



Risk Assessment and Prevention Strategy
A Key to Mining Company's Plans
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Denver, CO – The Enterprise-wide Risk Assessment conducted for the Colorado operation of the world's third largest gold producer, resulted in the development of a number of key risk prevention strategies now being deployed across the company's global operations. The Risk Assessment was deployed to enhance the success of a complex \$200MM (US) mine life extension construction project. The Colorado mining operation produces about 7% of the company's total global production and deployment of a mine expansion plan hinged upon the Risk Assessment conducted in August 2008.

The Risk Assessment was conducted through a series of interactive sessions involving 18 subject matter experts and executives with the goal of identifying major business impacting risk, the prevention practices that could mitigate the risks and prioritization of risk resources to optimize the cost benefit to the company. A unique group voting system was deployed and 18 significant risks were identified by the company experts.

Mitigation capacity was in place for many of the risks identified. However, new resources and risk management priorities were required for several operational functions, namely:

- Third party suppliers – purchasing and procurement
- Materials processing and production
- Third party construction contractor vendors

The Risk Assessment is the first step toward company understanding of financial impacting risks and the existing resources in place to mitigate potential losses. The client effectively deployed this critical step and discovered that a number of key risks were being well managed. Based upon the Assessment, new risk resources will be deployed under an interdepartmental governance structure, including operational audits that focus on the details of third party contract requirements, services actually performed, billing for the services performed, and then the bill processing transactions. Longer term operational improvements and process re-engineering changes result from the operational audit practice.

Risk Assessment and value-add operational audits are conducted by Centennial Business Solutions, LLC and Integrated Risk Management Solutions, LLC of Denver, CO. The companies specialize in the deployment of Prevention-Centric Risk Management practice, supported by AICPA approved statistical sampling techniques that enable efficient analysis of company operational processes and performance.

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