May 2008

INTERNATIONAL CYANIDE MANAGEMENT CODE GOLD MINING CERTIFICATION AUDIT

Kalgoorlie Consolidated Gold Mines Pty Ltd, Fimiston and Gidji Operations Summary Audit Report

Submitted to:
International Cyanide
Management Institute (ICMI)
1200 G Street, NW, Suite 800
Washington, DC 20005
UNITED STATES OF AMERICA

Kalgoorlie Consolidated Gold Mines Pty Ltd
Black Street
KALGOORLIE WA 6433
AUSTRALIA

REPORT

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Golder Associates

RECORD OF ISSUE

Date	Revision	Format	Company	Name	Copies
23 May 2008	Draft Rev 0	Electronic	KCGM	Alan Fearon	1
26 May 2008	Rev 0	Electronic	ICMI	Norm Greenwald	1

KCGM — Name of Facility

Signature of Lead Auditor

26 May 2008 — Date

SUMMARY AUDIT REPORT
FOR GOLD MINING OPERATIONS

Name of Mine:	Kalgoorlie Consolidated Gold Mines
Name of Mine Owner:	Kalgoorlie Consolidated Gold Mines Pty Ltd
Name of Mine Operator:	Kalgoorlie Consolidated Gold Mines Pty Ltd
Name of Responsible Manager:	Alan Fearon, Manger Mineral Processing
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Location Detail and Description of Operation:

KCGM manages the Fimiston Open Pit (the Super Pit), Mt Charlotte Underground Mine, Fimiston Mill and Gidji Roaster (Gidji) for Newmont Australia Limited and Barrick Gold of Australia Ltd, who both own a 50% stake in KCGM.

The Fimiston Plant was commissioned mid way through 1989 and processes ore from primarily two different sources, sulphide refractory ore from the Super Pit, and underground sulphide ore from the Mt Charlotte underground mine. The Mt Charlotte Ore is free-milling but is processed with the sulphide refractory ore.

The sulphide refractory ore contains gold that cannot be readily recovered by leach/adsorption. The slurry produced by milling this ore is first treated by flotation to produce a sulphide concentrate, which is then roasted to convert the sulphide to oxide and expose the gold so that leaching can occur.

After the slurry is treated in the flotation circuits at the Fimiston Plant to produce a sulphide concentrate, the concentrate is washed and dewatered before being trucked to Gidji for roasting. At Gidji, it is repulped by mixing it with water and then fed to the roasters.

During roasting the concentrate, slurry is mixed with air and subjected to very high temperatures. This converts the sulphides to produce the roaster product known as calcine, from which, the gold can be leached in the leach/adsorption circuit. The loaded carbon from this circuit is then transported to the Fimiston Plant elution circuit where it is stripped and the gold is recovered by electrowinning.

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The budgeted Fimiston Plant throughput rate is 12 Mtpa of ore; of this, the Fimiston grinding circuit is budgeted to process 10 Mtpa, and the Mt Charlotte grinding circuit 2.0 Mtpa. The total budgeted gold production at the Fimiston Plant is 650,000 ounces per annum.

Cyanide is utilised at both the Fimiston and Gidji sites.

SUMMARY AUDIT REPORT
AUDITORS FINDINGS

KCGM is:

☒ **in full compliance with**

☐ in substantial compliance with

☐ not in compliance with

The International Cyanide Management Code

Audit Company: Golder Associates
Audit Team Leader: Edward Clerk, CEnvP (112), RABQSA (020778)
Email: eclerk@golder.com.au

Name and signatures of other auditors:

Name	Position	Signature	Date
Edward Clerk	Lead Auditor and Technical Specialist		26 May 2008
Mark Latham	Auditor		26 May 2008
Peter Willcocks	Technical Specialist (independent)		26 May 2008

Dates of Audit:

The audit and reporting was undertaken between March and May 2008. The field component of the audit for Fimiston and Gidji was undertaken over 21 person-days between 3 April 2008 and 26 April 2008.

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's *Gold Mining Operations*

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Verification Protocol and using standard and accepted practices for health, safety and environmental audits.

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Signed at West Perth
Western Australia on
26 May 2008

IAN BARRIE MURIE
16 Emerald Terrace
West Perth Western Australia
General Public Notary

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Principle 1 – Production:

Encourage Responsible Cyanide Manufacturing by Purchasing from Manufacturers that Operate in a Safe and Environmentally Protective Manner

Standard of Practice 1.1: *Purchase cyanide from manufacturers employing appropriate practices and procedures to limit exposure of their workforce to cyanide, and to prevent releases of cyanide to the environment.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 1.1**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 1.1, requiring the operation purchase cyanide from manufacturers employing appropriate practices and procedures to limit exposure of their workforce to cyanide and to prevent releases of cyanide to the environment.

Both KCGM's Fimiston and Gidji operations purchase all their sodium cyanide requirements from AGR under a Sodium Cyanide Supply Agreement (Agreement). The Agreement requires cyanide to be produced at a facility that has been certified as complying with the Code. AGR, the cyanide producer, was certified as compliant under the Code on 9 October 2007.

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Principle 2 – Transportation:

Protect Communities and the environment during cyanide transport

Standard of Practice 2.1: *Establish clear lines of responsibility for safety, security, release prevention, training and emergency response in written agreements with producers, distributors and transporters.*

The operation is

☒ **in full compliance with**

☐ in substantial compliance with **Standard of Practice 2.1**

☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 2.1, requiring that the operation establish clear lines of responsibility for safety, security, release prevention, training and emergency response in written agreements with producers, distributors and transporters.

