .

Table 2 - 2006 Top 15 Gold Producers (excludes China)

* Indicates Code Signatory

			Output (t)
1	Barrick *	CAN	268.8
2	Newmont *	USA	184.9
3	AngloGold Ashanti *	RSA	175.3
4	Gold Fields *	RSA	126.3
5	Harmony *	RSA	72.9
6	Navol MMC	UZB	58.2 (est.)
7	Freeport McMoran	USA	53.9
8	Goldcorp *	CAN	52.7
9	Buenaventura	PER	48.1
10	Newcrest	AUS	47.7
11	Kinross *	CAN	43.0 (est.)
12	Polyus	RUS	37.8
13	Rio Tinto *	GBR	31.2
14	Lihir	AUS	20.2
15	IAMGOLD	CAN	20.0

Source: GFMS/ICMI

Table 3 - 2006 Top 20 Gold Producing Countries

* Indicates Countries Where Code Signatory Operations are Located

		Production (t)
1	South Africa *	291.8
2	United States *	251.8
3	China	247.2
4	Australia *	244.5
5	Peru *	203.3
6	Russia *	172.8
7	Indonesia	114.1
8	Canada *	104.0
9	Uzbekistan	78.5
10	Ghana *	70.2
11	Papua New Guinea *	60.4
12	Mali *	54.0
13	Brazil *	49.7
14	Tanzania *	44.2
15	Argentina *	44.1
16	Chile *	40.8
17	Mexico *	38.2
18	Philippines	29.7
19	Venezuela	26.3
20	Columbia	26.0
	Rest of World	279.5
	World Total	2,471.1

Source: GFMS/ICMI

Training

ICMI held two highly-successful training sessions in the last four months, and anticipates conducting two more later this year.

A Workshop on Implementing and Auditing the Cyanide Code was held in Accra, Ghana on October 25, 2007. The Workshop was co-sponsored by the Ghanaian Chamber of Mines, and ICMI extends its sincere appreciation to ICMI Board member and Chamber CEO Ms. Joyce Aryee and her staff for helping make the Workshop a success. Approximately 60 Workshop participants from Ghana, Mali, Guinea, Senegal and South Africa were welcomed by Ghana's Minister of Lands, Forestry and Mines, the Honorable Esther Obeng-Dappah, who spoke of the importance of the Code in promoting the responsible management of cyanide. ICMI Vice President Norm Greenwald, who conducted the Workshop, was very encouraged by the attendees' degree of interest in the information and the questions that were raised. The Workshop was covered by the local media in Accra.

ICMI held a similar Workshop in Lima, Peru on January 29, 2008. This Workshop, the first held in Latin America, was conducted in Spanish by ICMI Board member Julio Bonelli, and attracted nearly 90 attendees representing almost 30 mining companies, cyanide producers, transporters, consultants and governments from Agentina, Brazil, Chile and Peru. A number of attendees represented companies that have not yet signed the Code but are considering it. The Workshop was well received, and based on the questions and comments of the participants, the information was extremely useful to those involved with the Code's implementation and auditing as well as those considering signing the Code.

ICMI is currently in the planning process for another workshop, to be held in Toronto, Canada on June 5, and contemplates an additional workshop in the fourth quarter of the year in Asia. Details will be posted on the ICMI web site, www.cyanidecode.org, as soon as they become available.

ICMI Adds New Staff

As mentioned above, ICMI anticipates the submission of 38 or more Verification Audit Reports by November of 2008. Until this year, ICMI has operated with only two professionals (President Paul Bateman and Vice President and Secretary Norm Greenwald) working on a part-time basis. To ensure timely review and, if appropriate, certification of these operations, ICMI has contracted for additional assistance in conducting completeness reviews of audit reports and other Code support activities. ICMI welcomes Fred Banta to the Code's administrative family.


Fred Banta

Fred provides ICMI with extensive technical and public policy experience related to mining in general and gold mining in particular. He has worked on mining environmental issues for 30 years in both government and corporate positions. Fred was the Director of the Colorado Division of Mines and the Colorado Mined Land Reclamation Division from 1987 through 1991, and was Director of Environmental Affairs for Amax Gold. He also managed Lac Minerals corporate environmental compliance program, developing corporate environmental standards and practices and managing the environmental performance audit program for 11 operations in Canada, the United States and Chile. Prior to forming his own consulting company, Fred was the Division Manager for Steffen Robertson and Kirsten's Denver office, where he managed environmental assessment and compliance projects in North and South America. Most recently, he has worked with the engineering firm of Chlumsky, Armbrust & Meyer to providing technical support to financial institutions participating in mining projects.

