



February 2011

**INTERNATIONAL CYANIDE MANAGEMENT
CODE CYANIDE TRANSPORTATION AUDIT**

**Australian Gold Reagents Limited
Ocean Freight Supply Chain
Certification Audit, Summary
Audit Report**

Submitted to:

International Cyanide Management Institute (ICMI)
888 16th Street, NW - Suite 303
Washington, DC 20006
UNITED STATES OF AMERICA

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AUSTRALIA

REPORT



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AGR OCEAN FREIGHT SUPPLY CHAIN, SUMMARY AUDIT REPORT

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Limitations



1.0 INTRODUCTION

1.1 Operational Information

Name of Transportation Facility:	AGR Ocean Freight Supply Chain
Name of Facility Owner:	Not Applicable
Name of Facility Operator:	Australian Gold Reagents Ltd
Name of Responsible Manager:	Peter Cooper, Commercial Manager – Sodium Cyanide
Address:	Australian Gold Reagents Pty Ltd PO Box 345 Kwinana 6167
State/Province:	Western Australia
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E-Mail:	peter.cooper@csbp.com.au

1.2 Description of Operation

1.2.1 Australian Gold Reagents Ltd and CSBP Ltd

AGR is the management company of the unincorporated joint venture between CSBP and Coogee Chemicals Pty Ltd (Coogee Chemicals). CSBP, a subsidiary of Wesfarmers Ltd., is the major participant in the venture and acts as both plant operator and sales agent. Coogee Chemicals is a local manufacturer and distributor of industrial chemicals.

The AGR cyanide production facility is located within CSBP's fertiliser and chemicals complex at Kwinana, some 40 km south of Perth within the state of Western Australia. AGR produces and transports two different forms of sodium cyanide from the Kwinana production facility, namely solution and solids. Sodium cyanide solution is produced as a 30% liquid and solid sodium cyanide as a >97% white briquette.

1.2.2 Marine Transportation

The Ocean Freight Supply Chain from Fremantle Port, WA, to Destination Ports covers the transportation of solid sodium cyanide by ship from the Fremantle Port to various interstate and international ports. The Ocean Freight Supply Chain includes

- Marine transportation of solid cyanide (intermediate bulk containers (IBCs) within shipping containers) from the Fremantle Port, WA, to various interstate and international ports by MSC and Maersk.

The Ocean Freight Supply Chain does not include:

- Transportation of AGR's sodium cyanide from its production facility to the Fremantle Port.
- Receipt of sodium cyanide at destination ports and transportation to customer mine sites.



The Ocean Freight Supply Chain from Fremantle Port, WA, to Destination Ports is illustrated in Figure 1.

