



INTERNATIONAL CYANIDE MANAGEMENT INSTITUTE

Cyanide Production

Summary Audit Report Form

For The International Cyanide Management Code

www.cyanidecode.org

July 2005

The International Cyanide Management Code (hereinafter "the Code"), this document, and other documents or information sources referenced at www.cyanidecode.org are believed to be reliable and were prepared in good faith from information reasonably available to the drafters. However, no guarantee is made as to the accuracy or completeness of any of these other documents or information sources. No guarantee is made in connection with the application of the Code, the additional documents available or the referenced materials to prevent hazards, accidents, incidents, or injury to employees and/or members of the public at any specific site where gold is extracted from ore by the cyanidation process. Compliance with this Code is not intended to and does not replace, contravene or otherwise alter the requirements of any specific national, state or local governmental statutes, laws, regulations, ordinances, or other requirements regarding the matters included herein. Compliance with this Code is entirely voluntary and is neither intended nor does it create, establish, or recognize any legally enforceable obligations or rights on the part of its signatories, supporters or any other parties.

SUMMARY AUDIT REPORT FOR CYANIDE PRODUCTION OPERATIONS

Instructions

1. The basis for the finding and/or statement of deficiencies for each Production Practice should be summarized in this Summary Audit Report for Cyanide Production Operations. This should be done in a few sentences or a paragraph.
2. The name of the cyanide production operation, lead auditor signature and date of the audit must be inserted on the bottom of each page of this Summary Audit Report. The lead auditor's signature at the bottom of the attestation on page 3 must be certified by notarization or equivalent.
3. An operation undergoing a Code Verification Audit that is in substantial compliance must submit a Corrective Action Plan with the Summary Audit Report.
4. The Summary Audit Report and Corrective Action Plan, if appropriate, for a cyanide production operation undergoing a Code Verification Audit with all required signatures must be submitted in hard copy to:

**International Cyanide Management Institute (ICMI)
2010 Crow Canyon Place, Suite 100
San Ramon, California 94583-1344 USA**

5. The submittal must be accompanied with 1) a letter from the owner or authorized representative which grants the ICMI permission to post the report on the Code Website, and 2) a completed Auditor Credentials Form. The letter and lead auditor's signature on the Auditor Credentials Form must be certified by notarization or equivalent.
6. Action will not be taken on certification based on the Summary Audit Report until the application form for a Code signatory and the required fees are received by ICMI from the applicable cyanide production company.
7. The description of the operations should include sufficient information to describe the scope and complexity of the cyanide production operation.

SUMMARY AUDIT REPORT

Name of Cyanide Production Facility: CyPlus Sodium Cyanide Transloading Terminal _____
Name of Facility Owner: CyPlus _____
Name of Facility Operator: Eric Costello _____
Name of Responsible Managers: Frank Harenburg and Heinrich Ruth _____
Address: 33 Dumont Street, East _____
State/Province: Quebec _____ Country: Canada _____
Telephone: 514-337-2421 _____ Fax: 514-337-9057 _____ E-Mail:
heinrich.ruth@cyplus.com


Location detail and description of operation:

Additional contact person:
Bill Clark, ESHQ Compliance Manager
Phone: 001-215-321-7226
Fax: 001-215-321-3944
bill.clark@cyplus.com

Description of operation:

The purpose of the Cadillac Terminal operation is to receive solid NACN briquettes, to dissolve these briquettes with warm water, store the 30% NaCN solution and deliver this solution to the CyPlus customers via tanker trucks. The solid cyanide will be sent from the supplier's production facility in the USA by hopper railcars. They are parked inside the fenced Terminal area and unloaded inside the Terminal building. All three storage tanks, pipes and pumps are located in concrete dikes designed to contain the NaCN solution in case of a spill. The railcar and the tanker truck area is also in a dike as well. The tractors dedicated for hauling the tanks with cyanide solution to the Canadian customers are equipped with a state of the art Satellite Tracking System with an on board communication keyboard. Under regular conditions, two or respectively three people are working at the Terminal. It is important to know that the Cadillac Transloading Terminal is self-contained and all operations are carried out inside the building.

CyPlus Terminal, Cadillac/Canada
Name of Facility


Signature of Lead Auditor

Sept 24rd, 2006
Date

SUMMARY AUDIT REPORT

Auditor's Finding

This operation is

- in full compliance
- in substantial compliance *(see below)
- not in compliance

with the International Cyanide Management Code.

