

SUMMARY AUDIT REPORT

FOR CYANIDE TRANSPORTATION OPERATIONS

Instructions

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

International Cyanide Management Institute (ICMI)
1400 I Street, NW, Suite 550
Washington, DC 20005, USA

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

PT SDV Logistics Indonesia



14 Oct 12

Name of Facility

Signature of Lead Auditor

Date

SUMMARY AUDIT REPORT

Name of Cyanide Transportation Facility: PT SDV Logistics Indonesia

Name of Facility Owner: Mr Michel Barbesier

Name of Facility Operator: PT SDV Logistics Indonesia

Name of Responsible Manager: Mr Michel Barbesier

Address: Suite A, 1st Floor, Wisma Soewarna, Soewarna Business Park

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Location detail and description of operation:

Overview

PT SDV logistics Indonesia supply chain management of cyanide by sea and land transportation for PT Agincourt Resources (PTAR) involves freight management of cyanide laden ORICA (ISO) tank containers from Brisbane to Martabe Mine (located in Sumatra, Indonesia). Thereafter empty (ISO) tank containers - uncleaned (with residual left inside) are shipped from Martabe Mine to SDV Brisbane.

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Inbound shipments of cyanide containers (ISO) are as follows:

Sea Transportation (Brisbane to Jakarta)

SDV Brisbane via Mediterranean Shipping Company (FOB) shipped cyanide containers to Jakarta International Container Terminal (JICT) located at Tg Priok. Sea passage takes between 14 to 17 days.

Sea Transportation (Brisbane to Jakarta) SDV Brisbane via Mediterranean Shipping Company (FOB) shipped cyanide containers to Jakarta International Container Terminal (JICT) located at Tg Priok. Sea passage takes between 14 to 17 days. SDV engaged Golder Associates to conduct a desktop due diligence review (DDR) on *Mediterranean Shipping Company as part of overall consignor requirements*. This DDR due diligence review was to verify that Orica shipping of sodium cyanide via MSC is conducted in accordance with the International Maritime Dangerous Goods Code (IMO DG Code); addressing the following ICMC Compliances including SDV procedures selection and monitoring of contractors (covering shipping) as reflected in SDV Asia Pacific Corporate (Document No: SYS-PRO-007-R1)

- Transport Practice 1.1
- Transport Practice 1.5
- Transport Practice 1.6.
- Principle 2 (Interim Storage)
- Principle 3 (Emergency Response)
- Australian Shipping Regulatory Framework:
- Australian Maritime Safety Authority (AMSA) Cargoes
- IMDG code

Based on the information given in the DDR report dated 31 Jan 13 and the limitations of DDR provided for by ICMC, due diligence investigation evaluated that there are no areas of concern noted in regards to MSC management and shipping of the sodium cyanide from Brisbane to Jakarta.

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Land Transportation within JICT to domestic terminal – Demaga Serbayuna Nusantara (DSN) Distance around 4km

Assigned transport subcontractor MIF transport laden cyanide containers from JICT to DSN for loading onboard Meratus vessel. (Compliant with IMDG)

Sea Transportation (DSN to Port of Sibolga)

Assigned Meratus vessel(CIF) transport laden cyanide containers from Jakarta domestic sea terminal to Port of Sibolga (North Sumatra) located 1900km north west of JICT). Sea passage takes around 3 days. Segregation and separation of DG cargo onboard applies.

Unloading/loading of Cyanide Containers and transport to SDV logistics (Sibolga) interim storage

SDV undertakes the unloading and transporting laden cyanide containers with in-house staff with related equipment and capability.

Land transport from SDV logistics (Sibolga) interim storage to Martabe Mine (south east of Sibolga) operated by PTAR (42km in distance)

SDV undertakes transporting laden cyanide containers with in-house staff with related equipment and capability

Outbound shipments of cyanide containers (ISO)

The reverse freight management to transport and shipped unclean empty cyanide containers applies.