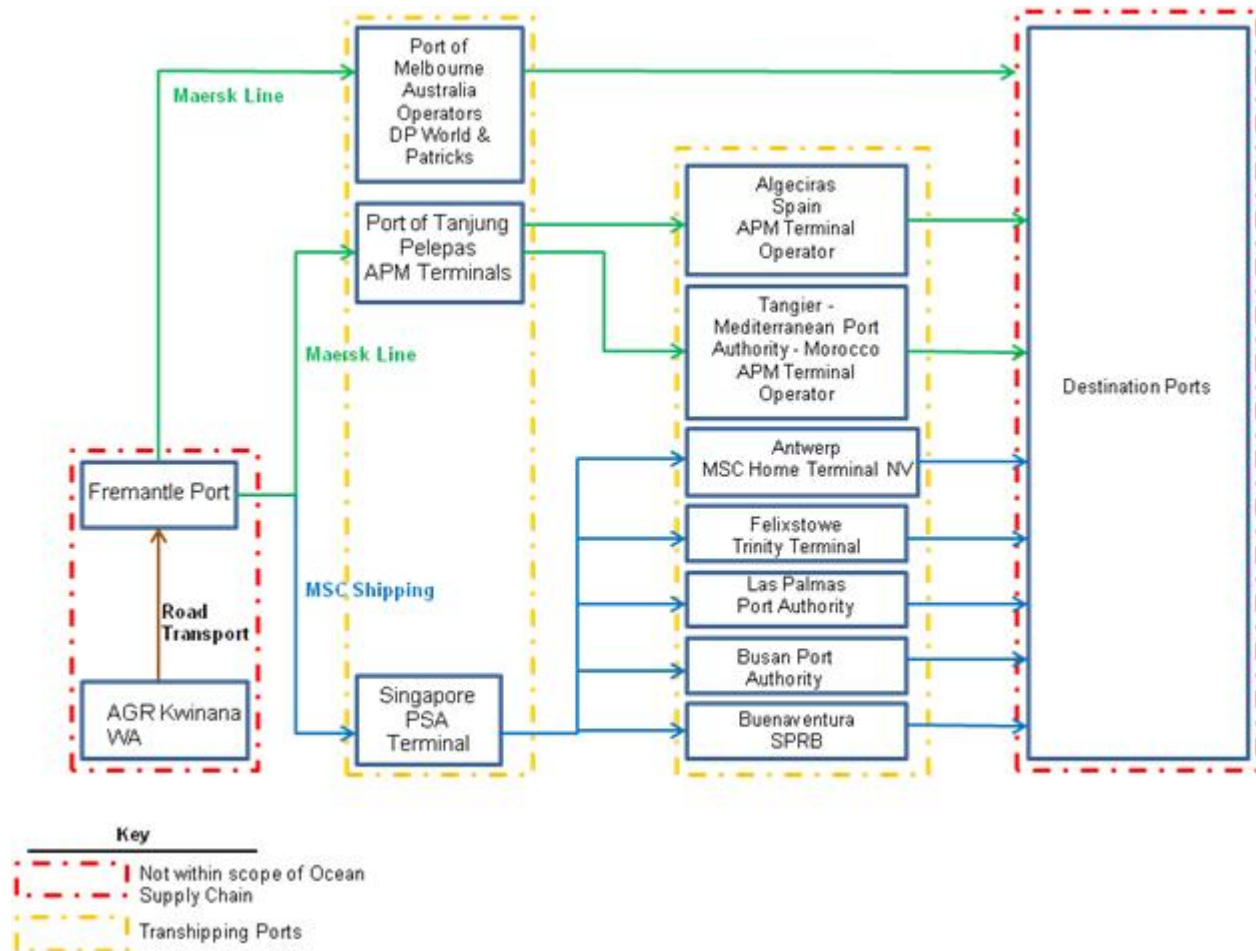


Figure 1: AGR Ocean Supply Chain

1.2.2.1 Mediterranean Shipping Company

MSC, headquartered in Geneva, Switzerland, is engaged in worldwide container transport. As of September 2010, MSC operates 423 container vessels with the capacity to handle the equivalent capacity of 1,776,000 20 foot containers. MSC has set up dangerous goods cargo management centres that control the proper stowage of hazardous cargo worldwide through their Chem Link computer system headquartered in Antwerp. This hazardous cargo system is initiated when hazardous cargo is booked into the container booking MSC Link computer system.

All of MSC's vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.

MSC has provided shipping services to AGR since AGR commenced the export of solid sodium cyanide in 2002. Shipping destinations include ports in Africa, Asia, North America, the Middle East and Oceania.



1.2.2.2 *Maersk Line*

Maersk, headquartered in Geneva, Switzerland, operates a fleet of containers vessels with worldwide shipping coverage. The fleet consists of more than 500 container vessels with the capacity to handle more than 1,900,000 20 foot containers. Maersk operates a container booking and tracking system called the Global Customer Service System (GCSS). The system is also the management tool for handling the dangerous goods cargo for the proper control of the stowage of hazardous cargo.

All of Maersk's vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.

Maersk has provided shipping services to AGR since AGR commenced the export of solid sodium cyanide in 2002. Shipping destinations included various interstate and international ports.

1.2.3 Road Transportation

AGR does not transport by road within the scope of this Supply Chain.

1.2.4 Transit Storage

Depending on weather, cargo types and other operational matters, shipping lines may trans-ship their cargo from one vessel to another. This involves unloading the cargo at a terminal facility, temporary set down and loading onto another vessel for the continuation of the delivery. Such transshipping does occur with AGR's sodium cyanide. AGR has no control over when and where this happens, but through its due diligence investigations has satisfied itself that the shipping lines used (Maersk and MSC) undertake the shipping of the product in accordance with the IMDG Code and in a professional manner. This extends to the selection of terminals for transshipping.