* For cyanide production operations seeking Code certification, the Corrective Action Plan to bring an operation in substantial compliance into full compliance must be enclosed with this Summary Audit Report. The plan must be fully implemented within one year of the date of this audit.

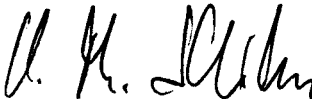
Audit Company: DQS GmbH; August-Schanz-Str. 21; D-60433 Frankfurt/Main____
Audit Team Leader: Dr. Klinken, Heinz Theo E-mail: okt.klinken@t-online.de____
Names and Signatures of Other Auditors: n.a._____

Date(s) of Audit: August 1st, 2006_____

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

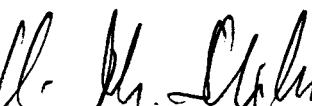
I attest that this Summary Audit Report accurately describes the findings of the verification audit. I further attest that the verification audit was conducted in a professional manner in accordance with the International Cyanide Management Code Verification Protocol for Cyanide Production Operations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

CyPlus Terminal, Cadillac/Canada
Name of Facility

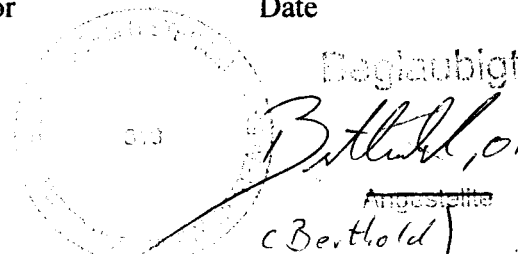

Signature of Lead Auditor

Sept 24rd, 2006
Date

CyPlus Terminal, Cadillac/Canada
Name of Facility


Signature of Lead Auditor

Sept 24rd, 2006
Date



SUMMARY AUDIT REPORT

1. OPERATIONS: Design, construct and operate cyanide production facilities to prevent release of cyanide.

Production Practice 1.1: Design and construct cyanide production facilities consistent with sound, accepted engineering practices and quality control/quality assurance procedures.

The operation is in full compliance with
 in substantial compliance with Production Practice 1.1
 not in compliance with

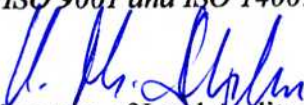
*Summarize the basis for this Finding/Deficiencies Identified:
The complete Transloading Terminal at Cadillac site including all equipment has been built according to Canadian regulations. The construction and the corresponding programs for Quality Assurance and Quality Control are on an high level and meet the Code's criteria. Each step of construction, implementation and realization of the facility had been regulated and approved. All activities during this phases had been supervised by competent engineers and project managers. The used materials and the installed equipment as well as the constructing activities were controlled by QA/QC procedures and were carried out by qualified personnel. Corresponding records are available, documented and retained in specific files. Final approvals and statements of the authorities are in place. The "Training and Operation Manual" describes the production process and all installed equipment on the production facility. It defines automatic systems and interlocks to shut down production and prevent releases. Technical equipment to control the production process is installed and under control. The whole cyanide transloading process is controlled, supervised and checked by an automatic control system. The Terminal is a self-contained facility, all activities are done under roof and on concrete floor with additional membrane. Sufficient capacity of secondary containment is available, spill prevention and containment measures for all pipelines are provided.*

Production Practice 1.2: Develop and implement plans and procedures to operate cyanide production facilities in a manner that prevents accidental releases.

The operation is in full compliance with
 in substantial compliance with Production Practice 1.2
 not in compliance with

*Summarize the basis for this Finding/Deficiencies Identified:
The Training and Operation Manual describes the production process and all installed equipment of the facility. It defines automatic systems and interlocks to shut down production systems and prevent releases. As well, technical safety equipment is installed and under control. The whole cyanide transloading process is controlled, supervised and checked by automatic systems). A corresponding Emergency and Response Plan provides organization, systems and facilities to respond to and prevent unplanned releases of cyanide. An integrated management system for quality and environment acc. to ISO 9001 and ISO 14001 had been certified. All relevant procedures are described.*

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Name of Facility


Signature of Lead Auditor

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SUMMARY AUDIT REPORT

Production Practice 1.3: *Inspect cyanide production facilities to ensure their integrity and prevent accidental releases.*

The operation is in full compliance with
 in substantial compliance with Production Practice 1.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified: CyPlus provides a list representing the installation register in accordance to legislation. It covers annual routine inspections of tanks, pipelines, containments and other equipment by authorized experts and independent certified bodies. The corresponding inspection protocols state compliance with the Code's requirements. Additional routine inspections by employees (permanently) and preventive controls are considered and are part of the maintenance program. The results of those routine inspections are documented in the shift manual or in data files, respectively. Corrective actions coming out of inspections are initiated and documented in equipment manuals.

