



August 2014

INTERNATIONAL CYANIDE MANAGEMENT CODE

Australian Gold Reagents Asian Supply Chain Certification – Summary Audit Report

Submitted to:

International Cyanide Management Institute (ICMI)
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Washington, DC 20005
UNITED STATES OF AMERICA

Australian Gold Reagents Ltd
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AUSTRALIA

REPORT



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Distribution:

- 1 Copy - ICMI (+1 Electronic)
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- 1 Electronic Copy - Golder Associates Pty Ltd





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Limitations



1.0 INTRODUCTION

1.1 Operational Information

Name of Transportation Facility: Asian Supply Chain
Name of Facility Owner: Not Applicable
Name of Facility Operator: Australian Gold Reagents Ltd
Name of Responsible Manager: Ed Beard, Export Technical Manager
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Kwinana 6167
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1.2 Description of Operation

1.3 Sodium Cyanide Transportation

The Asia Supply Chain covers the transportation of containerised IBCs from the Port of Fremantle to the Port of Laem Chabang using shipping contractor MSC. Pioneer is contracted by AGR to transport cyanide from the Port to gold mining customers in Thailand and Laos.

The transport of containerised IBCs along the AGR's Asia Supply Chain to gold mining customers in Thailand is coordinated from AGR's Kwinana Facility.

1.4 CSBP Ltd and AGR Australia Limited

AGR is the management company of the unincorporated joint venture between CSBP Ltd (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% strength liquid and solid sodium cyanide as a >97% strength white briquette.

AGR, in its capacity as the sales agent, is the consigner and is responsible for the overall management of the sodium cyanide transportation activities.

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1.5 Marine Transportation

1.5.1 Mediterranean Shipping Company

MSC, headquartered in Geneva, Switzerland, is engaged in worldwide container transport. As of December 2013, MSC operates 443 container vessels with the capacity to handle the equivalent capacity of 2 228 200 twenty foot containers. MSC has set up dangerous goods cargo management centres that control the proper stowage of hazardous cargo worldwide through their MSC 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 1901*.

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.

1.6 Road Transportation

1.6.1 Pioneer Ocean Freight Co. Ltd.

AGR utilise Pioneer Ocean Freight Co. Ltd. Thailand (Pioneer) to undertake the road transportation of sodium cyanide from the Port of Laem Chabang to end user mines in Thailand and Laos.

Pioneer forms the Thailand transportation arm of Pioneer Group of Companies and has been established for 30 years. The company employs approximately 200 staff including 35 drivers, and has a dedicated fleet of 40 prime movers and trailers each capable of carrying up to 28 tonnes. Pioneer specialises in:

- Customs clearance
- International freight forwarding and multi-modal transport
- Export documentation
- Packing, crating and unpacking, warehousing
- Inland transportation, container trucking
- Air transportation and air courier services.

Pioneer currently transports approximately 2 400 tonnes per annum of cyanide from the Port of Laem Chabang to mine sites in Thailand and Laos.

Pioneer subcontracts Tong Trans to transport cyanide manufactured by AGR from the Port of Laem Chabang to the Sepon Gold Mine in Laos. Pioneer ceased using Tong Trans in July 2013 due to the temporary mine closure of Sepon in October 2013.

Pioneer subcontracts Nanon to transport cyanide manufactured by AGR from the Port of Laem Chabang to the Ban Houayxai Gold Mine in Laos. Transport to Ban Houayxai commenced in February 2012.

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

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1.7 Transit Storage

Storage in transit does occur at the Port of Laem Chabang while formalities such as customs clearance and carrier releases are performed. Once formalities are complete, the cyanide containers are collected from the Port of Laem Chabang by Pioneer Ocean Freight. At no stage is cyanide removed from the trucks or containers prior to unloading at customer mine sites.

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 trans-shipping 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 (MSC and K-Line) undertake the shipping of the product in accordance with the *International Maritime Dangerous Goods Code* (IMO DG Code) in a professional manner. This extends to the selection of terminals for trans-shipping.

Trans-shipping port used includes Port of Singapore

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1.8 Auditors Findings and Attestation

in full compliance with
 in substantial compliance with
 not in compliance with

AGR's Asian Supply Chain is: **The International Cyanide Management Code**

Audit Company: Golder Associates Pty Ltd
Audit Team Leader: Mike Woods (113792)
Email: mwoods@golder.com.au

No significant cyanide exposures and releases were noted as occurring during the audit period.