Auditor's Finding

This operation is

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

with the International Cyanide Management Code.

Audit Scope:

Sea Transportation (Brisbane to Jakarta) SDV Brisbane via Mediterranean Shipping Company (FOB) shipped cyanide containers to Jakarta International Container Terminal (JICT) located at Tg Priok. Inbound shipments of laden ORICA cyanide (ISO) tank containers arrival in JICT and transportation to Martabe. Outbound shipments of empty cyanide (ISO) tank containers – uncleaned with residue left inside from Martabe to JICT.

Audit Company: Danny Tan

Audit Team Leader: Danny Tan


E-mail: dannytan163@yahoo.com.sg

Names and Signatures of Other Auditors: Mr Roman C. Luth

<u>PT SDV Logistics Indonesia</u>		<u>19 Oct 2012</u>
Name of Facility	Signature of Auditor	Date

Date(s) of Audit: 8 to 11 Oct 2012


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


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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.

<u>PT SDV Logistics Indonesia</u>	 _____	<u>14 Oct 12</u>
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1. TRANSPORT: Transport cyanide in a manner that minimizes the potential for accidents and releases.

Transport Practice 1.1: Select cyanide transport routes to minimize the potential for accidents and releases.

in full compliance with

This operation is in substantial compliance with Transport Practice 1.1

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Sea Transportation (Brisbane to Jakarta)

SDV Brisbane via Mediterranean Shipping Company (FOB) shipped cyanide containers to Jakarta International Container Terminal (JICT) located at Tg Priok. Sea passage takes between 14 to 17 days.

Land transport from SDV logistics (Sibolga) to Martabe Mine

PT SDV conduct a comprehensive route risk assessment utilizing the job safety environmental analysis (JSEA) to mitigate the transportation risks with appropriate risk management plans.

Sea transport routes evaluated covering the overall transport chain from Jakarta to Martabe Mine with the shipment via Sibolga port being the low risk alternative in comparison to shipments via Belawan port. The basis of the analysis is that the route is approx. 472 km passing through Medan with a high-density population along the route versus approx 58 km on the chosen route via Sibolga.

For the land transportation route from Sibolga port to Martabe, there was no alternative route as assessed by the local government. Based on reviewed documents, only one road was prescribed with the routing and time that allows the transport of the sodium cyanide with the following considerations:

a) traffic conditions,

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- b) road conditions,
- c) environmental impacts
- d) community relations and reactions
- e) daily commuting habits

Based on the route selection, PT SDV conducted a Route Risk Assessment covering

- a) Population Density
- b) Infrastructure construction and condition
- c) Pitch and grading
- d) Prevalance and proximity of water bodies and fog

PT SDV implemented a process and written document focusing on daily review and evaluates routes used during cyanide deliveries by in-house trucks and drivers as part of continual risk assessment. A process on collecting feedback on route condition from the convoy leader was verified. Night audit was conducted for route assessment and the assigned convoy leader demonstrated the required competency with the established system of documenting the measures and alerting the drivers within the convoy.

PT SDV gathers input from communities and other stakeholders / applicable governmental agencies through an employed Communication Relation Officer prior to the route assessment. PT SDV continues to have the relation to the local communities through several contracted Community / Traffic wardens familiar with the three districts the transport passes through.

Local police escorts and contracted community/traffic wardens employed during land transportation convoy played the critical roles as external responders, medical facilities and communities' communications during an emergency or in the event of safety and security incidents. This arrangement enhances the integrated respond and alertness required which is evident during audit interviews with assigned community warden leader and convoy.

Sea Transportation (DSN to Port of Sibolga)

PT SDV subcontracts Meratus to transport laden/empty (residue left inside) cyanide containers by sea from DSN to Sibolga and vice versa. Assigned Meratus vessel(CIF) transport laden cyanide containers from Jakarta domestic sea terminal to Port of Sibolga (North Sumatra) located 1900km north west of JICT). Sea passage takes

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around 3 days. There are no known regulations pertaining to sea transportation of cyanide products but SOLAS regulations for safe sea passage applies.