Transshipping ports used include:

- Maersk:
 - Port of Tanjung Pelepas, Malaysia
 - Port of Tangier, Morocco
 - Algeciras Port, Spain.
- MSC:
 - Port of Singapore
 - Antwerp Port
 - Felixstowe Port, UK
 - Las Palmas Port, Canary Islands
 - Port of Busan, South Korea
 - Buenaventura Port, Colombia



1.3 Auditors Findings and Attestation

in full compliance with

AGR Ocean Freight Supply Chain is:

in substantial compliance with

The International Cyanide Management Code

not in compliance with

Audit Company: Golder Associates

Audit Team Leader: Edward Clerk, CEnvP (112), RABQSA (020778)

Email: eclerk@golder.com.au

1.4 Name and Signatures of Other Auditors:

Name	Position	Signature	Date
Edward Clerk	Lead Auditor and Technical Specialist		3 February 2011

1.5 Dates of Audit

The AGR Ocean Freight Supply Chain Certification Audit was undertaken on 19-20 October 2010 based on the following due diligence reports:

- Due diligence review of Maersk. The due diligence was undertaken by AGR in October 2010.
- Due diligence review MSC. The due diligence was undertaken by AGR in October 2010

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 Transportation Operations* and using standard and accepted practices for health, safety and environmental audits.



2.0 CONSIGNOR SUMMARY

2.1 Principle 1 – Transport

Transport Cyanide in a manner that minimises the potential for accidents and releases.

2.1.1 Transport Practice 1.1

Select cyanide transport routes to minimise the potential for accidents and releases.

in full compliance with

The operation is

in substantial compliance with

Transport Practice 1.1

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Ocean Freight Supply Chain is in FULL COMPLIANCE with Transport Practice 1.1 requiring the transport of cyanide in a manner that minimises the potential for accidents and releases.

AGR utilises MSC and Maersk for interstate and international shipping of solid sodium cyanide. Containers are placed and secured on their vessels at the loading port by the Port stevedoring company or service provider, and removed at the Port of destination by the stevedoring company or service provider at that Port. As such, MSC and Maersk provide a marine carrier service only, and all actual handling of containers (on and off vessels) is undertaken by Stevedoring companies at each Port.

There are a number of instances where AGR's sodium cyanide is transhipped at terminals or hubs en-route to its final destination Port. AGR has no control over when and where this happens, but through its due diligence investigations has satisfied itself that the shipping lines used (Maersk and MSC) undertake the shipping of the product in accordance with the IMDG Code and in a professional manner. This extends to the selection of terminals for transhipping.

AGR does not have control of the routes taken by the shipping lines, but has undertaken due diligence reviews of both MSC and Maersk to ensure that the shipments are in accordance with the *International Maritime Dangerous Goods Code* (IMO DG Code). AGR's due diligence reviews have found that there were no issues of concern in regards to the management and shipping of sodium cyanide product by either shipping line. In addition, through their dealings with the two shipping lines, AGR has found MSC and Maersk to be professional organisations. The due diligence review states that:

"The report is not a final acceptance of [the shipping lines] for future work and as with all service providers to AGR, AGR will continue to review and monitor the performance."

The routes taken are not 'definitive' routes as ships can take varying routes to arrive at the same destination, taking into account tides, currents, wind and storms. This also noted in the schedules having estimated times for vessels travelling between Ports.

2.1.2 Transport Practice 1.2

Ensure that personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.

in full compliance with

The operation is

in substantial compliance with

Transport Practice 1.2

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:



The AGR Ocean Freight Supply Chain is in FULL COMPLIANCE with Transport Practice 1.2 requiring personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.

AGR utilises MSC and Maersk for the marine transport of sodium cyanide to various destination Ports. All handling (including loading and unloading) is undertaken by other entities (e.g. stevedoring companies). These ports are not included in the scope of this audit and are assessed under due diligence as part of a separate supply chain.

All Maersk and MSC vessels are registered by the Lloyd’s Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.

Due diligence reviews of MSC and Maersk were undertaken by AGR to ensure that the shipments are conducted in accordance with the IMO DG Code. AGR’s due diligence reviews have found that there were no issues of concern in regards to the management and shipping of sodium cyanide product by either shipping line. In addition, through their dealings with the two shipping lines, AGR has found MSC and Maersk to be professional organisations.

2.1.3 Transport Practice 1.3

Ensure that transport equipment is suitable for the cyanide shipment.