Name and Signatures of Auditors:

Name	Position	Signature	Date
Russell Beazley	Auditor		18 August 2014
Mike Woods	Lead Auditor and Technical Specialist		18 August 2014

Dates of Audit:

This AGR Asian Supply Chain Certification Audit was assessed based on the following due diligence reports:

- Due Diligence Review Mediterranean Shipping Company. The due diligence was undertaken by AGR in January 2014 and was reviewed by Mike Woods of Golder Associates Pty Ltd (Golder) during February 2014.
- Due Diligence Review Port of Laem Chabang. The due diligence was undertaken by AGR in August 2013 and was reviewed by Mike Woods of Golder Associates Pty Ltd (Golder) during April 2014.

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.

Asian Supply Chain 18 August 2014
 Name of Facility Signature of Lead Auditor Date





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 supply chain

in substantial compliance with

Transport Practice 1.1

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Asian 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.

Australian Gold Reagents

AGR has demonstrated compliance with Transport Practice 1.1 through the use of a Code certified transporter.

The International Carrier Selection and Performance Management Plan, details the monitoring procedures are in place to ensure their existing international carriers continue to meet AGR’s minimum requirements over the contract period.

Pioneer is a Code certified transporter, thus indicating compliance with AGR’s carrier requirements.

Mediterranean Shipping Company

AGR utilises MSC 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 provide a marine carrier service and all actual handling of containers (on and off vessels) is predominantly 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 line MSC undertake the shipping of the product in accordance with the IMO DG Code and in a professional manner. This extends to the selection of terminals for trans-shipping.

AGR does not have control of the routes taken by the shipping lines, but has undertaken due diligence reviews of MSC 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 to be a professional organisation. The due diligence reviews state 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 the performance.

The routes taken are not ‘definitive’ routes as ships can take various routes to arrive at the same destination, taking into account tides, currents, wind and storms. This is also noted in the schedules with estimated times of travel between Ports.

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Pioneer Ocean Freight

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

Port of Laem Chabang

AGR takes into consideration the ports available to service the intended target area. AGR only operates in export markets that are serviced by major international shipping companies with the ability to offer scheduled container services, and therefore this determines the selection of the port used. AGR does not have control over the handling of shipping lines and their cargo at the Port of Laem Chabang. The Port Authority's Harbour Master oversees the operation of the overall Port operations, including entities contracted to perform port operations.

AGR undertook a review of the port operations, and confirmed that the transportation, handling and storage of its sodium cyanide are to acceptable standards.

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Date



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 supply chain is

in substantial compliance with

Transport Practice 1.2

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

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

Australian Gold Reagents

AGR has demonstrated compliance with Transport Practice 1.2 through the use of Code certified transporter, Pioneer.

Mediterranean Shipping Company

AGR utilise MSC for the marine transport of sodium cyanide to various destination Ports. 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.

All 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 1901.

A due diligence review of MSC was 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. In addition, through their dealings with the shipping line, AGR has found MSC to be a professional organisation.

Pioneer Ocean Freight

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

Port of Laem Chabang

AGR does not have control over the handling of shipping lines and their cargo at the Port of Laem Chabang. The Port Authority's Harbour Master oversees the operation of the overall Port operations, including entities contracted to perform port operations.

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2.1.3 Transport Practice 1.3

Ensure that transport equipment is suitable for the cyanide shipment.

in full compliance with

The supply chain is

in substantial compliance with

Transport Practice 1.3

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

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

Australian Gold Reagents

AGR has demonstrated compliance with Transport Practice 1.3 through the use of the Code certified transporter, Pioneer

Mediterranean Shipping Company

All 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 1901.

A due diligence review of MSC was 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. In addition, through their dealings with the shipping line, AGR has found MSC to be a professional organisation.

Pioneer Ocean Freight

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

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2.1.4 Transport Practice 1.4

Develop and implement a safety program for transport of cyanide.

in full compliance with

The supply chain is in substantial compliance with **Transport Practice 1.4**

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Asian Supply Chain is in FULL COMPLIANCE with Transport Practice 1.4 requiring the operation develop and implement a safety programme for transport of cyanide.