Land Transportation within JICT to DSN

PT SDV subcontracts PT Mitra Intertrans Forwarding (MIF) to transport laden/empty cyanide containers from JICT to DSN and vice versa.

PT SDV conducted a joint risk assessment for land transportation between JICT and DSN within the port limits to ascertain the required control measures. Due diligence review was conducted on 23 Jul 12 to verify that MIF complies with the Code requirements for transportation. PT SDV had established a procedure to periodically audit MIF that they comply with the Code requirements.

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1. TRANSPORT: Transport cyanide in a manner that minimizes the potential for accidents and releases.

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

This operation is in substantial compliance with Transport Practice 1.2

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Land transport from SDV logistics (Sibolga) to Martabe Mine

PT SDV ensures that all drivers possess the required driving license as well as the required B3 license/certification (Driving license and hazmat transportation and defensive driver training). Assigned Forklift operators have the required driving license and forklift driver qualification (Master List of Qualified personnel SYS-FOR-034-R1). All drivers were trained on the specifics of cyanide handling and transportation with a test on Emergency Preparedness to address competency requirements during a cyanide transport incident. Training records and appropriate materials were reviewed to ascertain the relevancy and applications. Interviews held with trainer and designated drivers are evident that drivers are trained in this aspect.

Sea Transportation (DSN to Port of Sibolga)

PT SDV subcontracts Meratus to transport laden/empty cyanide containers by sea

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from DSN to Sibolga and vice versa. Assigned sea crews were trained on the specifics of cyanide handling and transportation Training records and appropriate materials were reviewed to ascertain the relevancy and applications. As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit Meratus that they comply with the Code requirement.

Land Transportation within JICT to DSN

PT SDV subcontracts PT MIF to transport laden/empty cyanide containers from JICT to DSN and vice versa. A joint cyanide handling and transportation training and test on Emergency Preparedness were conducted to address competency requirements during a cyanide transport incident. Training records and appropriate materials were reviewed to ascertain the relevancy and applications. As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit MIF that they comply with the Code requirement.

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1. TRANSPORT: Transport cyanide in a manner that minimizes the potential for accidents and releases.

Transport Practice 1.3: Ensure that transport equipment is suitable for the cyanide shipment.

in full compliance with

This operation is in substantial compliance with Transport Practice 1.3

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Land transport from SDV logistics (Sibolga) to Martabe Mine

PT SDV only deploys appropriate equipment, which is designed and maintained to operate within the permitted loads of cyanide shipments. The equipment was purchased by SDV specifically to handle cyanide tank containers with the pre-defined weight limitations. This is verified by implemented procedures and observation on site with Kone reach stacker (Max load of 45tons).

System are in place to ensure that transportation process by PT SDV uses only a limited approved pool of prime movers with specially designed low-bed chassis to mitigate the risk of overloading. Maintenance contracts and preventive maintenance are in place as verified as part of operation's routine and preventive maintenance regime.

Sea Transportation (DSN to Port of Sibolga)

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PT SDV subcontracts Meratus to transport laden/empty (uncleaned with residue left inside) cyanide containers by sea from DSN to Sibolga and vice versa. Meratus vessel deploys appropriate equipment, which is designed and maintained to operate within the permitted loads of cyanide shipments. Due diligence interview was conducted with relevant records to ascertain the relevancy and compliance. As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit Meratus that they comply with the Code requirement.

Land Transportation within JICT to DSN

PT SDV subcontracts PT MIF to transport laden/empty cyanide containers from JICT to DSN and vice versa. MIF deploys appropriate equipment, which is designed and maintained to operate within the permitted loads of cyanide shipments. Due diligence interview and records verified to ascertain the relevancy and compliance. As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit MIF that they comply with the Code requirement and contractual agreement.

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1. TRANSPORT: Transport cyanide in a manner that minimizes the potential for accidents and releases.