Cyanide Code Recognized As Best Practice By International Finance Corporation

The International Finance Corporation (IFC) has recognized the Code as the appropriate guide to best practices for the management of cyanide in the mining industry. In its most recent Environmental, Health and Safety (EHS) Guidelines for Mining activities, published on December 10, 2007, the IFC calls on mines to use cyanide in a manner "consistent with the

principles and standards of practice of the International Cyanide Management Code." The Guidelines are available on the IFC web site at http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_Mining/$FILE/Final+-+Mining.pdf. IFC's EHS Guidelines are technical reference documents with general and industry specific examples of Good International Industry Practice, defined by IFC as "the exercise of professional skill, diligence, prudence and foresight that would be reasonably expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally." The Guidelines are applied to projects that receive funding from one or more members of the World Bank Group.

The EHS Guidelines for Mining address a wide range of issues including protection of ground and surface water quality, handling of mining waste and other waste materials, hazardous materials management, closure, and worker health and safety. For the most part, the Guidelines contain narrative criteria developed by IFC for acceptable design, construction and operation of mining facilities. However, rather than provide its own detailed guidance for cyanide management, IFC's EHS Guidelines for Mining defer to the Code as the appropriate source of this information. ICMI appreciates IFC's recognition that with respect to the use of cyanide in mining, the Code represents both "best practice" and "Good International Industry Practice."

A View From Outside

The following was prepared by Arend Hoogervorst of Eagle Environmental, Durban, South Africa. Since 1991, Mr. Hoogervorst has conducted more than 100 audits of various industrial activities, and has also lectured extensively on the subject at public and private seminars and at the undergraduate and post-graduate levels at several South African universities. Mr. Hoogervorst served as lead auditor on the recently completed Cyanide Code Verification audits of six AngloGold Ashanti gold mining operations as well as the Sasol Polymers cyanide production plant and Sasol Infrachem's cyanide transport facilities. Mr. Hoogervorst submitted this with the hope that it will be a valuable resource for Code auditors and for mining operations undergoing Code audits.

ICMI Compliance Audit Document List

The documentation listed below includes some of the support information that ICMI Code auditors review during compliance audits. If an information pack (hard copy or electronic) of some, or all, of the below can be made available to auditors on arrival at site (particularly if they arrive a day or so before the audit), it will assist in the pre-reading and pre-assessment component of the audit.

It is recognized that not all of the documents listed below may be available or able to be removed from site. However, if some documents listed can be supplied, it will enable Code auditors to undertake some pre-reading to refresh and/or familiarize themselves with site documentation and assist in optimizing the audit process. Whenever possible, minutes or reports should include or refer to cyanide-related issues, incidents, activities or events.

The names and titles of documents, and usage thereof, may vary from country to country and company to company, so the list should be treated as a typical, generic list for illustrative purposes only and equivalents are acceptable and encouraged.

- Cyanide supply contract
- Third-party audit report (if cyanide manufacturer is not Code signatory)
- Transport/distributor contract/agreement (if separate from supply contract)
- Transport route risk assessments
- Port and shipping company due diligence investigation reports/documents
- Plant design drawings (including P&IDs)
- Cyanide unloading and storage area drawings (including P&IDs)
- Any plant design specification documentation
- Index list of all cyanide procedures (including relevant engineering procedures)
- TSF Operating Manual
- Annual TSF Audit/Regulatory Review Reports
- Annual Engineer's Plant "Sign-off" Reports/reviews (if available)

- Health & Safety Meeting minutes with cyanide references
- Relevant Management meeting minutes
- Inspection records (operational, maintenance, safety equipment, extinguishers, showers)
- WAD cyanide analysis data and reports (surface, borehole, water bodies)
- Wildlife Study Reports
- Management Practices/Plans resulting from Wildlife Study Reports
- Probabilistic water balance
- Examples of site rainfall data
- Site jurisdictional permits, authorizations, licenses (especially containing cyanide limits)
- Incident investigation reports for cyanide spills, human exposures or wildlife mortalities
- Closure Plan (or section relating to cyanide facilities)
- Cyanide facility decommissioning costs data
- Cyanide Mock drill reports
- Cyanide Emergency Response Plan
- Index list of cyanide training modules (operational & emergency)
- Risk Assessment for Site Emergency Response Scenarios (if available)
- Minutes or reports of Community liaison relating to cyanide, cyanide incidents and cyanide awareness
- Stakeholder cyanide information/awareness publications or "promotional" material
- Annual SHE Report (including reference to cyanide, cyanide incidents or cyanide awareness)

Code Questions

ICMI periodically receives questions on Code implementation and auditing from various stakeholders. The questions in this issue of the Newsletter, along with ICMI's responses, focus on procedural aspects of the Code. These responses do not supersede previous ICMI guidance, and should be considered in conjunction with the Gold Mining and Cyanide Transportation Auditor Guidance documents.