KCGM purchases its sodium cyanide reagent from AGR under an Agreement. The Agreement establishes clear lines of responsibility for safety, security, release prevention, training and emergency response.

The Agreement extends to any subcontractors used by AGR, the cyanide transporter.

AGR was certified as a transporter under the Code on 26 September 2006 following ICMI's acceptance of a report dated 8 September 2006 verifying compliance with a Corrective Action Plan dated 30 June 2006.

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Standard of Practice 2.2*:* *Require that cyanide transporters implement appropriate emergency response plans and capabilities and employ adequate measures for cyanide management.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 2.2**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 2.2, requiring that cyanide transporters implement appropriate emergency response plans and capabilities and employ adequate measures for cyanide management.

KCGM sources all its sodium cyanide requirements from AGR and has done so for some time. AGR, the cyanide transporter, was certified under the Code on 26 September 2006 following ICMI's acceptance of a report dated 8 September 2006 verifying compliance with a Corrective Action Plan dated 30 June 2006.

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Principle 3 – Handling and Storage

Design and Construct Unloading, Storage and Mixing Facilities Consistent with Sound, Accepted Engineering Practices, Quality Control/Quality Assurance Procedures, Spill Prevention and Spill Containment Measures

Standard of Practice 3.1: *Design and construct unloading, storage and mixing facilities consistent with sound, accepted engineering practices, quality control/quality assurance procedures, spill prevention and spill containment measures.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 3.1**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Handling and Storage Practice 3.1, requiring that cyanide handling and storage facilities are designed and constructed consistent with sound, accepted engineering practices, quality assurance/quality control (QA/QC) procedures, spill prevention and spill containment measures.

Facilities for unloading and storing liquid cyanide at both Fimiston and Gidji have been designed and constructed with input from the cyanide producer, adopting accepted engineering practices and satisfying applicable regulatory requirements. At both locations, the unloading and storage areas are located at significant distances away from surface waters and from residential areas. Reagent cyanide is unloaded on concrete surfaces that are configured to drain any spillage into secondary containments from which it can be recovered. The four horizontal bullet storage tanks at Gidji are installed within a concrete bund whilst the vertical tank at Fimiston is founded on a concrete ring beam, which has a double layer of HDPE spanning the bund floor and the footprint of the tank within the concrete wall of the bund.

Both the Fimiston and Gidji storage areas are in dedicated, locked compounds located within the respective operational areas, which are in turn secured from public access. The cyanide storage areas are separate from incompatible dangerous goods including oxidisers and explosives. The vents on the storage tanks and unloading pipework are configured to ensure that HCN released from the facilities is readily dispersed in the open atmosphere away from locations where workers may be present.

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Standard of Practice 3.2*:* *Operate unloading, storage and mixing facilities using inspections, preventive maintenance and contingency plans to prevent or contain releases and control and respond to worker exposures.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 3.2**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Handling and Storage Practice 3.2 requiring that cyanide handling and storage facilities are operated using inspections, preventive maintenance and contingency plans to prevent or contain releases and control and respond to worker exposures.

All reagent strength cyanide for Fimiston and Gidji is delivered in liquid form, stored in two separate facilities and dosed directly into the circuit via the ring mains. The Fimiston and Gidji facilities are configured differently due to having been built at different locations and at different times. Appropriate standard operating procedures, operator training and practices have been developed and implemented to manage cyanide unloading and clean-up activities effectively and safely at each facility.

An Observer is in attendance during unloading at both sites and the procedures provide for correct PPE to be used by the driver during unloading.

Standard operating procedures and operator training are effective in managing unloading practices. The Sodium Cyanide Supply Agreement contributes effectively to preventive maintenance practices, with a representative of AGR undertaking periodic inspections of the facilities and reporting to KCGM in writing on opportunities for improvement.

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Principle 4 – Operations

Manage Cyanide Process Solutions and Waste Streams to Protect Human Health and the Environment

Standard of Practice 4.1: *Implement management and operating systems designed to protect human health and the environment including contingency planning and inspection and preventive maintenance procedures.*

The operation is

☒ **in full compliance with**

☐ in substantial compliance with **Standard of Practice 4.1**

☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL-COMPLIANCE with Standard of Practice 4.1, requiring that the operation implement management and operating systems designed to protect human health and the environment including contingency planning and inspection and preventive maintenance procedures.

KCGM runs several database systems to manage access to procedures, training materials, checksheets, logsheets for processing (Babelfish), maintenance (EMPAC), and HSE management (SECRIS including KRMA). The systems document the operation of the mineral processing and tailings storage facilities including cyanide unloading and storage, carbon-in-leach (applicable to both Fimiston and Gidji) and the peroxide cyanide destruction facility at Fimiston 2 Tails Dam, for the return of decant water from the TSFs (Fimiston only). Within these information systems there are documents that cover the requirements to operate the facilities in ways that manage the risk of cyanide exposures and releases under normal and abnormal conditions. Key design assumptions and regulatory requirements are mostly documented in training materials and the importance of those points is reinforced, where appropriate, by their inclusion as inspection points on checklists.