Transport Practice 1.4: Develop and implement a safety program for transport of cyanide.

in full compliance with

This operation is in substantial compliance with Transport Practice 1.4

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Land transport from SDV logistics (Sibolga) to Martabe Mine

PT SDV had established procedures to ensure integrity of product within sealed tank containers from origin. The product is not unloaded while in transport until final destination Martabe Mine. Cyanide shipments are identifiable by DG placards required for cyanide transportation including Marine Pollutant placards which are affixed to the tank container by the shipper.

Prior to cyanide transports, SDV has implemented a vehicle inspection prior to each departure (for laden tankcontainers at the Sibolga depot; for unladen uncleaned tankcontainers at the Martabe Mine site). The preventive maintenance program was checked for trucks and chassis as well as the Kone Stacker. – Maintenance schedule for these equipment are verified with documented records.

The following are verified with established Transport management plan:

- Rotating shifts for drivers

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- Transportation can be modified depending on external conditions such as weather or community unrest
- Prevention of loads from shifting during transportation
- Alcohol test are being conducted on a random check basis in line with SDV Asia Pacific Drug and Alcohol Policy dated 01 January 2012

Implemented safety programs were established for the safe transportation commensurate with local operating conditions. Overall, Verified documented records and on site assessment shown evidence of compliance.

Sea Transportation (DSN to Port of Sibolga)

PT SDV subcontracts Meratus to transport laden/empty cyanide containers by sea from DSN to Sibolga and vice versa. Meratus vessel deploys appropriate equipment, which is designed and maintained to operate within the permitted loads of cyanide shipments. Due diligence interview was conducted with relevant records to ascertain the relevancy and compliance. There is no manipulation of the packing as the tank containers are sealed and not opened. The shipping documents are retained for a period of at least 1 year. As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit Meratus that they comply with the Code requirement.

Land Transportation within JICT to DSN

PT SDV subcontracts PT MIF to transport laden/empty cyanide containers from JICT to DSN and vice versa. MIF established concurrent procedures with SDV to ensure integrity of product within sealed tank containers from origin. The product is not unloaded while in transport until final destination Martabe Mine. Cyanide shipments are identifiable by DG placards required for cyanide transportation Due diligence interview and records verified to ascertain the relevancy and compliance. As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit MIF that they comply with the Code requirement and contractual agreement.

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1. TRANSPORT: Transport cyanide in a manner that minimizes the potential for accidents and releases.

Transport Practice 1.5: Follow international standards for transportation of cyanide by sea and air.

in full compliance with

This operation is in substantial compliance with Transport Practice 1.5

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Sea Transportation (DSN to Port of Sibolga)

PT SDV subcontracts Meratus to transport laden/empty cyanide containers by sea from DSN to Sibolga and vice versa. Due diligence review was conducted to verify compliance with the prevailing IMDG code. Following are the observations at the point of this audit:

- Sibolga Branch has the IMDG Code 35-10 and Supplement available and IMDG shore-based trained staff on site able to verify compliance of DG shipments with the applicable IMDG Code requirements.

- Packaged as required by Part 4 of the IMDG Code and according to the packaging instructions and packaging provisions indicated on the DG List. Based on representative shipments samples full compliance was established.

- Not applicable for Section 5.2.1 and 5.2.2 of the IMDG code as cyanide is shipped in (ISO) tank containers.

