The CODE

The Newsletter of
the International Cyanide
Management Institute
www.cyanidecode.org

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What's Inside

Welcome to the International Cyanide Management Institute's (ICMI) October 2011 Cyanide Code Newsletter.

The Code is a voluntary industry program designed to assist the global gold mining industry and the producers and transporters of cyanide used in gold mining in improving cyanide management practices. The Code is intended to reduce the potential exposure of workers and communities to harmful concentrations of cyanide, to limit releases of cyanide to the environment, and to enhance response actions in the event of an exposure or release.

The Code's success is the direct result of its ongoing support from the gold mining industry and the producers and transporters of the cyanide it uses.

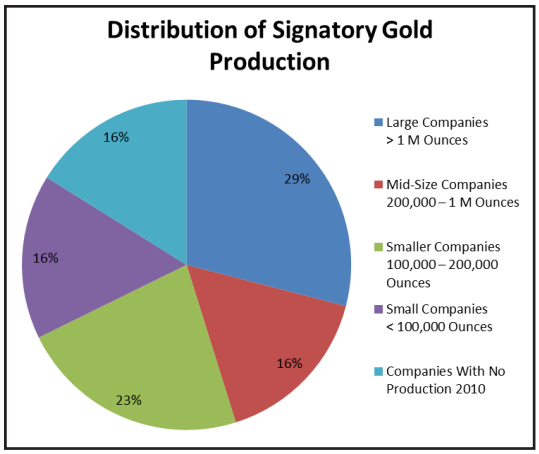
Code Reaches Important Milestone

In recent weeks, the Code has reach an important milestone with the addition of its 102nd signatory. This is a vast step forward from the Code's inception in November, 2005 when it began with 14 signatories. Today the Code is being implemented at 237 operations in 45 countries.

Signatories and Certified Operations by Year

	Signatories				Certified/Recertified Operations			
		Producer	Transporter	Total	Mine	Producer	Transporter	Total
January 1, 2006	10	4	1	15	0	0	0	0
January 1, 2007	15	7	5	27	2	5	3	10
January 1, 2008	14	8	8	30	18	8	6	32
January 1, 2009	19	12	12	43	37	11	9	57
January 1, 2010	21	12	25	58	63	13/3	14	90/3
January 1, 2011	29	14	46	89	76/13	15/7	41/4	132/24
September 22, 2011	31	14	57	102	82/25	17/10	59/6	158/41

The Code's signatory gold mining companies range in size from the world's largest, producing several millions of ounces per year, to ones producing less than 50,000 ounces per year, as well as those that have yet to commence production. As the chart below illustrates a majority of the mining companies that are signatories to the Code produce less than 200,000 ounces annually.



Certifications and Recertifications

A hundred fifty-eight operations have been certified, a 50 percent increase from this time last year. Certification is key because it means that the signatory is not merely committing to abide by the Code but that its operation meets standards verified by an independent, third-party auditor. The auditor determines if the operation is in Code compliance by not only reviewing documents but by visiting the operating site and conducting a comprehensive site inspection.

Certification is valid for three years after which an operation must undergo another audit to be recertified. During the recertification process, the auditor evaluates the facility's performance over the entire previous three-year audit cycle. This is an important point: the first certification is essentially a snapshot of the day the auditor does his or her audit. However, for recertification, the auditor must determine that an operation has been in compliance for the entire three-year period. If a company has had a problem, they're expected to demonstrate that it was addressed appropriately, rapidly and completely and that it is not expected to reoccur.

Out of the 158 operations that have been certified, 41 of them have gone through the recertification process and have been certified a second time (or "recertified").