KRMA is a system of databases that enable the workflow of procedures such as change management and corrective actions from operational inspections (MAP) to be administered. EMPAC is the system used by KCGM to schedule, document and record preventive maintenance and repair activities. These systems provide sophisticated means of tracking work done, persons involved, dates, work records and outstanding work, whether planned to routine or initiated in response to issues identified.

Although there is backup power available at Gidji, KCGM is of the view that there are no processing scenarios that will lead to cyanide releases or exposures in the event of power failure.

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KCGM has developed documentation (including training materials, work procedures and inspection checklists) to reflect a Code-compliant definition of "Cyanide Facilities" as including equipment containing cyanide solutions stronger that 0.5 mg/L WAD cyanide and for all such equipment to be subject to planned inspections.

Standard of Practice 4.2: *Introduce management and operating systems to minimise cyanide use, thereby limiting concentrations of cyanide in mill tailings.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 4.2**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 4.2, requiring that the operation limit the use of cyanide to that optimal for economic recovery of gold so that the waste tailings material has as low a cyanide concentration as practical.

Significant investigations have been undertaken over many years to develop a body of knowledge regarding the optimal rate of addition of cyanide, to determine the appropriate assays, type and configuration of analytical equipment and points of addition for cyanide.

Cyanide addition rates continue to be optimised by metallurgists at both facilities, with analytical results being maintained and interpreted using spreadsheets. Although the required cyanide concentration could be ordered to be changed at any time, formal weekly and monthly reports are prepared to keep gold extraction performance and cyanide usage in focus. This is especially important at Fimiston, which is upstream in the processing flow and therefore is the first point to be impacted by any changes in ore characteristics. The basis of cyanide addition is less variable at Gidji because the ore processed there has already been processed at Fimiston to separate a stream of material appropriate to the Roaster. The upstream processing produces a stream with less short term variability in chemical characteristics.

There are a total of five leaching trains at KCGM, each with their own strategy for cyanide concentration control. Cyanide concentration is measured using on-line analysers with manual titration as backup. The rate of addition is regulated either by automatic or in the case of back-up by manual positioning of actuated control valves.

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Standard of Practice 4.3: *Implement a comprehensive water management program to protect against unintentional releases.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 4.3**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 4.3, requiring the operation to implement a comprehensive water management programme to protect against unintentional releases.

KCGM has developed and implemented comprehensive and probabilistic water balances for its Fimiston and Gidji operations.

The water balances do not address solution application rates specifically as this is assumed to be included in the overall rate of tailings application to the TSF under the scope defined for the model. The model makes allowance for tailings deposition rates as-forecast over the model run period and also makes allowance for evaporation and seepage. Evaporation modelling can be simulated by selecting high, medium and low options. Based on topographical considerations, undiverted rainfall from upgradient areas has been excluded as a consideration of the model.

The model has the capacity to input actual data on power or other outages impacting the availability of pumped systems and this data is taken into account in the simulations.

Existing operating procedures incorporate inspection and monitoring activities to manage the risk of overtopping the TSFs and other impoundments including the decant ponds and process water dams in line with regulatory requirements. In addition to the field inspections, an electronic control system is used to continuously monitor for leak detection on tailings delivery and return water lines as well as level of decant, process and storm water ponds.

TSF and ponds are designed and operated with adequate freeboard above the maximum design storage capacity determined to be necessary from water balance calculations and regulatory requirements. A report is provided every year by an external consultancy stating that the facilities are constructed and operated in accordance with the original design and regulatory requirements.

The Kalgoorlie – Boulder District has a Meteorological Office that collect meteorological data that is used to update the model every six months. KCGM compares results to design assumptions and revises operating practices as necessary.

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Standard of Practice 4.4: *Implement measures to protect birds, other wildlife and livestock from adverse effects of cyanide process solutions*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 4.4**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL-COMPLIANCE with Standard of Practice 4.4, requiring the operation implement measures to protect birds, other wildlife and livestock from adverse effects of cyanide process solutions.

Fimiston has two TSFs, TSF 1 and TSF 2 (Cell A/B, C and D). A cyanide reduction program commenced in December 2006 that targeted a lower cyanide concentration in the Fimiston leach circuits. This program has been successful in maintaining cyanide current levels below the 50 mg/L target in open waters.

Three open water bodies are present at Gidji with WAD cyanide levels greater than 50 mg/L. All water bodies are fully covered with netting to exclude birds from accessing tailings solutions.

At both operations, access by terrestrial animals to open water bodies is prevented by the site's perimeter security fences. All TSF access roads have gates which are kept locked in the closed position.

Cyanide monitoring is conducted to demonstrate that the cyanide concentration in TSFs and solution ponds does not exceed 50 mg/L WAD cyanide.

KCGM have engaged a contractor to undertake daily bird monitoring at the Fimiston TSFs in accordance with a detailed procedure. Monitoring undertaken to date has indicated that maintaining a WAD cyanide concentration of 50 mg/L or less in open water effective in preventing significant wildlife mortality.

At Gidji, open water bodies that consistently record WAD cyanide levels in excess of 50 mg/L are covered with netting to restrict access by fauna (TSF, Decant Pond and Toe Dam). The remaining water bodies (Solar Pond, Saline Water Dam and Seepage Trench) are located within the vicinity of the TSF and are inspected by the Gidji Process Operators as part of the TSF inspection.

In addition to wildlife monitoring, KCGM engaged Donato Environmental Services to investigate the occurrence and behaviour of birds on the Fimiston tailings dam impoundments

with respect to cyanide levels. Three scientific papers were written detailing the findings of the study.