Australian Gold Reagents

AGR has demonstrated compliance with Transport Practice 1.4 through the engagement of the Code certified transporter, Pioneer.

Additionally, AGR's cyanide is packaged at its cyanide production facility in Kwinana, Western Australia, in accordance with the packaging and labelling requirements required by the political jurisdictions through which the load will pass. The production facility was recertified against the Code on 13 March 2014.

Mediterranean Shipping Company

All 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 1901.

MSC 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.

A due diligence review of MSC was 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. In addition, through their dealings with the shipping line, AGR has found MSC to be a professional organisation.

Pioneer Ocean Freight

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

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2.1.5 Transport Practice 1.5

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

in full compliance with

The supply chain is

in substantial compliance with

Transport Practice 1.5

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Asian Supply Chain is in FULL COMPLIANCE with Transport Practice 1.5 requiring the operation follow international standards for transportation of cyanide by sea and air.

Australian Gold Reagents

AGR does transport consignments of cyanide by sea within the scope of this audit. Consignments of cyanide are not transported by air within the scope of this audit.

Mediterranean Shipping Company

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.

Pioneer Ocean Freight

Pioneer is only engaged in land based transport of cyanide within the scope of this audit.

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

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2.1.6 Transport Practice 1.6

Track cyanide shipments to prevent losses during transport.

The supply chain is [X] in full compliance with [] in substantial compliance with [] not in compliance with Transport Practice 1.6

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Asian Supply Chain is in FULL COMPLIANCE with Transport Practice 1.6 requiring the operation track cyanide shipments to prevent losses during transport.

Australian Gold Reagents

AGR has demonstrated compliance with Transport Practice 1.6 through the use of the Code certified transporter, Pioneer.

AGR performs annual audits of its transporters, including Pioneer, to assess compliance with the ICMC and other regulations.

Mediterranean Shipping Company

AGR communicates with MSC onshore representatives by phone, fax and email.

The due diligence for MSC state that all vessels have continuous means of tracking and communication during their voyages.

Communication equipment is tested through continuous use.

All 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 1901.

Blackout areas have not been identified. However, all vessels have continuous means of tracking and communication during their voyages.

There are systems to track the progress of the cyanide shipments.

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

MSC has their own in-house software package for booking container freight, this package MSC Link tracks empty containers from the time they are released for use by AGR, right through the shipping process and until they are received back at a MSC container yard. Shipping documentation (Bill of lading) also states the vessel that the product is on. Goods can be promptly tracked via the MSC Link software or shipping records using the container number or Bill of Lading.

Chain of custody documentation is used by MSC 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 amount of cyanide in transit and the Material Safety Data Sheets are contained within the ships manifest (including the MO41 Document), which accompanies the cargo throughout the journey.

Asian Supply Chain Name of Facility Signature of Lead Auditor Date 18 August 2014



AGR does not have control of the routes taken by the shipping lines, but has undertaken due diligence reviews of MSC 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 to be a professional organisation. The due diligence reviews state 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 the performance.

Pioneer Ocean Freight

Pioneer is only engaged in land based transport of cyanide within the scope of this audit.

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

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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 supply chain is

in substantial compliance with

Transport Practice 2.1

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

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

Australian Gold Reagents

Within the scope of this audit, transit storage is associated with port operations (i.e. Port of Laem Chabang), where containers of cyanide are removed from the vessels, temporarily stored and then placed on road vehicles for the next part of the journey. These transit storages depots are managed by the relevant port authorities and due consideration of relevant protocol requirements has been made through the due diligence process

Mediterranean Shipping Company

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 trans-shipping 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 MSC undertake the shipping of the product in a professional manner and in accordance with the IMO DG Code. This extends to the selection of terminals for trans-shipping.

Pioneer Ocean Freight

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

Port of Laem Chabang

The Port of Laem Chabang due diligence was conducted by AGR. The due diligence assessed interim storage requirements at the Port and AGR ascertained that the port is operating in a safe and responsible manner and is suitable for the transit of cyanide.