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- Cyanide shipments shipped in cargo transport units verified with required units placarded and marked as required by Chapter 5.3 of the IMDG Code [verified procedure Planning for incoming cargoes OPS-PRO-IP-IDN-004-R1 dated 15 Sept 2012 ' check on existence of appropriate placards].
- Sampled dangerous goods transport document prepared by the shipper PT Agincourt Resources verified with records demonstrated compliance with requirements under Chapter 5.4 of the IM DG Code.
- Not applicable for Section 5.4.2 of the DG code as the cyanide is packaged by producer (ORICA) as well as for outbound empty tank containers.
- The ship carrying the cyanide has a manifest identifying the presence of the cyanide. Based on the manifest the container location can be checked with the detailed stowage plan. Both documents complement and conform to Section 5.4.3.1 of the DG Code.
- The ship carrying the cyanide containers was found to have an Emergency Response Plan in place. Following observations on missing up-dates to the emergency response plan pertaining to latest revision and availability of sodium cyanide SDS, immediate action was taken to comply with the requirements.
- In general the shipping line was found to be in full compliance with the stowage and separation requirements of Part 7 of the IMDG Code concerning cyanide shipments. With one single violation identified during the entire document review, the shipping line immediately acted to review the internal processes to prevent a recurrence of the lapse.

Operationally, PT SDV Logistics nor any of their contracted parties transport cyanide transported by air.

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1. TRANSPORT: Transport cyanide in a manner that minimizes the potential for accidents and releases.

Transport Practice 1.6: Track cyanide shipments to prevent losses during transport.

in full compliance with

This operation is in substantial compliance with Transport Practice 1.6

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified: (Due to the sensitivity of security issues regarding storage of cyanide, no descriptions of substantial or non-compliance with this aspect of the Transport Practice should be provided.)

Land transport from SDV logistics (Sibolga) to Martabe Mine

PT SDV implemented procedure for Traffic Management Plan (TMP) - OPS-PRO-IP-IDN-010-R1; requires transport vehicles (convoy and escort vehicle) to have in place satellite and mobile phones to enable two-way communications with Sibolga depot and branch manager. Together with SDV satellite tracking system tracks, shipments are track live and monitoring during land transportation. The TMP will be communicated to all personnel in toolbox meeting before the mobilization time. This integrated system helps to mitigate the risk of communication blackouts and feedback system to review TMP and ongoing risk assessment.

Shipments inventory controls are in place to prevent loss of cyanide shipments during land transportation as verified with cargo management records. There are no transfers of shipments during the entire of land transportation.

Night audit on route assessment and interviews with branch manager, yard manager, transport manager and escort leader were held. Along with respective delivery orders and accompanying MSDS verified with shipments records; are indicative that system is in place to ensure tracking of cyanide shipments and loss prevention.

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Land Transportation within JICT to DSN

PT SDV subcontracts PT MIF to transport laden/empty cyanide containers from JICT to DSN and vice versa. MIF established concurrent procedures with SDV to ensure tracking of cyanide shipments and loss prevention. Due to the short distance (3km) and within port limits of JICT, personnel are stationed at strategic location at JICT and DSN to ensure Code Requirements. Due diligence interview and records verified to ascertain the relevancy and compliance. As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit MIF that they comply with the Code requirement and contractual agreement.

Sea Transportation (DSN to Port of Sibolga)

PT SDV subcontracts Meratus to transport laden/empty cyanide containers by sea from DSN to Sibolga and vice versa. Due diligence review was conducted to verify Code compliance. Following are the observations at the point of this audit.

- Meratus is tracking the vessel movements by mail providing the vessel status :
 - Vessel Departing Port
 - Daily Noon Reports
 - Vessel Arrival Port
- The information transmitted include among others :
 - Date / Time
 - Passage Voyage between ports
 - Latitude/Longitude
 - Course/Distance
 - Average Speed
 - Weather Condition
 - ETA at port of destination

There are no known blackout spots for the communication at sea. The tank-containers are equipped with transmitters with which the exact location are traceable and track by shipper. Meratus keeps the inventory control of cyanide shipments by means of the

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shipping manifest. The cyanide information available will be up-dated and the SDS will be available on all voyages with immediate effect.

As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit Meratus that they comply with the Code requirement.

2. INTERIM STORAGE: Design, construct and operate cyanide trans-shipping depots and interim storage sites to prevent releases and exposures.