KCGM does not use a heap leach process at either operation.

Standard of Practice 4.5: *Implement measures to protect fish and wildlife from direct or indirect discharges of cyanide process solutions to surface water.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 4.5**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 4.5, requiring the operation implement measures to protect fish and wildlife from direct or indirect discharges of cyanide process solutions to surface water.

KCGM does not have a direct discharge to surface water.

The nearest surface water body to Fimiston is Hannans Lake, an ephemeral salt lake located approximately six km to the south. The nearest surface water body to Gidji is King of the West Lake, an ephemeral salt lake located approximately 10 km to the north-east.

Groundwater monitoring does not indicate that either operation is indirectly discharging to these surface water bodies.

Standard of Practice 4.6: *Implement measures designed to manage seepage from cyanide facilities to protect the beneficial uses of groundwater.*

The operation is

☐ in full compliance with
☐ in substantial compliance with **Standard of Practice 4.6**
☐ not in compliance with
☒ **not subject to**

Summarise the basis for this Finding/Deficiencies Identified:

Standard of Practice 4.6 is NOT APPLICABLE to KCGM. This standard requires an operation implement measures designed to manage seepage from cyanide facilities to protect the beneficial uses of groundwater

The Department of Environment and Conservation has established as the primary beneficial use for groundwater in the vicinity of KCGM's operations given that the water quality, on a regional basis, is not suitable for other purposes and that shallow groundwater is not readily abstractable.

The Western Australian Department of Environment and Conservation (DEC) has established a beneficial use (mining and mineral processing) for groundwater in the vicinity of the Gidji and Fimiston operations but the DEC has deliberately not applied a WAD cyanide limit.

The DEC issues environmental licences to mining operations in Western Australia that specify water monitoring, monitoring methodologies, water quality limits and associated compliance points. Gold mining operations within Western Australia are assigned a groundwater WAD Cyanide limit on their environmental licences on a case by case basis. In the case of the Fimiston and Gidji operations, the DEC has chosen not to assign a groundwater WAD cyanide limit.

The issue of WAD cyanide limits in groundwater and more specifically the lack of limits for Fimiston and Gidji has been the subject of the State Parliament of Western Australia. After being questioned on the issue, the Minister for Environment and Heritage advised that WAD cyanide limits have been applied to other gold mining companies but had not been applied to KCGM's Fimiston as the KCGM situation is different. The Minister also advised that DEC did not have plans to amend the Fimiston and Gidji Licences to include a WAD cyanide limit as it was considered that the Fimiston and Gidji licences already had adequate site specific conditions in relation to managing and protecting groundwater.

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Standard of Practice 4.7: *Provide spill prevention or containment measures for process tanks and pipelines.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 4.7**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 4.7 requiring that the company provide spill prevention or containment measures for process tanks and pipelines.

KCGM's Fimiston and Gidji facilities are located in an arid area with high annual evaporation rates. KCGM does not have a direct discharge to surface waters but the company has satisfied itself that it has no special requirement to ensure the protection of surface waters. Similarly, the vulnerability of groundwater beneficial uses to cyanide releases from KCGM sites has been assessed as very low due to its high salinity, its depth below ground and the low permeability of the natural strata beneath the facilities.

KCGM's Fimiston and Gidji processing facilities are largely fabricated from materials recognised as compatible with cyanide concentrations and high pH such as stainless steel, mild steel and HDPE. However there are parts of the process where more specialised materials are used to ensure effective containment, taking account of the salinity of process water and the abrasive conditions in agitated process tanks. The company has an extensive body of knowledge on the use of ultra high build epoxies, elastomeric polyurethanes and glass flake reinforced epoxy resins. Inspection of tanks handling cyanide solutions on a twelve to eighteen month cycle is a key element of KCGM's spill prevention strategy that has been in place for some considerable time. Processing tanks have been installed in secondary containments which have facilities to pump spilled materials back into the process.

All spillage and storm water run off from the Fimiston and Gidji plant that is not captured within dedicated secondary containment areas is collected in stormwater containment areas that have capacity to contain a once-in twenty five year storm event. The storm event adopted is based on a regulatory standard that applies in Nevada, USA where one of KCGM's joint venture partners operates.

Only one cyanide solution tank is sited within an unlined secondary containment. KCGM has satisfied itself that the earthen bund system serving this low strength cyanide solution tank has the capacity to contain a Code-compliant volume; it has procedures to treat such a spill as an emergency and to deal effectively with the clean up of contaminated soil.

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Cyanide ring mains are routed above ground over sealed areas and flanged joints are fitted with flange covers to limit the consequences of any leaks. There are however sections of underground pipework carrying low strength cyanide solutions. KCGM has undertaken extensive test work to satisfy itself that any slow leaks from these sections of pipeline will manifest themselves at the ground surface relatively quickly and there are regular patrols of these sections of buried pipework to ensure that the signs of leakage will be noted promptly. Major leaks from these tailings and return water lines will be detected immediately by differential flow measurement systems.

A large number of tanks containing cyanide solutions at Gidji and Fimiston are placed on ring beams. KCGM's own engineering team has developed and implemented an innovative system for the detection of leaks from the bottom of ring beam tanks.