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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 supply chain is

in substantial compliance with

Transport Practice 3.1

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

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

Australian Gold Reagents

AGR does not physically transport cyanide within the scope of this audit. However, AGR, through the use of Pioneer, has ensured that appropriate emergency response plans (ERP) have been prepared for the transport of its cyanide by road within the scope of this audit.

Mediterranean Shipping Company

Whilst AGR’s product is embarked on MSC vessels, all emergency response is governed by the vessel’s captain. AGR conduct due diligence reviews of MSC to ensure that the shipments occur 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 to be a professional organisation.

All 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 1901*.

Pioneer Ocean Freight

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

Port of Laem Chabang

Both the Port Authority and the Centre operators maintain and Emergency Response Plan. Solid spills will be contained on the concrete pad and a liquid spill will drain to the collection channels, which collect and are handled within the sump area. JWD InfoLogistics Emergency Response Plan includes steps for a chemical spills. The site emergency response team conducts regular training and exercises with Port Authorities and Fire and Rescue and a mock ‘dangerous goods incident’ exercise is held once every year to test the emergency response procedures. The emergency response team has been trained by the US Coastguard.

AGR does not have control over the handling of shipping lines and their cargo at the Port of Laem Chabang. The Port Authority’s Harbour Master oversees the operation of the overall Port operations, including entities contracted to perform port operations.

Pioneer has undertaken a review of the port operations and has confirmed that the transportation, handling and storage of its sodium cyanide are to acceptable standards.

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2.3.2 Transport Practice 3.2

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

in full compliance with

The supply chain is

in substantial compliance with

Transport Practice 3.2

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Asian Supply Chain is in FULL COMPLIANCE with Transport Practice 3.2 requiring they designate appropriate response personnel and commit necessary resources for emergency response.

Australian Gold Reagents

AGR has demonstrated compliance with Transport Practice 3.2 through the use of the Code certified transporter, Pioneer.

Mediterranean Shipping Company

Whilst AGR’s product is embarked on MSC vessels, all emergency response is governed by the vessel’s captain. AGR conduct due diligence reviews of MSC to ensure that the shipments occur 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 to be a professional organisation.

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 1901.

Pioneer Ocean Freight

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

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2.3.3 Transport Practice 3.3

Develop procedures for internal and external emergency notification and reporting.

in full compliance with

The supply chain is

in substantial compliance with

Transport Practice 3.3

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Asian Supply Chain is in FULL COMPLIANCE with Transport Practice 3.3, requiring the operation to develop procedures for internal and external emergency notification and reporting.

Australian Gold Reagents

AGR has demonstrated compliance with Transport Practice 3.3 through the engagement of the Code certified transporter, Pioneer.

Mediterranean Shipping Company

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

In addition, 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 1901.

Pioneer Ocean Freight

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

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Name of Facility

Signature of Lead Auditor

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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 supply chain is

in substantial compliance with

Transport Practice 3.4

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Asian Supply Chain is in FULL COMPLIANCE with Transport Practice 3.4, requiring the operation to develop procedures for remediation of releases that recognise the additional hazards of cyanide treatment.

Australian Gold Reagents

AGR has demonstrated compliance with Transport Practice 3.4 through the use of the Code certified transporter, Pioneer.

Mediterranean Shipping Company

This Transport Practice does not apply to sodium cyanide transported by sea.

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

In addition, 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 1901.

Pioneer Ocean Freight

Pioneer Ocean Freight was initially certified in full compliance with the Code on February 9, 2011 and the operation recertified in full compliance on July 28, 2014.

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2.3.5 Transport Practice 3.5

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

in full compliance with

The supply chain is

in substantial compliance with

Transport Practice 3.5

not in compliance with

Summarise the basis for this Finding/Deficiencies Identified:

The AGR Asian Supply Chain is in FULL COMPLIANCE with Transport Practice 3.5, requiring the operation to periodically evaluate response procedures and capabilities and revise them as needed.

Australian Gold Reagents

AGR has demonstrated compliance with Transport Practice 3.5 through the use of the Code certified transporter, Pioneer.

Mediterranean Shipping Company

This Transport Practice does not apply to sodium cyanide transported by sea.

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

In addition, 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 1901.

Pioneer Ocean Freight

Pioneer Ocean Freight was certified in full compliance with the Code on 9 February 2011 and underwent the field component of a recertification audit in February 2014. The recertification report has been sent to the ICMI for completeness review with the operation found to be in compliance with the Code.