Countries - Total Operations and Certified Operations

	# Countries with Signatory Operations	# Countries with Certified Operations	# Countries with Re-Recertified Operations
Mines	36	21	8
Producers	13	12	6
Transporters	32	24	3
Total	45	30	11

Total Operations by Country/Certified Operations/Recertified Operations

Country	Mines			Producers			Transporters			Totals		
	Total	Cert	Re	Total	Cert	Re	Total	Cert	Re	Total	Cert	Re
Argentina	3	2	1	0	0	0	3	3	0	6	5	1
Australia	16	12	2	2	2	2	3	3	1	21	17	5
Azerbaijan	1	0	0	0	0	0	0	0	0	1	0	0
Brazil	8	5	0	2	2	0	5	2	0	15	9	0
Bulgaria	2	1	0	0	0	0	0	0	0	2	1	0
Burkina Faso	1	0	0	0	0	0	2	2	0	3	2	0
Canada	5	4	0	1	1	1	1	1	0	7	6	1
Chile	4	2	0	0	0	0	5	2	0	9	4	0
China	0	0	0	2	1	0	0	0	0	2	1	0
Columbia	1	0	0	0	0	0	0	0	0	1	0	0
Côte d'Ivoire	1	0	0	0	0	0	1	0	0	2	0	0
Czech Rep	0	0	0	1	1	0	0	0	0	1	1	0
Domin Rep	0	0	0	0	0	0	1	0	0	1	0	0
Finland	2	0	0	0	0	0	0	0	0	2	0	0
Germany	0	0	0	1	1	1	1	1	0	2	2	1
Ghana	6	5	1	2	1	0	8	6	2	16	12	3
Guatemala	1	1	0	0	0	0	1	0	0	2	1	0
Guinea	1	1	0	0	0	0	3	2	0	4	3	0
Honduras	1	0	0	0	0	0	1	0	0	2	0	0
Indonesia	1	1	0	0	0	0	4	2	0	5	3	0
Japan	0	0	0	1	0	0	0	0	0	1	0	0
Kenya	0	0	0	0	0	0	3	2	0	3	2	0
Kazakhstan	3	0	0	0	0	0	1	0	0	4	0	0
Kyrgyz Rep	1	0	0	0	0	0	1	0	0	2	0	0
Laos	1	0	0	0	0	0	0	0	0	1	0	0
Mali	2	2	0	0	0	0	1	0	0	3	2	0
Mexico	9	3	1	1	1	0	2	1	0	12	5	1
Mongolia	1	0	0	0	0	0	0	0	0	1	0	0
Namibia	1	1	0	0	0	0	1	1	0	2	2	0
Niger	0	0	0	0	0	0	1	1	0	1	1	0
New Zealand	1	1	0	0	0	0	1	1	0	2	2	0
Panama	1	0	0	0	0	0	1	1	0	2	1	0
PNG	3	1	0	0	0	0	2	1	0	5	2	0
Peru	4	4	3	1	1	0	12	8	0	17	13	3
Romania	1	0	0	0	0	0	0	0	0	1	0	0
Russia	1	1	0	0	0	0	1	1	0	2	2	0
Saudi Arabia	5	0	0	0	0	0	0	0	0	5	0	0
Senegal	0	0	0	0	0	0	3	2	0	3	2	0
Slovakia	1	0	0	0	0	0	0	0	0	1	0	0
Solomon Isle	1	0	0	0	0	0	0	0	0	1	0	0
South Africa	18	17	6	1	1	1	1	0	0	20	18	7
South Korea	0	0	0	2	2	2	3	2	0	5	4	2
Tanzania	4	3	0	0	0	0	2	1	0	6	4	0
Thailand	1	1	1	0	0	0	2	2	0	3	3	1
USA	16	14	10	3	3	3	11	11	3	30	28	16
Totals	129	82	25	20	17	10	88	59	6	237	158	41

Training

The International Cyanide Management Institute (ICMI) conducted a Workshop on Implementing and Auditing the International Cyanide Management Code in Dar es Salaam, Tanzania on Friday, August 26, 2011. Sixty-seven people attended.

A second workshop was conducted in Accra, Ghana on Wednesday, August 31, 2011. One hundred-seven people attended. These one-day Workshops were intended to assist gold mining companies, cyanide producers and transporters, and other stakeholders in their understanding of the Code's expectations for the responsible management of cyanide and instruct auditors verifying Code compliance on how to evaluate gold mines, cyanide producers and cyanide transporters and make their findings. The Workshops provided an opportunity for companies that had not yet become signatories to learn about the Code first-hand and for personnel from the gold mines and cyanide transporters in Africa that were certified or designated to be certified to refresh and expand their understanding of the Code.