Standard of Practice 4.8: *Implement quality control/quality assurance procedures to confirm that cyanide facilities are constructed according to accepted engineering standards and specifications.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 4.8**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 4.8 requiring that operations implement QA/QC procedures to confirm that cyanide facilities are constructed according to accepted engineering standards and specifications.

In the case of Tailings Storage Facilities, this requirement is satisfied by the preparation of annual Operational Audits of the Tailings Storage Facilities as required under state legislation. The most recent reports covering calendar year 2007 were issued by tailings consultants in January 2008.

For the processing facilities at Fimiston and Gidji, consultant reports issued in April 2007 have documented the work of appropriately qualified engineers and scientists and certified that individually defined processing areas are in a suitable condition for continued operation. In preparing the reports, the consultants declined to certify three areas at Gidji, clearly stating their reservations. KCGM has subsequently rectified these deficiencies.

All processing areas at Fimiston were certified without reservation.

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Standard of Practice 4.9: *Implement monitoring programs to evaluate the effects of cyanide use on wildlife, surface and groundwater quality.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 4.9**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 4.9 requiring that operations implement monitoring programs to evaluate the effects of cyanide use on wildlife, surface and groundwater quality.

The operation has written standard procedures for monitoring activities for wildlife, surface and groundwater quality which were prepared by appropriately qualified persons. The procedures contain information on how and where samples should be taken, sample preservation techniques, chain of custody procedures, shipping instructions, and cyanide species to be analysed.

Groundwater sampling conditions and procedures are documented in writing.

The operations do monitor WAD cyanide in groundwater downgradient of the TSFs:

The operations do not have a direct or indirect discharge to surface waters.

Monitoring is conducted at frequencies adequate to characterise the medium being monitored and to identify changes in a timely manner.

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Principle 5 – Decommissioning

Manage Cyanide Process Solutions and Waste Streams to Protect Human Health and the Environment

Standard of Practice 5.1: *Plan and implement procedures for effective decommissioning of cyanide facilities to protect human health, wildlife and livestock.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 5.1**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 5.1 requiring that operations plan and implement procedures for effective decommissioning of cyanide facilities to protect human health, wildlife and livestock.

The operation has developed a Cyanide Facility Decommissioning Plan (CFDP) detailing the decommissioning procedures for cyanide facilities at Fimiston and Gidji.

The CFDP includes an implementation schedule divided into monthly units and the planned tasks are scheduled up to 24 months prior to closure and continue for up to 24 months after closure.

The operation has established a system to annually review its decommissioning procedures for cyanide facilities during the life of the operation and revise them as needed. The CFDP was prepared in May 2006 and was reviewed in June 2007.

Standard of Practice 5.2: *Establish an assurance mechanism capable of fully funding cyanide related decommissioning activities.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 5.2**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 5.2 requiring that the operation establish an assurance mechanism capable of fully funding cyanide related decommissioning activities.

The CFDP includes an estimated cost for decommissioning and rehabilitation which was calculated by an independent contractor using contractor rates.

KCGM's Senior Land and Environmental Coordinator advised that the CFDP cost estimate is incorporated within the 2007 Closure Cost Estimate Report under "other user costs" for which $16,100,000 has been allocated. This appears to cover the items detailed within the CFDP. The closure costs, incorporating the CFDP costs are reviewed annually.

The Western Australian Department of Industry and Resources (DoIR) has established an Unconditional Performance Bond (UPB) system under Section 84 of the Mining Act.

Fimiston's cyanide facilities are spread across 12 tenements. The combined UPB total exceeds the CFDP estimated costs to decommission the Fimiston cyanide facilities.

Gidji's cyanide facilities are currently spread across six tenements. The combined UPB total is not sufficient to cover the CFDP estimated costs to decommission the Gidji cyanide facilities. As an alternative to this, the joint venture owners (Barrick and Newmont) have engaged independent certified public accountants to assist in obtaining a corporate financial guarantee for all cyanide decommissioning activities using 40 CFR 264.143(f), 30 CFR 800.23 and 10 CFR 30. The Barrick audit was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the Newmont audit was undertaken in accordance with Australian Auditing Standards.

Both reports contain several summary statements confirming Barrick's and Newmont's financial strength and experience in decommissioning which were interpreted to mean that Barrick and Newmont have sufficient financial strength to meets its cyanide decommissioning costs.

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Principle 6 – Worker Safety

Protect Workers' Health and Safety from Exposure to Cyanide

Standard of Practice 6.1: *Identify potential cyanide exposure scenarios and take measures as necessary to eliminate, reduce and control them.*

The operation is

- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 6.1**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 6.1 requiring an operation identify potential cyanide exposure scenarios and take measures as necessary to eliminate, reduce and control them.

KCGM has developed a suite of procedures for cyanide related tasks. The procedures presented are comprehensive providing detailed instruction to complete the tasks safely. They clearly identify the hazards associated with the task and utilise the hierarchy of controls to ensure personal safety.

The critical maintenance tasks are proceduralised. However, in addition to this, any service task that involves the processing plant is conducted under the equipment or task Hand Over Permit (HOP) system. A Job Safety Analysis has to be conducted prior to a HOP being issued. Above all this is a Field Level Risk Assessment called Safecheck that involves a simple five Step check before undertaking any tasks. There are also further requirements for confined space or hot works with a formalised permit to work and isolation system implemented.

The procedures do include the requirement for PPE and pre-work inspections where relevant. The level of PPE is always highlighted where necessary in all procedures with a higher level of PPE where the risk is higher. Regular monthly and daily inspections are highlighted in the procedures and are being conducted.