The operation is in full compliance with **Transport Practice 1.3**
 in substantial compliance with
 not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Ocean Freight Supply Chain is in FULL COMPLIANCE with Transport Practice 1.3 requiring that transport equipment is suitable for the cyanide shipment.

All Maersk and MSC vessels are registered by the Lloyd’s Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.

AGR undertake due diligence reviews of MSC and Maersk to ensure that the shipments are in accordance with the IMO DG Code. AGR’s due diligence reviews have found that there were no issues of concern in regards to the management and shipping of sodium cyanide product by either shipping line. In addition, through their dealings with the two shipping lines, AGR has found MSC and Maersk to be professional organisations.



2.1.4 Transport Practice 1.4

Develop and implement a safety program for transport of cyanide.

The operation is in full compliance with **Transport Practice 1.4**
 in substantial compliance with
 not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Ocean Freight Supply Chain is in FULL COMPLIANCE with Transport Practice 1.4 requiring the development and implementation of a safety program for the transport of cyanide.

All Maersk and MSC vessels are registered by the Lloyd’s Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.

MSC and Maersk require from their clients (e.g. AGR) evidence that products booked for transport meet the packaging requirements of the IMO DG Code 2008. Both shipping liners reserve the right to refuse acceptance of cargo that does not meet packaging, container and documentation standards set out in the IMO DG Code.

Due diligence reviews of MSC and Maersk were undertaken by AGR to ensure that the shipments are conducted in accordance with the IMO DG Code. AGR’s due diligence reviews have found that there were no issues of concern in regards to the management and shipping of sodium cyanide product by either shipping line. In addition, through their dealings with the two shipping lines, AGR has found MSC and Maersk to be professional organisations.

2.1.5 Transport Practice 1.5

Follow international standards for transportation of cyanide by sea and air.

The operation is in full compliance with **Transport Practice 1.5**
 in substantial compliance with
 not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Ocean Freight Supply Chain is in FULL COMPLIANCE with Transport Practice 1.5 requiring the transport of cyanide by sea and air to follow international standards.

All shipments of AGR sodium cyanide comply with the IMO DG Code. This includes packaging, labelling of IBCs, placarding of containers, damage inspections, supply of correct documentation and appropriate stowage and separation.

No consignments of cyanide are transported by air within the scope of this audit.



2.1.6 Transport Practice 1.6

Track cyanide shipments to prevent losses during transport.

in full compliance with

The operation is

in substantial compliance with

Transport Practice 1.6

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Ocean Freight Supply Chain is in FULL COMPLIANCE with Transport Practice 1.6 requiring the tracking of cyanide shipments to prevent losses during transport.

AGR communicates with Maersk and MSC onshore representatives by phone, fax and email. All vessels have continuous means of tracking and communication during their voyages.

Communication equipment is tested through continuous use.

All Maersk and MSC vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.

All vessels have continuous means of tracking and communication during their voyages.

Both MSC and Maersk have software that tracks containers from the time they are released for use by AGR, right through the shipping process and until they are received back at their container yards.

Chain of custody documentation is used by MSC and Maersk to prevent the loss of AGR sodium cyanide during shipment. This documentation includes the MO41 Document, which accompanies each container, and the ships manifest, which identifies the location and content of each container on the vessel. In addition, both shipping lines have computer tracking software to allow them to identify at which phase of shipment each container is in.

The MO41 Documentation accompanying each container of sodium cyanide and the ships manifest contain information on the amount of cyanide in transit and necessary handling requirements.

AGR utilises MSC and Maersk for interstate and international shipping of solid sodium cyanide.

AGR does not have control of the routes taken by the shipping lines, but has undertaken due diligence reviews of both MSC and Maersk to ensure that the shipments are in accordance with the IMO DG Code. AGR's due diligence reviews have found that there were no issues of concern in regards to the management and shipping of sodium cyanide product by either shipping line. In addition, through their dealings with the two shipping lines, AGR has found MSC and Maersk to be professional organisations. The due diligence review states that:

"The report is not a final acceptance of [the shipping lines] for future work and as with all service providers to AGR, AGR will continue to review and monitor the performance."



2.2 Principle 2 – Interim Storage

Design, construct and operate cyanide trans-shipping depots and interim storage sites to prevent release and exposures.