The next workshop is slated for December 1 in Perth, Australia. For information go to: http://www.cyanidecode.org/media_pr350.php

Code Questions

Question 1: A certified mine has been informed by its certified cyanide producer that it cannot provide the mine with cyanide for several months, and the mine has insufficient on-site inventory to continue operating until its producer can once again provide cyanide. After contacting other certified cyanide producers, the mine has determined that it is unable to obtain cyanide from another certified producer; all available reagent is either produced by a non-signatory facility or would require transport by a non-certified transporter. What options does the mine have that will allow it to continue operating without risking loss of its Code certification?

Answer: The potential for unplanned disruptions in a mine's supply of "certified cyanide" (cyanide produced and transported by Code-certified operations) is acknowledged in the ICMI's guidance documents. Although a certified mine is not required to halt production until it can re-establish a supply of certified cyanide, it is expected to take a number of actions in response to such a disruption (which may occur for a variety of reasons). A mine's certification should not be in jeopardy if it's response to the disruption is consistent with ICMI guidance.

An operation that experiences a disruption should document the reason(s) for the disruption so that a Code auditor evaluating the situation during the mine's next certification audit has a basis to determine whether its need to use non-certified cyanide was beyond the mine's control. The mine should seek an alternative source of certified cyanide, (e.g., a different certified cyanide manufacturer or transporter) and these efforts also should be documented. In the event that the mine cannot re-establish a supply of certified cyanide, it can still demonstrate its good-faith effort to comply with the Code by using certified elements of the supply chain to the extent practical (e.g., by continuing to use certified transporters to transport cyanide produced by a non-certified manufacturer, or continuing to purchase cyanide from a certified manufacturer even if it must be delivered to the mine by one or more non-certified transporters).

A certified mine should notify ICMI within 72 hours of entering into an agreement for the purchase or transport of non-certified cyanide, pursuant to Instruction 6 of the ICMI's Signatory Application Form (http://cyanidecode.org/pdf/1_SignatoryApplication.pdf). The notification should include the reason(s) for using non-certified cyanide, the time anticipated until a certified cyanide supply can be re-established, and contact information for a company representative to respond to requests for additional information.

The mine is expected to re-establish a supply of certified cyanide as quickly as practicable, and should document its efforts in this regard for review during its next certification audit.

Additional details regarding a certified gold mine's use of non-certified cyanide can be found in ICMI's Auditor Guidance for Use of the Gold Mining Operations Verification Protocol (http://cyanidecode.org/pdf/RevisedAuditorGuidance.pdf) in the discussions of question 2 under Standard of Practice 1.1 (non-certified production), and question 2 under Standard of Practice 2.2 (non-certified transport). Further discussion of the use of non-certified cyanide with specific emphasis on the factors to be considered by a Code auditor during a recertification audit is available in Section 6 of ICMI's Guidance for Recertification Audits (http://cyanidecode.org/pdf/GuidanceforRecertificationAudits.pdf).

Question 2: Although ICMI no longer allows cyanide producers and transporters to demonstrate their responsible cyanide management using "Code-equivalent, non-certification audits," the transition to Code certification of these operations is still ongoing. When must these operations become signatories to the Code and have their activities certified in order to continue to provide cyanide to certified mines? How would the status of a certified mine be affected if its producer or transporter inadvertently missed its deadline to become certified?

Answer: ICMI announced the end the use of Code-equivalent, non-certification audits on October 26, 2009 (see http://www.cyanidecode.org/media_pr162.php). Included in the announcement was a link to a transition procedure that described how operations previously authorized in this manner could continue to supply cyanide to certified mines (see http://www.cyanidecode.org/pdf/TransitionProcess.pdf).

Although no new Code-equivalent, non-certification audits would be accepted after October 26, 2009, ICMI permitted production and transport operations to continue to rely on their existing Code-equivalent, non-certification audits until three years from the date the audit report was issued. Prior to the end of that three-year period, these operations must become Code signatories (or be included within a signatory consignor's supply chain) and submit certification audit reports meeting all applicable requirements to ICMI in order to continue transporting cyanide to a certified gold mine beyond that date. The operation's ability to supply cyanide to a certified mine remains in effect until final action is taken on its certification.