There is a newly revised formal change management process that utilises the online Change Management System (CMS) database where anyone can initiate a change to the process, equipment or system. The CMS requires assessment by designated departments including safety and environment. There is also a formalised system for the development and changes to procedure that involves the input of crew members.

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Standard of Practice 6.2: *Operate and monitor cyanide facilities to protect worker health and safety and periodically evaluate the effectiveness of health and safety measures.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 6.2**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 6.2 requiring an operation operate and monitor cyanide facilities to protect worker health and safety and periodically evaluate the effectiveness of health and safety measures

KCGM has determined the appropriate pH for limiting the evolution of HCN gas during mixing and production activities.

Personal monitors are compulsory in the areas where HCN gas may be emitted, and dust levels are monitored on a regular basis. If and when the level reaches or exceeds 10 ppm a Full-face respirator fitted with RC224 canister, or Self Contained Breathing Apparatus, is required dependent on the levels, if access to the area is necessary. The personal monitors are regularly calibrated according to the manufacturer's requirements.

Warning signs are placed at the access areas to warn personnel when cyanide is present. Signage also indicates the PPE requirements. There are no smoking, no eating and no drinking rules for areas where cyanide may be present. The Hand Over Permit system ensures no open flames when there is a potential for cyanide emission.

There are showers, low pressure eye wash stations and dry-powder fire extinguishers located strategically across the processing areas, and they are maintained and inspected regularly.

The unloading, storage, mixing, and process tanks and piping containing cyanide are identified to alert workers of their content and the direction of the flow of cyanide in pipes. In addition to this the liquid cyanide delivered to site has Carmosine Dye mixed in to further assist with identification of leaks within the processing areas for both Fimiston and Gidji.

MSDSs, first aid and other informational material on cyanide are available in areas where cyanide is managed.

Procedures are in place to investigate cyanide incidents and to implement remedial actions to procedures or practices where required.

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Standard of Practice 6.3: *Develop and implement emergency response plans and procedures to respond to worker exposure to cyanide.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 6.3**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 6.3 requiring an operation develop and implement emergency response plans and procedures to respond to worker exposure to cyanide.

KCGM has developed and implemented emergency response plans and procedures to respond to worker exposure to cyanide. The site has its own on-site capability including the Emergency Response Team and a structured crisis management system.

The operation has water, oxygen, resuscitator, antidote kits and radios, telephones, alarm system to communicate an emergency situation at the cyanide unloading, storage and mixing locations across the process area. The First Aid equipment is regularly inspected to ensure it is effective when required. The site also has a fully equipped ambulance.

The operation has liaised directly with Kalgoorlie Hospital which has the capabilities including the antidote kits for treatment of cyanide casualties. They have had visitations by Hospital staff for them to gain an understanding of the process and medical emergency requirements (including cyanide emergencies).

Mock emergency drills have been conducted with the local (LEMAC) emergency response group and debriefs conducted to ensure lessons learned are incorporated into the response planning.

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Principle 7 – Emergency Response

Protect Communities and the Environment through the Development of Emergency Response Strategies and Capabilities

Standard of Practice 7.1: *Prepare detailed emergency response plans for potential cyanide releases.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 7.1**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 7.1 requiring an operation prepare detailed emergency response plans for potential cyanide releases.

The operation has developed specific written emergency response plans and procedures to respond to cyanide exposures. There are a series of documents that provide guidance for emergencies including transport, process, environmental and communities.

Planning for response to transportation related emergencies has considered transportation route(s) on-site with respect the physical and chemical form of the cyanide and road transport method of delivery. Off-site transport emergency situations are included for road transport from the AGR depot via a pre-determined route.

The plans and procedures describe specific response actions as appropriate for the anticipated emergencies such as clearing site personnel from the area of exposure and the use of cyanide antidotes and first aid measures.

Standard of Practice 7.2: *Involve site personnel and stakeholders in the planning process.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 7.2**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 7.2, requiring an operation involve site personnel and stakeholders in the planning process.

There is a formal, internal review of all procedures by site personnel, including the Emergency Management Plan. The Emergency response plans and procedures have involved site personnel and external stakeholders.

The Operation has involved the local (LEMAC) emergency response group and has a mutual aid agreement with FESA. They have also liaised directly with the local Hospital and have brought them to site to view the issues directly. Potentially affected communities have been consulted through the Community Response Group and through LEMAC. The operation has also conducted HCN gas emission modelling for anticipated emergency events at the Fimiston that conclude that emission would not require off-site evacuation.

The operation does engage in consultation or communication with stakeholders to keep the Emergency Response Plan current through joint drills, debriefs and remedial actions.

Standard of Practice 7.3: *Designate appropriate personnel and commit necessary equipment and resources for emergency response.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 7.3**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 7.3 requiring an operation designate appropriate personnel and commit necessary equipment and resources for emergency response.

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The elements of the emergency response plans and procedures do:

- Designate primary and alternate emergency response coordinators who have explicit authority to commit the resources necessary to implement the Plan
- Identify Emergency Response Teams;
- Require appropriate training for emergency responders;
- Include call-out procedures and 24-hour contact information for the coordinators and response team members;
- Specify the duties and responsibilities of the coordinators and team members;
- List emergency response equipment, including personal protection gear, available along transportation routes and/or on-site;
- Include procedures to inspect emergency response equipment to ensure its availability; and
- Describe the role of outside responders, medical facilities and communities in the emergency response procedures.

