

30 April 2015

Project No. 127643098-013-L-Rev0

Norm Greenwald
International Cyanide Management Institute
1400 I Street, NW, Suite 550
Washington DC 20005
UNITED STATES OF AMERICA

HIDDEN VALLEY GOLD MINE (HVGM) - MOROBE MINING JOINT VENTURE (MMJV) CERTIFICATION AUDIT CORRECTIVE ACTION PLAN IMPLEMENTATION VERIFICATION REPORT

Dear Norm

Background

The Hidden Valley Gold Mine (HVGM) – Morobe Mining Joint Venture (MMJV) operation was certified as substantially compliant under the *International Cyanide Management Code for the Manufacture, Transport, and use of Cyanide in the Production of Gold* (the Code) on 7 April 2014.

The Morobe Mining Joint Venture Hidden Valley Gold Mine Certification Audit Summary Audit Report (127643098-011-R-Rev1, Golder Associates Pty Ltd, March 2014) identified the following Standard of Practice as being substantially compliant with the Code:

- Standard of Practice 4.4 Implement measures to protect birds, other wildlife and livestock from adverse effects of cyanide process solutions.
 - Question 4.4.1 Has the operation implemented measures (i.e., fencing, filling in collection ditches with gravel, and covering or netting solution in ponds and impoundments) to restrict access by wildlife and livestock to all open waters where WAD cyanide exceeds 50 mg/L WAD cyanide?

HVGM did not consistently maintain a WAD cyanide level of less than 50 mg/L at the spigot discharge into the tailings storage facility (TSF). The deficiency observed relates to excursions above the 50 mg/L limit between May 2013 and February 2014. The reviewed data set was based on a sampling location at the Slurry Detoxification Circuit (INCO) discharge point which is located approximately 1 km from the TSF and associated discharge spigots.

In response, a Corrective Action Plan (*Morobe Mining Joint Venture Hidden Valley Gold Mine ICMC Corrective Action Plan, Report No 127643098-012-R-Rev1, Golder Associates Pty Ltd March 2014*) was developed. The Corrective Action Plan (CAP) detailed the necessary actions to bring the operation into full compliance with the Code.

Corrective Action Implementation

Table 1 details the original deficiency and the evidence provided to address the identified deficiency.



Table 1: Corrective Action Plan Implementation for Standard of Practice 4.4 (Question 4.4.1)

Deficiency	Corrective Action Required	Evidence Provided	Completion Date
<p>A finding of Substantial Compliance has been found for 4.4.1 as the operation has not consistently maintained a WAD cyanide level of less than 50 mg/L at the spigot discharge into the TSF.</p> <p>Monitoring of the TSF Decant Pond is conducted by the Environment Department on a daily and weekly basis for WAD, total and free cyanide. Daily samples are analysed within the Environmental Department Lab and monthly samples are sent to an external, independent laboratory. Monitoring results for the TSF Decant Pond has indicated WAD cyanide levels have been consistently less than 50 mg/L since June 2012 and less than 10 mg/L since June 2013.</p> <p>Wildlife has been observed in the vicinity of the TSF and consequently the WAD cyanide limit of 50 mg/L has been applied to the TSF spigot discharge. HVGCM established an internal upper limit of 50 mg/L WAD cyanide at its INCO discharge point in order to maintain a WAD cyanide concentration of less than 50 mg/L at the TSF spigot discharge points.</p> <p>Prior to May 2013, the cyanide destruct addition rate was manually controlled. In May 2013 online analysers were installed for both free and WAD cyanide. The results were displayed on the distributed control system (DCS) to guide the manual operation of the INCO reagents (sodium metabisulphite (SMBS) and copper sulfate) such that the output from the INCO circuit was generally maintained below 50 mg/L WAD cyanide. The INCO reagents control was automated in late 2013 which further reduced the variability of the WAD cyanide levels being discharged into the TSF.</p> <p>The deficiency observed relates to excursions above the 50 mg/L limit between May 2013 and February 2014. The current data set is based on a sampling location at the INCO discharge point which is located approximately 1 km from the TSF and associated spigots. In late December 2013, a manual sampling point was installed on the TSF line at the Hamata Crusher about 800 metres downstream of the INCO Reactor. On the 10 January 2014, a second manual sampling point was</p>	<p>Demonstrate, for a period of three months, that the WAD cyanide concentration at the Hamata Crusher or Power Station (if discharging to the Saddle Dam) sampling points on the TSF line are consistently below 50 mg/L. The three month period should be completed by 30 December 2014. This was extended to 31 March 2015 by the ICMI in April 2015.</p>	<p>Daily WAD cyanide data from the Hamata Crusher or Power Station (if discharging to the Saddle Dam) sampling points on the TSF line was provided for a three month period (1 January 2015 to 31 March 2015).</p> <p>The processing plant was operational for approximately 70% of the period and the data shows that WAD cyanide levels were consistently below 50 mg/L. The remainder of the time the plant was not operational and therefore not discharging to the TSF.</p>	<p>30 April 2015</p>