Asian Supply Chain

Name of Facility

Signature of Lead Auditor

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3.0 DUE DILIGENCE SUMMARY

3.1 Mediterranean Shipping Company

AGR conducted a due diligence of MSC in January 2014. The report was reviewed by Mike Woods of Golder in February 2014. Mike is pre-certified by the ICMI as a Transport Technical Specialist.

The due diligence was conducted by AGR's Export Technical Manager.

The following items were addressed within the due diligence:

- Introduction
- Transport Practice 1.1
- Transport Practice 1.5
- Transport Practice 1.6.

Introduction

MSC's head office is situated in Geneva, Switzerland, and is engaged in worldwide container transport. As of December 2013, MSC were operating 443 container vessels with the capacity to handle and the equivalent capacity of 2 282 000 twenty foot containers.

MSC has provided container shipping services to AGR since AGR commenced the export of sodium cyanide solid in 2002. In developing the relationship:

- AGR had to prove to MSC that its product packaging was approved by the Australian regulators and tested in accordance with the IMO DG Code.
- MSC assisted in setting up of the Fremantle Port stevedoring operations to handle the export of the product.
- MSC assisted AGR in setting up its export documentation requirements.
- MSC have the right to refuse cargo if the packaging, container and or documentation is not acceptable to IMO DG Code standards.
- AGR is aware that its day-to-day vessel booking and scheduling requirements are subject to the cargo being accepted and placed by the MSC dangerous cargo management system.

As mentioned in the Auditor guidance notes, AGR is not able to conduct inspections and checks on shipping vessels due to Port safety and security issues. The Australian Government, through AMSA and State Governments through the Port State Control do inspect and monitor cargo vessels that frequent Australian Ports. These inspections ensure vessels are seaworthy, do not pose a pollution risk, provide healthy and safe work environments and comply with relevant international regulations. These inspections are not only carried out at Australian Ports, but internationally and set the operating standards for the international shipping companies.

All of MSC's Vessels are registered by the Lloyds Register Group. The *Australian Customs Act 1901* requires all vessels bringing trade to and from Australia to be Lloyds registered, and the required import/export documentation has to show the name of the vessel and the Lloyds registration number.

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Transport Practice 1.1

MSC 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 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. Simply put MSC provides a carrier service handling of containers is done by the stevedoring companies at each port.

The international sales and exports of sodium cyanide take into consideration the shipping services available to service the intended target market. AGR only operates in export markets that are serviced by major international shipping companies with the ability to offer scheduled container services from Fremantle Port to the destination country or continent. AGR has mainly utilised MSC for its international shipping due to its selection of services available to various parts of the world and its weekly shipping schedule from Fremantle. AGR deals directly with MSC for its shipping requirements.

A simple explanation on how containers are moved around the world is explained as follows. The carrier's larger vessels cover the main route. This main route is from Europe via the Mediterranean, Sub-Continent, and South East Asia, China and onto the West Coast of USA. The shipping lines have ownership positions at their main container hubs along the route. Feeder vessels servicing other destinations will link services through these hubs. For example, hubs in South East Asia operate shipping line feeder vessels which service Australian Ports. AGRs exports are shipped from the Fremantle Port to the South East Asian Hub then transhipped on a main line carrier to a Mediterranean or European Hub and again transhipped onto a feeder vessel servicing the African destination.

The route is not a 'definitive' route as ships can take various routes to arrive at the same destination as they take into account tides, currents, wind and storms. This is also noted in the schedules which provide estimated travel times between ports.

The table below shows the planned transshipment ports and final destination, depending on weather, ship availability and demand that MSC cargoes can be routed through.

Table with 5 columns: Depart, Hub, Hub, Destination Port, Transit Time. Rows list shipping routes from Fremantle through various hubs to destinations like Tema Ghana, Dakar Senegal, etc.

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For the purpose of this due diligence report, AGR does not consign any product on a vessel that is not a container vessel. No product is shipped by barge, ferry or other means. Any product if required to be shipped under these circumstances will require an individual route risk assessment and due diligence of the service provider.