The Operation has confirmed that outside entities included in the Emergency Response Plan are aware of their involvement and are included as necessary in mock drills or implementation exercises. LEMAC and the Local Hospital have been directly involved.

Standard of Practice 7.4: *Develop procedures for internal and external emergency notification and reporting.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 7.4**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The operation is in FULL COMPLIANCE with Standard of Practice 7.4, requiring the development of procedures for internal and external emergency notification and reporting.

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KCGM is in FULL COMPLIANCE with Standard of Practice 7.4 requiring the development of procedures for internal and external emergency notification and reporting.

The Plan does include procedures and contact information for notifying management, regulatory agencies, outside response providers and medical facilities of the cyanide emergency.

The KCGM Emergency Crisis Recovery Plan includes procedures and contact information for notifying potentially affected communities of the cyanide related incident and any necessary response measures, and for communication with the media.

Standard of Practice 7.5: *Incorporate in response plans and remediation measures monitoring elements that account for the additional hazards of using cyanide treatment chemicals.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 7.5**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 7.5, requiring an operation develop procedures for internal and external emergency notification and reporting.

The Cyanide Emergency Procedure and associated procedures do describe specific remediation measures as appropriate for the likely cyanide release scenarios, such as:

- recovery or neutralisation of solutions or solids;
- decontamination of soils or other contaminated media;
- management and/or disposal of spill clean-up debris; and
- provision of an alternate drinking water supply.

The Plans prohibit the use of chemicals, such as sodium hypochlorite, ferrous sulphate and hydrogen peroxide to treat cyanide that has been released into surface water.

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Section 6.0 of the Cyanide Emergency Procedure does address the potential need for environmental monitoring to identify the extent and effects of a cyanide release, and include sampling methods, parameters and, where practical, possible sampling locations.

Standard of Practice 7.6: *Periodically evaluate response procedures and capabilities and revise them as needed.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 7.6**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 7.6 requiring an operation periodically evaluate response procedures and capabilities and revise them as needed.

The operation does review and evaluate the cyanide related elements of its Emergency Response Plan for adequacy on a regular basis. Regular document reviews are conducted. All new procedures and existing ones are reviewed by a member of each crew and the emergency response plans/procedures are reviewed following drills.

It was verified that there had been mutual aid emergency response training at both sites in 2006 and 2007 with a cyanide exercise at Fimiston and an exercise at Gidji.

There are provisions in place to evaluate and revise the Emergency Response Plan after any cyanide related emergency requiring its implementation, and such reviews been conducted.

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Principle 8 – Training

Train Workers and Emergency Response Personnel to Manage Cyanide in a Safe and Environmentally Protective Manner

Standard of Practice 8.1: *Train workers to understand the hazards associated with cyanide use.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 8.1**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 8.1 requiring an operation train workers to understand the hazards associated with cyanide use.

The operation does train all personnel who may encounter cyanide in cyanide hazard recognition.

Personnel who may encounter cyanide complete the cyanide awareness and refresher training annually.

Competency training including tasks involving cyanide is also carried out.

The cyanide awareness, competency training and assessment, and records of attendance and completion are maintained in the Babelfish database. The operational departments maintain paper copies of the training records and assessment sheets on individual files.

Standard of Practice 8.2: *Train appropriate personnel to operate the facility according to systems and procedures that protect human health, the community and the environment.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 8.2**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 8.2 requiring an operation to train appropriate personnel to operate the facility according to systems and procedures that protect human health, the community and the environment.

Both the Fimiston and Gidji Operations train workers to perform their normal production tasks, including unloading, mixing, production and maintenance, with minimum risk to worker health and safety and in a manner that prevents unplanned cyanide releases.

Cyanide awareness training is provided at induction and in refresher training annually. All Process Operators go through a formal competency training which utilise all the cyanide procedures where required. The training elements necessary for each job involving cyanide management are identified in training materials.

The Process Operator training is formalised. All personnel are trained in all relevant process procedures as they progress through their assessment training. Each individual is assessed by the training coordinator and supervisor and cannot operate on their own until they have been assessed as competent.

All employees in the Process areas are trained prior to working with cyanide.

It is compulsory to complete the Cyanide Awareness refresher annually.

Training records are maintained in the Babelfish database and hard copies of the assessments and field observations are retained by the training department.

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Standard of Practice 8.3: *Train appropriate workers and personnel to respond to worker exposures and environmental releases of cyanide.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 8.3**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 8.3 requiring an operation to train appropriate workers and personnel to respond to worker exposures and environmental releases of cyanide.

The Cyanide Awareness training is part of the initial induction and it is compulsory to complete a refresher annually.

Site cyanide response personnel, including unloading, mixing, production and maintenance workers, are trained in decontamination and first aid procedures. They do take part in routine drills to test and improve their response skills.

Emergency Response Coordinators and members of the Emergency Response Team are trained in the procedures included in the Emergency Response Plan regarding cyanide, including the use of necessary response equipment. All level PO6's and higher are trained in Emergency Response Management.

Emergency Response drills have been conducted at both sites which have tested the emergency response system and involved all those with a role in the emergency response system, the Emergency Response Team members, and the external mutual aid partners.

Records are retained documenting the cyanide training, including the names of the employee and the trainer, the date of training, the topics covered, and how the employee demonstrated an understanding of the training materials.