ICMI recognizes that the elimination of Code-equivalent, non-certification audits and the requirement that all producers and transporters become Code signatories and undergo certification audits may have resulted in some confusion regarding the various applicable dates. It is therefore possible that some operations providing cyanide to certified mines on the basis of Code-equivalent, non-certification audits may have missed their transition deadlines for certification. An auditor who identifies such a situation while conducting a recertification audit of a mine should evaluate the cause and duration, as well as the mine's response, using the factors discussed in Section 6 of ICMI's Guidance for Recertification Audits (http://cyanidecode.org/pdf/GuidanceforRecertificationAudits.pdf). The auditor also should consider the nature of the risk associated with a transporter that previously had demonstrated its responsible management of cyanide through a Code-equivalent, non-certification audit and that may have subsequently demonstrated its responsible management of cyanide through a Code certification audit.

Question 3: A mine seeking Code certification produces gold by heap leaching with cyanide and also as part of a copper/gold flotation concentrate. Cyanide is used in the flotation circuit to depress pyrite, and the resulting sulfide concentrate is shipped to a copper smelter for recovery of the contained copper and gold. The cyanide used for both the leaching and flotation processes is received at the mine in solid form and mixed in a common mixing tank before being distributed to the different processes. During the certification audit, what facilities would be evaluated for compliance with the Code?

Answer: The Code applies solely to the production, transport and use of cyanide for the extraction of gold. Use of cyanide as a depressant in the flotation process for the production of a sulfide concentrate is not subject to the Code unless this is part of the process the operation uses for its on-site gold production. Therefore, the flotation equipment and facilities would not be considered to be "cyanide facilities" subject to the Code certification audit. Cyanide facilities are defined in the Code's Definitions and Acronyms, (http://cyanidecode.org/about_definitions.php), as "(1) solution containing cyanide that is used to leach gold, (2) barren leach solution from heap leaching, mill tailings, tailings return water and carbon stripping solution. However, solutions with concentrations of WAD cyanide below 0.5 mg/l are not considered to be process solutions."Similarly, any cyanide reagent handling equipment used exclusively for the flotation circuit, such as the piping distributing it to the flotation cells, would be beyond the scope of the Code.

While the use of cyanide in flotation is not subject to the Code and would not be evaluated during a certification audit, it is strongly recommended that mining operations using cyanide for flotation as well as cyanidation employ consistent cyanide management practices for both uses. For example, the distribution lines carrying reagent cyanide to flotation cells present the same risk to workers as those carrying reagent cyanide to a leach facility, and should be contained, labelled, inspected and otherwise managed according to the Code.

Question 4: Standard of Practice 2.2 requires that a gold mine maintain chain of custody records regarding the transporters involved in bringing cyanide to the site. When a mine requested this information from its certified cyanide producer, it was told that such information was not required because all links of the supply chain were Code-certified. In such a situation, does the Code require that chain of custody records for the cyanide supply chain be provided to the mine by the cyanide producer and that the records be available for review by the Code auditor?

Answer: Code auditors must confirm that all transporters involved with bringing cyanide to the site are certified under the Code. The mine must have a complete list of all its cyanide transporters so that the auditor can check them against the certification information on the Code web site. Depending on how the mine's cyanide purchase agreement is structured, the producer may be the only entity with full knowledge of all cyanide transporters in the supply chain. However, as discussed in the Auditor Guidance for Gold Mining Operations Verification Protocol Standard of Practice 2.2, question 3, (http://cyanidecode.org/pdf/RevisedAuditorGuidance.pdf), documentation other than chain of custody records can be used for this purpose. At a minimum, those entities contracted by the mine to provide cyanide, which may include the cyanide producer and/or any transporters or consignors engaged by the mine, must identify in writing all trucking companies, rail lines and terminals, shipping companies and ports involved in the transport of cyanide to the mine.

Question 5: Standard of Practice 5.2 requires that a gold mine provide financial assurance in an amount sufficient to cover the cost of third-party implementation of its decommissioning plan. One of the options for meeting this requirement allows a company to use a self-guarantee based on a financial auditor's evaluation of its financial strength. Must new financial data be developed specifically for use in this evaluation, or can existing financial data be used to determine if the operation is in compliance with this Standard of Practice?

Answer: The financial auditor must use the most recent audited financial data available for the company, which in no case can be more than one year old. The cost of implementing the decommissioning plan must be based on the most recent plan revision.