Transport Practice 1.5

The due diligence describes the processes and systems in place to ensure that IMO DG Code is met during the shipment of cyanide by MSC. This is described in detail in the corresponding audit findings in Section 2 of this audit report.

Transport Practice 1.6

The due diligence describes the processes and systems in place to ensure that cyanide shipments are tracked to prevent losses during transport. This is described in detail in the corresponding audit findings in Section 2 of this audit report.

Conclusion

The due diligence concludes that:

AGR through its dealings with MSC has found them to be a professional organisation.

The ongoing review as a service provider and this due diligence report has found no issues of concern in regards to MSC management and shipping of the sodium cyanide product. 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.

Any changes in state, national or international regulations, standards or laws can result in a total review of the international shipping requirements.

3.2 Port of Laem Chabang

3.2.1 Overview

AGR has conducted due diligence reviews annually of the Port of Laem Chabang since September 2009 (Version 0). The Port of Laem Chabang is utilised as part of Pioneer's cyanide Supply Chain within Thailand and Laos. The most recent Due Diligence of the Port of Laem Chabang undertaken by AGR on 15 August 2013.

The following items were addressed within the due diligences:

- Summary of Port Operations
 - Vessel arrival
 - Stevedoring (Including container handling, port security, container collection control systems).
 - Dangerous Goods Logistics centre (including training, emergency response and security)
 - Other.
- Overview

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- Compliance with ICMC
 - Transport Practice 1.1
 - Transport Practice 1.5 (1.5.1)
 - Transport Practice 1.6
 - Transport Practice 2.1 (including segregation, security and emergency response).
- Maintenance of Equipment
- Security and Safety
- Summary.

The due diligence concluded that no issues of concern were observed with regards to The Port Authority of Thailand and its lease operators Maersk Logistics and JWD InfoLogistics Co Ltd's. It was also noted that Pioneer would continue to review and monitor the Port Authority of Thailand's performance. This will include ongoing and regular contact to maintain awareness and preparedness.

3.2.2 Compliance with ICMC

Transport Practice 1.1

AGR uses MSC Shipping to take its shipments or consignments to the Port of Laem Chabang in Thailand. This Port is managed by The Port Authority of Thailand. The stevedoring activity performed at Berth B1 by Maersk Logistics is to remove the shipping containers from the vessel and place the shipping containers on the wharf for immediate transfer to the Dangerous Goods Logistics Centre operated by JWD InfoLogistics Co Ltd.

Following final customs clearance, the containers will be then be placed on road transport vehicles for the inland transport to the gold mine (final destination). These road transport vehicles will be from the selected transport company providing the road transport from the Port to the mine site.

The Laem Chabang Port sits in the overall route as follows:

- AGR Production, packaging and despatch
- Road Transport to shipping Port (Fremantle), Road route covered in the Transport management Plan for Sodium Cyanide (Western Australia)
- International Shipping up to Laem Chabang, and the handling of the containers from the vessel onto the wharf and into the designated storage area at Laem Chabang Port
- Road Transport from Port to Customer (Mining Operation), Road route covered in the Transport Management Plan for Sepon Gold Mine.

AGR only operates in export markets that are serviced by major international shipping companies with the ability to offer scheduled container services from Fremantle port to the destination port for the country or continent. These shipping companies also provide the correct manifest documentation to the destination port which provides them with a list of the cargo types and in the case of sodium cyanide and any other hazardous cargo the number and reference of the containers.

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Transport Practice 1.5 (1.5.1)

The cyanide shipment is packaged as required by Part 4, Sections 5.2.1, 5.2.1 of the IMO DG Code and according to the packaging instructions and packaging provisions indicated on the DG List

Placards are placed on each side and on each end of the cargo transport unit; this includes the UN 1689 Number/ Class 6 (Toxic) Diamond and Marine Pollutant Mark.

AGR prepares a dangerous goods transport document referenced as 'Multimodal Dangerous Goods Form'; this form meets the requirements 9 of the SOLAS 74, Chapter VII, regulation 5 and MARPOL 73/78, Annex III, regulation 4; commonly known as a MO41 Document.