The Emergency Response Team has regular Hazmat training, and emergency drills are conducted on a regular basis. Simulated cyanide emergency drills are periodically conducted for training purposes. They do cover both worker exposures and environmental releases.

Cyanide emergency drills are evaluated from a training perspective to determine if personnel have the knowledge and skills required for effective response. Training procedures are revised if deficiencies are identified. Debriefs following an emergency response drill are always conducted.

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Principle 9 – Dialogue

Engage in Public Consultation and Disclosure

Standard of Practice 9.1: *Provide stakeholders the opportunity to communicate issues of concern.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 9.1**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 9.1 requiring an operation provide stakeholders the opportunity to communicate issues of concern.

The operation does provide several opportunities for stakeholders to communicate issues of concern regarding the management of cyanide.

KCGM have established a website where key documents and publications are made available to the public (www.superpit.com.au). A feedback link is available on the website for stakeholders to communicate issues of concern.

KCGM have established a Community Reference Group (CRG), which includes members of the local community, KCGM representatives and a local community chairperson. The CRG provides a formal link between KCGM and the community and provides a forum for the community to communicate issues of concern to KCGM. The group meets each month with the aim of finding joint solutions to problems or issues and to discuss present and future KCGM developments.

KCGM has a 24-hour interaction line to enable members of the community to contact the company on a wide range of issues including emergencies, complaints inquiries and feedback. All calls received are recorded in the Public Interaction Line (PIL) system and any actions are tracked through to closeout.

KCGM established 'the Super Pit Shop' in Boulder. The Community Relations Section is based at the shop which acts as the public face of KCGM and gives the public an opportunity to directly communicate with the company and obtain information on our operations. The shop is frequented by locals, visitors and employees.

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Standard of Practice 9.2: *Initiate dialogue describing cyanide management procedures and responsively address identified concerns.*

The operation is

☒ **in full compliance with**
☐ in substantial compliance with **Standard of Practice 9.2**
☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 9.2 requiring an operation initiate dialogue describing cyanide management procedures and responsively address identified concerns.

In addition to the opportunities used by stakeholders to contact KCGM (refer 9.1), KCGM has created opportunities to interact with stakeholders and provide them with information regarding cyanide management practices and procedures.

KCGM have developed a Cyanide Code Information System (CCIS) based on the intranet site that contains all information relating to cyanide management and the Code. All employees have access to CCIS.

KCGM have developed a Cyanide Awareness Training package that is delivered to all employees and contractors with the potential to access cyanide at KCGM. The training consists of a video produced by AGR and a site specific presentation produced by KCGM.

Regular meetings are held with relevant Government personnel during the permitting process for specific projects. KCGM is currently working with the Project Approval Coordination Unit (PACU) on a number of expansion projects. Meetings are also held with local DEC and DoIR personnel to discuss any required permits and the approval required.

News and Views is a regular publication produced by KCGM with the objective of maintaining general community awareness of the environmental and social aspects of the KCGM operation which could potentially impact on the community. It also aims to promote the Public Interaction Line and email as alternative avenues in which the public can ask questions or voice concerns. Although KCGM provide the information for the newsletter, the public are encouraged to contribute by asking questions and suggesting areas of the Super Pit operation which they would like to know more about. Copies of 'News& Views' are distributed on-site, at The Super Pit Shop as well as delivered to all private residents and private mail boxes in the Kalgoorlie-Boulder area which equates to over 12,000 copies. In addition, 'News and Views' is available for download from the Super Pit website and presented to CRG members. A 'News and Views' edition on KCGM's use of cyanide was

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produced in February 2008 and has been delivered to all residents in the Kalgoorlie-Boulder community.

Standard of Practice 9.3: *Make appropriate operational and environmental information regarding cyanide available to stakeholders.*

The operation is
- ☒ **in full compliance with**
- ☐ in substantial compliance with **Standard of Practice 9.3**
- ☐ not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

KCGM is in FULL COMPLIANCE with Standard of Practice 9.3 requiring an operation make appropriate operational and environmental information regarding cyanide available to stakeholders.

KCGM has developed information packages regarding cyanide management practices and procedures and have created opportunities to interact with selected stakeholders, specifically employees, contractors and tourists.

The illiterate proportion of the local population did not constitute a significant percentage and consequently, verbal dissemination of material was not considered warranted.

The operation has the mechanisms to make information publicly available on the cyanide release or exposure incidents, where applicable.

KCGM has a safety and environment incident reporting and investigation procedure that ensures unplanned cyanide exposures and releases are investigated and reported. KCGM is required to submit an annual environmental report (AER) to the DEC and DOIR on an annual basis. The AER details all environmental incidents that occurred on-site during the reporting period.

In addition to the AER, off-site spills for all Barrick operations (including KCGM) are reported in the Company's annual Responsibility Report. The Responsibility report is available on the Barrick website and is issued to employees. All Newmont operations (including KCGM) produce a Sustainability Report ("Now and Beyond"). The environment component of the report notes the number of cyanide releases that occur at each operation. The report is available on the Newmont website.

KCGM issue media releases for cyanide releases and exposure incidents.

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All mining operations within Western Australia are required to report serious occurrences and mining injuries to DoCEP on designated forms.

GOLDER ASSOCIATES PTY LTD

Ed Clerk
Manager Mining Environmental Services

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APPENDIX A

LIMITATIONS

LIMITATIONS

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