2. WORKER SAFETY: *Protect workers' health and safety from exposure to cyanide.*

Production Practice 2.1: *Develop and implement procedures to protect plant personnel from exposure to cyanide.*

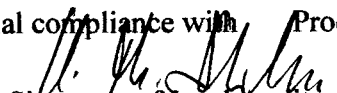
The operation is in full compliance with
 in substantial compliance with Production Practice 2.1
 not in compliance with

*Summarize the basis for this Finding/Deficiencies Identified:
In accordance to Canadian law and internal requirements the CyPlus organization is enforced to perform a danger and risk analysis in which all relevant aspects are considered. The working places have been analyzed in cooperation with medical experts, doctors and safety engineers, e.g. by Degussa Corporate safety and Health Department. The analysis is reviewed periodically. Preventive measures are arranged, if necessary. Within the integrated management system for quality, environment and safety CyPlus has implemented many documents to operate the facility in a sound and safe manner. Specific instructions to minimize worker exposure are developed such as general safety instructions, instructions concerning the handling of hazardous material or emergency operations. Change management is mentioned in different procedures and in the management handbook (see chapter 12). Hydrogen cyanide monitoring equipment is maintained, tested and calibrated. Warning signs are installed throughout the facility; smoking, eating and drinking is prohibited. The employees demonstrated high awareness to the auditor.*

Production Practice 2.2: *Develop and implement plans and procedures for rapid and effective response to cyanide exposure.*

The operation is in full compliance with
 in substantial compliance with Production Practice 2.2

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Name of Facility


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not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The facility has developed and implemented an operational alarm and emergency response plan in accordance to Canadian law and internal Degussa requirements. This includes the specific conditions and measures in the Transloading Terminal. All relevant aspects such as behaviour in case of emergency are taken into account. First aid and emergency response equipment (showers, eye-wash stations, fire-extinguishers, cyano kit, MSDS and so on) are available and under control. A medical support with all required instruments and equipment has been implemented. In fact, the Cadillac Terminal is located in the middle of a mining area; this means that the affected institutions for support are possessing the necessary equipment and are well experienced. The labeling of tanks, pipelines reactors and other items is in place. Mock emergency drills are conducted (see, for example, simulation report, dated April 25th, 2005).

3. MONITORING: Ensure that process controls are protective of the environment.

Production Practice 3.1: *Conduct environmental monitoring to confirm that planned or unplanned releases of cyanide do not result in adverse impacts.*

The operation is in full compliance with
 in substantial compliance with Production Practice 3.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:


To fulfil legal and other requirements, indicated environmental monitoring concerning emissions, wastewater handling, waste disposal or hazardous materials are realized. The results show that environmental impacts are under control. For example, the CyPlus facility has no direct discharge to surface water. The facility has a self-contained system with concrete floor and an additional membrane underneath. There is no beneficial use of ground water and no numerical ground water standards are applied to Cadillac at a specified point of compliance. A scrubber is in place to wash the volatile emissions so that in fact no emissions will pass. As well, no air permit is required. Different monitoring devices for controlling the environmental impact are in place; they were checked in a regular manner.

4. TRAINING: Train workers and emergency response personnel to manage cyanide in a safe and environmentally protective manner.

Production Practice 4.1: *Train employees to operate the plant in a manner that minimizes the potential for cyanide exposures and releases.*

The operation is in full compliance with
 in substantial compliance with Production Practice 4.1
 not in compliance with

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Summarize the basis for this Finding/Deficiencies Identified:

Based on their professional education, the operating employees are qualified as skilled workers which went through professional training. In addition, a training program is elaborated for each employee. This program provides several lessons concerning the general operation of the facility or the use of personal protective equipment as well as specific training concerning individual tasks. The training is provided by qualified experts and superiors. The training effectiveness is evaluated by testing, examination or observation. The training elements are documented and the records are retained according to internal requirements for several years.