Transport Practice 2.1: Store cyanide in a manner that minimizes the potential for accidental releases.

in full compliance with

This operation is in substantial compliance with Transport Practice 2.1

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

PT SDV Logistics only interim storage/yard is situated within the Port of Sibolga; it serves as depot for laden inbound shipments prior to land transportation of cyanide (ISO) laden tank containers and other dangerous goods. It also used to store of outbound empty (ISO) tank containers – uncleaned (with residual inside). No other interim storage within the scope of this audit.

Site review of interim storage revealed the following observations:

Port of Sibolga operator (Pelindo) erected warning signs are visible around the yard indicative of the presence of toxic material and cyanide.

Within the interim storage, there is the yard map depicting the layout of segregation and separation of the dangerous goods and indicating the areas of the dedicated cyanide storage.

At the actual storage area there are placards indicating the exact area in which the cyanide is stored. In addition to the placard there is also the Mini SDS reflected in both English and Bahasa Indonesia.

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At the two entrance gates into the yard the following signs were clearly displayed:

- No Smoking
- No Drinking
- No Eating

Stringent Personal Protection Equipment (PPE) requirements are enforced in the yard indicated by signs at the entrance:

- Helmet
- Safety Shoes
- Chemical Glasses
- Overall/PPE clothing

Security measures in place include wall yard, signage indicating 'Authorized Personnel only'. Two metal gates have been installed with a metal viewing window to check prior to opening the gate. Security locks were also used for off office hours securing of gates. 5 CCTV cameras and related monitoring and storage of footages had been installed to enhance the current security measures. Dedicated in house security officers are stationed at the yard for access controls and movement of containers around the clock; 24x7. This augments well for the prevention of planned and accidental access by general public.

Cyanides are separated from in-compatible materials. The compliance with the Yard Laydown Arrangement Plan dated 05/09/2012 Rev 1 was confirmed during the audit site review.

While the sodium cyanide is stored in specially designed tank containers, these are placed in a dedicated area (Area 3) along with a gradient of 1 % to avoid stagnant water. There is no possible build up of hydrogen cyanide as the storage is in the open air and thus well ventilated. This outdoor storage is build on a concrete ground provides the assurance that cyanide containers will not come in contact with water and soil.

There are multiple containment layers in case of spilled cyanide material in place. Area 3 (storage location for sodium cyanide tank containers) as the primary containment area has a withholding capacity of approx. 24,000litres. The secondary containment area being the inner yard drain has a total withholding capacity of approx. 120 cubic metres. The drain stoppers were found to be closed at all times to prevent any accidental and unnoticed release. As part of commissioning of the interim storage; these drainage were checked and certified its withholding capacity. Records of regular

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inspection of primary and secondary containments were verified. This helps to ensure the any accidental of cyanide release to the secondary containment would not mix with water and other incompatible material.

Overall, interviews with yard personnel; yard manager, operators and security personnel together with training programs in place demonstrates compliances and alertness to the presence of cyanide and its related risks.

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

Transport Practice 3.1: Prepare detailed emergency response plans for potential cyanide releases.

in full compliance with

This operation is in substantial compliance with Transport Practice 3.1

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Land transport from SDV logistics (Sibolga) to Martabe Mine

Unloading/loading of Cyanide Containers and transport to SDV logistics (Sibolga) interim storage

PT SDV has implemented emergency response plans (ERP) for both interim storage and land transportation; to manage the following identified incidents leading to potential cyanide release derived from risk assessment:

- Chemical Spillage at Interim Storage
- Chemical Spillage during land transportation
- Vehicle accidents
- Loading and unloading accidents

Respective classifications of incidents correspond with incident response structure taking into account the physical and chemical form of cyanide during accidental release. Requirements of transport infrastructure are considered as part of the overall ERP:

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- Recovery vehicle
- Evacuation zones
- Communications with external responders
- Respective roles and integrated response with local communities, medical facilities, local authorities, fire departments and Port of Sibolga
- Design of trailers and interim storage areas to minimize the risks