When the MSC Operations staff board the vessel on arrival at Port they will give copies of the Dangerous Goods manifest (including stowage plan) and Packing Certificates for each of the hazardous cargo transport units loaded at that port to the vessel's Captain. Maersk Logistics as stevedores for Berth B1 in Laem Chabang Port receive a ships manifest from the Vessel upon arrival at the Port, information is also obtained once the pre-clearing of the consignment is started.

MSC Operations staff board the vessel on arrival at Port and give copies of the Emergency Information together with the Dangerous Goods manifest (stowage plan) and Packing Certificates for each hazardous container loaded at that port to the ship's Captain.

The Port of Thailand Authority has an Emergency Response Procedure for the hazardous cargos that pass through the Port.

Transport Practice 1.6

The Port of Laem Chabang tracks cyanide shipments to prevent losses during transport. Maersk Logistics receive the vessels manifest which includes the containers for unloading and handling by them This information is then captured in the container terminal software program. This program then assists with the location where each container from the vessel is to be placed for immediate delivery to the Dangerous Goods Logistics Centre. Transport from the Port Berth B1 to the Dangerous Goods Logistics Centre is controlled by strict documentary checks detailing the container details and contents therein. Once the clearing & Port formalities are complete the consignment is collected by the road transport company.

Transport Practice 2.1

Are warning signs posted alerting workers 1) that cyanide is present; 2) that smoking, open flames, eating and drinking are not allowed and 3) what personnel protective equipment must be worn?

The Laem Chabang Dangerous Goods Warehouse is managed under Thailand Regulations by JWD InfoLogistics Co Ltd to IMDG Code regulations. It handles all types of containers and goods. The dangerous good yard is laid out by DG Class and this allows the required segregation of products and classes. Each Class area is designated with signs and each container or ISOTank is allotted a bay within its Class area. The cyanide lay down area Class 6 has is segregated by distance from other Classes; the same segregation exists between all Classes. The cyanide bays are allocated from the warehouse computer system which captures the container, its container number, the number of product packages in each container, the product and the UN reference number. The nature of the product also captured in the reference material.

JWD InfoLogistics Co Ltd. policies dictate smoking, open flames and eating and drinking areas and required PPE.

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Are there security measures in place to prevent unauthorised access to cyanide, Cyanide dedicated area,

The warehouse is fully walled with security fencing on the wall. The entrance is covered by manned gates. Manned security cameras cover the yard area and gates. The full yard area is fully lit.

Is cyanide stored in a manner designed to minimize the potential for contact of solid cyanide with water (e.g., under a roof, off the ground, or in specially designed containers)?

Product is in shipping containers ready for loading onto transport for onward transport to the mine site and remains in the containers that were packed at the sodium cyanide factory. The containers are in transit through Thailand and are not opened and kept sealed until they arrive on site at the customer in Laos. The containers are placed on a concrete surface; the drainage of the concrete surface is to catchment channels that lead to sumps with sump pumps that are controlled by warehouse management.

Is cyanide stored with adequate ventilation to prevent build-up of hydrogen cyanide gas?

The sodium cyanide packaging has a sealed plastic liner which stops the contact of product from moisture or humidity. The packaging is not handled and remains in the shipping containers (sealed) which are placed in the designated area in the warehouse yard, containers are placed in open air area and are not in a confined space.

Are there systems in place with the capacity to contain any spilled cyanide materials and minimize the extent of a release?

The warehouse yard area is fully concreted and is laid with catchment channels that will collect any spill, the channels lead to sumps. Any solid spill will be contained on the concrete pad and a liquid spill will drain to the collection channels to be collected and then handled within the sump area. JWD InfoLogistics Co Ltd's Emergency Response Plan includes steps for a chemical spills, the Emergency Response Team (ERT) conducts regular training and exercises with Port Authorities and Fire & Rescue. The ERT has been trained by US Coastguard.

3.3 Auditor Review of Due Diligence

The due diligence review was found by the Auditor to sufficiently evaluate the port operations, within the constraints of access and limited influence, and additional management measures by the consigner were not considered necessary.

4.0 LIMITATIONS

Your attention is drawn to the document "Limitations", which is included as Appendix A to this report. This document is intended to assist you in ensuring that your expectations of this report are realistic, and that you understand the inherent limitations of a report of this nature. If you are uncertain as to whether this report is appropriate for any particular purpose please discuss this issue with us.

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APPENDIX A

Limitations



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