2.2.1 Transport Practice 2.1

Store cyanide in a manner that minimises the potential for accidental releases.

in full compliance with

The operation is

in substantial compliance with

Transport Practice 2.1

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Ocean Freight Supply Chain is in FULL COMPLIANCE with Transport Practice 2.1 requiring transporters design, construct and operate cyanide trans-shipping depots and interim storage sites to prevent release and exposures.

Depending on weather, cargo types and other operational matters, shipping lines may tranship their cargo from one vessel to another. This involves unloading the cargo at a terminal facility, temporary set down and loading onto another vessel for the continuation of the delivery. Such transshipping does occur with AGR's sodium cyanide. AGR has no control over when and where this happens, but through its due diligence investigations has satisfied itself that the shipping lines used (Maersk and MSC) undertake the shipping of the product in accordance with the IMDG Code and in a professional manner. This extends to the selection of terminals for transshipping.

Transshipping ports used include:

- Maersk:
 - Port of Tanjung Pelepas, Malaysia
 - Port of Tangier, Morocco
 - Algeciras Port, Spain.
- MSC:
 - Port of Singapore
 - Antwerp Port
 - Felixstowe Port, UK
 - Las Palmas Port, Canary Islands
 - Port of Busan, South Korea
 - Buenaventura Port, Colombia.



2.3 Principle 3 – Emergency Response

Protect communities and the environment through the development of emergency response strategies and capabilities.

2.3.1 Transport Practice 3.1

Prepare detailed Emergency Response Plans for potential cyanide releases.

in full compliance with

The operation is

in substantial compliance with

Transport Practice 3.1

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Ocean Freight Supply Chain is in FULL COMPLIANCE with Transport Practice 3.1, requiring the operation to prepare detailed *Emergency Response Plans* for potential cyanide releases.

Whilst AGR's product is embarked on MSC or Maersk vessels, all emergency response is governed by the vessel's captain. Due diligence reviews of MSC and Maersk were undertaken by AGR to ensure that the shipments are conducted in accordance with the IMO DG Code. AGR's due diligence reviews have found that there were no issues of concern in regards to the management and shipping of sodium cyanide product by either shipping line. In addition, through their dealings with the two shipping lines, AGR has found MSC and Maersk to be professional organisations.

All Maersk and MSC vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.

2.3.2 Transport Practice 3.2

Designate appropriate response personnel and commit necessary resources for emergency response.

in full compliance with

The operation is

in substantial compliance with

Transport Practice 3.2

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Ocean Freight Supply Chain is in FULL COMPLIANCE with Transport Practice 3.2, requiring the operation to designate appropriate response personnel and commit necessary resources for emergency response.

Whilst AGR's product is embarked on MSC or Maersk vessels, all emergency response is governed by the vessel's captain. AGR's due diligence reviews have found that there were no issues of concern in regards to the management and shipping of sodium cyanide product by either shipping line. In addition, through their dealings with the two shipping lines, AGR has found MSC and Maersk to be professional organisations.

All Maersk and MSC vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.

2.3.3 Transport Practice 3.3

Develop procedures for internal and external emergency notification and reporting.

in full compliance with



The operation is in substantial compliance with **Transport Practice 3.3**
 not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

Transport Practice 3.3, requiring the operation to develop procedures for internal and external emergency notification and reporting is NOT APPLICABLE to AGR's Ocean Freight Supply Chain.

Nonetheless, all Maersk and MSC vessels carrying AGR sodium cyanide have ship manifests held by the captain, which contain emergency response information and contact details.

In addition, Maersk and MSC vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.

2.3.4 Transport Practice 3.4

Develop procedures for remediation of releases that recognise the additional hazards of cyanide treatment.

in full compliance with
The operation is in substantial compliance with **Transport Practice 3.4**
 not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

Transport Practice 3.4, requiring the operation to develop procedures for remediation of releases that recognise the additional hazards of cyanide treatment is NOT APPLICABLE to AGR's Ocean Freight Supply Chain.

Nonetheless, All Maersk and MSC vessels carrying AGR sodium cyanide have ship manifests held by the captain, which contain emergency response information and contact details.

In addition, Maersk and MSC vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.