Question 1, (Regarding the Submission of an Updated Signatory Application Form)

ICMI requires that signatory companies submit new or revised Signatory Application Forms annually and when conditions change. If there have not been any changes, is it still necessary to submit a new application, including a new Part II which lists all operations potentially subject to the Code and identifies those that will be certified?

Answer

A new or revised Signatory Application is still required. This is especially crucial for 2008, because the latitude and longitude of each operation is now requested in Part II. The Signatory Application Form was revised in December, 2007 in response to the Board of Director's direction for greater detail regarding the location of operations listed in Part II of the application. This additional information is necessary to provide stakeholders with more precise locations for the operations of Code signatories. Although the Application Form previously required the general location of these facilities, the information that was provided was highly variable, ranging from the state or province of the operation to the street address of the operation's main office. ICMI will update the signatory pages of each company with this new location information.

Even without this request for new information, ICMI must be able to keep track of audit deadlines, so it is necessary to

maintain a current list of each signatory's operations that are designated for certification. Mining companies can modify their lists of designated operations due to a variety of reasons including sales and acquisitions, and this can change the dates by which audits are required. It is therefore critical for ICMI to have a continuous record of a signatory company's intent with regard to certification of the operations included in Part II of the Application.

Updating of Part I of the Application is also of critical importance. Part I indicates the signatory's gold production for the previous year, and this information allows ICMI to invoice the company for its signatory fee. It also provides the opportunity for the signatory company to change contact information for official correspondence with ICMI.

Although all this information is critical to the efficient operation of ICMI, we do not seek to require unnecessary work. Therefore, if the information on Part II has not changed from the preceding year, a signatory can simply provide a copy of previous year's Part II and mark "No changes from previous year" on it.

Question 2, (Regarding Potential Auditor Conflict of Interest)

If a gold mine uses personnel from a consulting company to perform environmental monitoring at its site, can the same consulting company conduct the operation's Verification Audit without having a conflict of interest?

Answer

In this case, the consultant could still conduct the operation's Verification Audit as long as an independent third-party was available to review the operation's compliance with the applicable Standard(s) of Practice. The third party auditor must meet ICMI criteria for a technical expert auditor, and the potential conflict and its resolution must be identified in the audit documentation.

Question 3, (Regarding Subsequent Audits of a Certified Operation)

What is different, procedurally and substantively, from an operation's first Verification Audit?

Answer

There is no real difference with respect to auditing procedures when an operation undergoes its second Verification Audit. A comprehensive on-site evaluation is still required, and each and every question in the Verification Protocol must be addressed. Although it is not an issue for a second audit, it must be noted that an auditor (or audit company) is limited to two consecutive Code audits, so operations may have to change auditors for their third Verification Audit.

An operation's second audit can be substantively different from its initial audit in several ways. While the initial audit was a snapshot of compliance at the time of audit, all subsequent audits evaluate compliance over the entire three-year period from the previous audit. An operation's compliance status can be affected by deficiencies that occurred during that period. However, auditors must consider whether such deficiencies were isolated instances that have been corrected (both in terms of on-the-ground compliance and with respect to revising procedures to prevent a reoccurrence), or whether they represent ongoing problems.

Another difference is that the auditor can use the previous audit report as evidence of compliance. For example, if the initial audit found that QA/QC records were available and a finding of full compliance was made with respect to Standard of Practice 4.8, then the auditor need not revisit that particular issue to make the same finding.

Question 4, (Regarding the Three-Year Audit Cycle for Conditionally Certified Operations)

When must an operation that has been conditionally certified have its next Verification Audit?

Answer

Operations can be certified conditionally for two reasons, and the answer depends on the type of conditional certification.

Operations that are audited in their pre-operational phase based on their plans, designs and commitment can be conditionally certified subject to a confirmatory on-the-ground audit demonstrating that they have built the facility as planned and have implemented the procedures to which it committed. However, since pre-operational certification can occur years in advance of a facility's construction and operation, the three-year audit cycling cannot commence with the operation's conditional certification. A mine's pre-operational conditional certification remains valid for an indefinite period, but no longer than one year after it has received its first shipment of cyanide. A confirmatory on-the-ground audit must be conducted by that time, and assuming that the facility is certified, its subsequent audit must be conducted within three years of ICMI's certification action on that confirmatory audit.

Operations also can be conditionally certified if they are in substantial compliance with the Code. Such an operation must prepare and implement a Corrective Action Plan to achieve full compliance within a year of its conditional certification. However, in this case, the three-year audit cycle starts on the day ICMI issued the conditional certification. This could also be the case for a mine that was conditionally certified pre-operationally; it could be found in substantial compliance during its confirmatory on-the-ground audit and remain conditionally certified as it implemented its Corrective Action Plan. Such an operation would be subject to its next audit within three years of its conditional certification resulting from the confirmatory audit.