Deficiency	Corrective Action Required	Evidence Provided	Completion Date
<p>installed on the TSF line at the power station about 700 m downstream of the INCO Reactor to enable sampling in the event that the tails are diverted to the saddle dam.</p> <p>When compared to the INCO Reactor sample results for the same period, the Hamata Crusher sample results show a reduction in WAD cyanide levels of up to 50% and consistently below the required 50mg/l WAD cyanide. This is due to the continued degradation of cyanide within the pipeline between the INCO Reactor and the TSF. The data set at the Hamata Crusher sample point, however, is too short to draw a finding of Full Compliance.</p>			

Statement of Compliance

Based on the evidence observed, I am satisfied that HVGM has fully implemented the CAP and consequently the operation is fully compliant with the Code.

Should you require any additional information, please do not hesitate to contact me.

Yours faithfully

GOLDER ASSOCIATES PTY LTD



Ed Clerk
ICMI Lead Auditor

LS/EWC/eh

Attachments: A – Limitations

\\golder.gds\gap\perth\jobs\env\2012\127643098 - newcrest - cn code audit - png\correspondence out\127643098-013-l-rev0 cap implementation verification.docx

ATTACHMENT A
Limitations



LIMITATIONS

This Document has been provided by Golder Associates Pty Ltd ("Golder") subject to the following limitations:

This Document has been prepared for the particular purpose outlined in Golder's proposal and no responsibility is accepted for the use of this Document, in whole or in part, in other contexts or for any other purpose.

The scope and the period of Golder's Services are as described in Golder's proposal, and are subject to restrictions and limitations. Golder did not perform a complete assessment of all possible conditions or circumstances that may exist at the site referenced in the Document. If a service is not expressly indicated, do not assume it has been provided. If a matter is not addressed, do not assume that any determination has been made by Golder in regards to it.

Conditions may exist which were undetectable given the limited nature of the enquiry Golder was retained to undertake with respect to the site. Variations in conditions may occur between investigatory locations, and there may be special conditions pertaining to the site which have not been revealed by the investigation and which have not therefore been taken into account in the Document. Accordingly, additional studies and actions may be required.

In addition, it is recognised that the passage of time affects the information and assessment provided in this Document. Golder's opinions are based upon information that existed at the time of the production of the Document. It is understood that the Services provided allowed Golder to form no more than an opinion of the actual conditions of the site at the time the site was visited and cannot be used to assess the effect of any subsequent changes in the quality of the site, or its surroundings, or any laws or regulations.

Any assessments made in this Document are based on the conditions indicated from published sources and the investigation described. No warranty is included, either express or implied, that the actual conditions will conform exactly to the assessments contained in this Document.

Where data supplied by the client or other external sources, including previous site investigation data, have been used, it has been assumed that the information is correct unless otherwise stated. No responsibility is accepted by Golder for incomplete or inaccurate data supplied by others.

Golder may have retained subconsultants affiliated with Golder to provide Services for the benefit of Golder. To the maximum extent allowed by law, the Client acknowledges and agrees it will not have any direct legal recourse to, and waives any claim, demand, or cause of action against, Golder's affiliated companies, and their employees, officers and directors.

This Document is provided for sole use by the Client and is confidential to it and its professional advisers. No responsibility whatsoever for the contents of this Document will be accepted to any person other than the Client. Any use which a third party makes of this Document, or any reliance on or decisions to be made based on it, is the responsibility of such third parties. Golder accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this Document.