2.3.5 Transport Practice 3.5

Periodically evaluate response procedures and capabilities and revise them as needed.

in full compliance with
The operation is in substantial compliance with **Transport Practice 3.5**
 not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

Transport Practice 3.5, requiring the operation to periodically evaluate response procedures and capabilities and revise them as needed is NOT APPLICABLE to AGR's Ocean Freight Supply Chain.

All Maersk and MSC vessels carrying AGR sodium cyanide have ship manifests held by the captain, which contain emergency response information and contact details. These manifests are updated as cargo is loaded and unloaded from the vessel at each Port.



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In addition, Maersk and MSC vessels are registered by the Lloyd's Register Group, which provides classification and certification of ships, and inspects and approves important components and accessories. This registration is a requirement of the Australian Customs Act.



3.0 SEA TRANSPORT SUMMARY

3.1 Mediterranean Shipping Company Australia Pty Ltd

3.1.1 Audit and Operational Information

MSC Shipping is a carrier service providing International shipping of containers on a fleet of their container vessels.

A due diligence of MSC shipping was conducted by AGR in October 2010.

3.1.2 Scope and Summary of Due Diligence Investigation

The purpose of the due diligence was to ensure AGR shipping of sodium cyanide is conducted in accordance with the International Maritime Dangerous Goods Code (IMO DG Code). The following items were addressed within the AGR due diligence:

- Compliance with ICMC:
 - Transport Practice 1.1
 - Transport Practice 1.5
 - Transport Practice 1.6
 - Dangerous Goods Management.
- Australian Shipping Regulatory Framework:
 - Australian Maritime Safety Authority (AMSA)
 - International Convention for the Safety of Life at Sea (SOLAS)
 - Port State Control.
- Australian Department of Defence.

AGR concluded in the due diligence, that no issues of concern were noted in regards to MSC management and shipping of the sodium cyanide product. The due diligence also noted that the report is not a final acceptance of MSC for future work and as with all service providers to AGR; AGR will continue to review and monitor their performance. In particular, any changes in state, national or international regulations, standards or laws can result in a total review of the international shipping requirements.

This due diligence report was reviewed by the audit team's transport technical auditor, Edward Clerk, who found that the operations of MSC Shipping had been comprehensively evaluated through AGR's due diligence process.

3.2 Maersk Australia Pty Ltd

3.2.1 Audit and Operational Information

Maersk is a carrier service providing International shipping of containers on a fleet of their container vessels. Containers containing sodium cyanide are placed and secured on their vessels at the loading port (Fremantle) by Patrick Stevedores and removed at Port of Walvis Bay by Namport (the Port Authority). Maersk has provided AGR with container shipping services since AGR commenced the export of sodium cyanide solid in 2002. At the commencement of AGR's export operations AGR had to prove to Maersk that its product packaging was approved by the Australian regulators and tested in accordance with IMDG Code.

A due diligence of Maersk shipping was conducted by AGR in October 2010.

3.2.2 Scope and Summary of Due Diligence Investigation

The purpose of the due diligence was to ensure AGR shipping of sodium cyanide is conducted in accordance with the International Maritime Dangerous Goods Code (IMO DG Code). The following items were addressed within the AGR due diligence:



- Compliance with ICMC:
 - Transport Practice 1.1
 - Transport Practice 1.5
 - Transport Practice 1.6
 - Dangerous Goods Management.
- Australian Shipping Regulatory Framework:
 - Australian Maritime Safety Authority (AMSA)
 - International Convention for the Safety of Life at Sea (SOLAS)
 - Port State Control.
- Australian Department of Defence.

AGR concluded in the due diligence, that the due diligence found no issues of concern in regards to Maersk management and shipping of the sodium cyanide product. It was also noted that the due diligence was not a final acceptance of Maersk for future work and as with all service providers to AGR, AGR will continue to review and monitor their performance. In particular, any changes in state, national or international regulations, standards or laws can result in a total review of the international shipping requirements. The due diligence review was undertaken by the audit team's transport technical expert, Edward Clerk, who found the AGR due diligence report to be a comprehensive evaluation of Maersk Australia Pty Ltd.



Report Signature Page

GOLDER ASSOCIATES PTY LTD

A handwritten signature in black ink, appearing to read 'E. Clerk', written over a light blue horizontal line.

Edward Clerk
Associate and Environment Group Manager

EWC/arp

A.B.N. 64 006 107 857

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APPENDIX A

Limitations



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