Production Practice 4.2: *Train employees to respond to cyanide exposures and releases.*

The operation is in full compliance with
 in substantial compliance with Production Practice 4.2
 not in compliance with
 not subject to

Summarize the basis for this Finding/Deficiencies Identified:

The above mentioned education is the basis for the training concept which is specified to the requirements of the certain function of each employee. Trainings for special tasks such as first aid responder are considered. These training lessons are performed by internal and external experts or institutes. They are provided to qualify specific functions of the operation personnel and to improve their behaviour in cases of emergency such as cyanide exposure. Periodical drills are performed to optimize the response in cases of emergency; the response training is reported and evaluated, training records are retained.

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

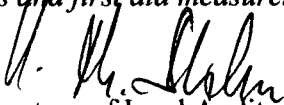
Production Practice 5.1: *Prepare detailed emergency response plans for potential cyanide releases.*

The operation is in full compliance with
 in substantial compliance with Production Practice 5.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

All relevant and potential failure scenarios are regulated through different plans such as: a) Emergency Response Plan, ERP and b) Emergency Response Assistance Plan, ERAP or c) DETER manual (Degussa Team Emergency response). In the relevant emergency situations the external responders such as fire-brigade or the medical institutions are alarmed. Furthermore support is given by contracted outside responders. The plans describe specific response actions such as evacuation, information of the neighbourhood or affected persons and communication with all relevant institutions, use of antidotes and first aid measures, handling of hazardous

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material or control of releases. Containment, assessment, mitigation and actions to prevent future releases are considered.

Production Practice 5.2: *Involve site personnel and stakeholders in the planning process.*

The operation is in full compliance with
 in substantial compliance with Production Practice 5.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Tasks and responsibilities in cases of emergency are regulated by the different response plans. The certain functions such as security personnel, medical department, fire-brigade, contracted responders or the involvement of the top management are taken into account. Beside this, potentially affected communities such as local government and environmental authorities, the mayor, fire-brigades, police or hospitals are involved and well informed about the nature of the risks of the cyanide production facility. The ways of communication in general and in cases of emergency are regulated. The acting persons know each other. Documents concerning the behaviour in cases of emergency are in place at the different communities.

Production Practice 5.3: *Designate appropriate personnel and commit necessary equipment and resources for emergency response.*

The operation is in full compliance with
 in substantial compliance with Production Practice 5.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

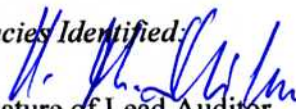
The Emergency Response Plans determinate the different functions and roles with specified duties in cases of emergency such as the responsibilities of the chief emergency response coordinator, the top management or the communication manager. The Emergency Response Teams are defined, too. As mentioned above, the Cadillac Terminal provides contracted professional support within a permanent 24 hours standby service. General alarming procedures, site maps with focal points of risks, catasters or lists of response equipment and inspection procedures are integrated into the plans. Mock drills are performed periodical together with production staff. Outside responders are involved in extensive mock drills. All these drills and exercises are reported and documented.

Production Practice 5.4: *Develop procedures for internal and external emergency notification and reporting.*

The operation is in full compliance with
 in substantial compliance with Production Practice 5.4
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

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The relevant procedures are described in the above mentioned alarm and emergency response plans. They contain relevant procedures for internal and external emergency notification and reporting. The relevant contacts such as authorities, police, neighbored companies, public institutions, hospitals or public media are involved. Contracted responders are considered. All emergency cases run through DETER (Degussa Team Emergency Response) that is responsible for internal communication to the different levels of the management according to Degussa DEN reporting regulations (DEN = Degussa Emergency Network).

Production Practice 5.5: *Incorporate into 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 Production Practice 5.5
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

All the emergency response activities run through the activation of an external organization for support as contracted via term sheet. This is a specialist in responding against cyanide accidents and incidents. Due to their skill and in order to fulfil their requirements they will realize appropriate remediation measures if necessary and as described in the regarding documentations (e.g. ERAP). Technical and personnel response capabilities are regulated in the ERAP. If necessary, specific activities will be realized in relation to the environmental impacts. Remediation measures are integrated in this concept. Detoxification by chemical treatment is prohibited.


Production Practice 5.6: *Periodically evaluate response procedures and capabilities and revise them as needed.*

The operation is in full compliance with
 in substantial compliance with Production Practice 5.6
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

As stated before, the response procedures are trained periodically. Mock drills are performed, e.g. extraordinary drill on March 10th, 2005. The results and reports of these drills are the basis to review the procedures. In addition, the different alarm and emergency response plans are revised once per year by the competent manager or EHS responsible, respectively.

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