Sea Transportation (DSN to Port of Sibolga)

PT SDV subcontracts Meratus to transport laden/empty cyanide containers by sea from DSN to Sibolga and vice versa. Due diligence review and interview held with Ship Captain highlighted the contents of the ERP as follows:

- Emergency Committee
- Communication with Media and External Parties
- Operation of Emergency Committee
- Drill to encounter an Emergency Hazard
- Emergency Committee Contact List
- Important Institutions Contact List

The ERP covers the ocean freight route under Meratus responsibility. Meratus has the SDS information when receiving the shipment. Based on the contents page of the ERP and the document COM-PED-OPS10 – Pedoman Penanganan Barang Berbahaya – Guidelines for Handling Dangerous Goods - , the response action for emergencies are introduced.

Land Transportation within JICT to DSN

PT SDV subcontracts PT MIF to transport laden/empty cyanide containers from JICT to DSN and vice versa. MIF established concurrent procedures with SDV to implemented emergency response plans (ERP) for land transportation; to manage the following identified incidents leading to potential cyanide release derived from joint risk assessment. Due diligence interview and records verified to ascertain the relevancy and compliance. As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit MIF that they comply with the Code requirement and contractual agreement.

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

Transport Practice 3.2: Designate appropriate response personnel and commit necessary resources for emergency response.

in full compliance with

This operation is in substantial compliance with Transport Practice 3.2

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

SDV Reference: [OPS-PRO-IP-IDN-009] ERP DG Transportation Jakarta dated 5 Sep 12 which include specific cyanide emergency response duties and responsibilities assigns to its personnel and outside responders during response to emergency incidents such as leakage

- To carry out initial action to contain the leakage

- To alert Depot / Site Management

- To minimize the risk to people

- To collect information about the emergency situation and inform external ER parties for assistance such as contact WMI for waste collection, decontamination and disposal

PT SDV established training needs matrix (dated 5 Sep 12) to provide and monitor refresher training for management, operators and subcontractors involved in emergency response.

Land transport from SDV logistics (Sibolga) to Martabe Mine

Unloading/loading of Cyanide Containers and transport to SDV logistics (Sibolga) interim storage

PT SDV Logistics Indonesia



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Name of Facility

Signature of Lead Auditor

Date

SUMMARY AUDIT REPORT

PT SDV conducts ERP Training as part of the DG Awareness Training conducted for personnel involved in port, yard and transportation operations covering the following:

- Specific roles and responsibilities during activation of ERP
- Loading/unloading, yard and transportation designated emergency response equipment
- Personal Protective Equipment (PPE)

Maintenance regime is place to ensure the assurance the functionality of the emergency response equipment. Records are maintained for this regime along with the list emergency response required for ERP for yard and transportation operations.

Sea Transportation (DSN to Port of Sibolga)

PT SDV subcontracts Meratus to transport laden/empty cyanide containers by sea from DSN to Sibolga and vice versa. Due diligence review and interview held with Ship Captain noted that Meratus provides emergency response training of their vessel personnel covering the following:

- Emergency Committee
- Operation of Emergency Committee
- Drill to encounter an Emergency Hazard

The Emergency Equipment and PPE available on the vessel focuses mainly on fire fighting at sea and liquid spills. There is regular training for the vessel crew and the captain and designated persons have been trained on cyanide requirements.

Land Transportation within JICT to DSN

PT SDV subcontracts PT MIF to transport laden/empty cyanide containers from JICT to DSN and vice versa. MIF rides on PT SDV ERP Training as part of the DG Awareness Training conducted for personnel involved in land transportation operations. Due diligence interview and records verified to ascertain the relevancy and compliance. As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit MIF that they comply with the Code requirement and contractual agreement.

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SUMMARY AUDIT REPORT

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

Transport Practice 3.3: Develop procedures for internal and external emergency notification and reporting.

in full compliance with

This operation is in substantial compliance with Transport Practice 3.3

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Land transport from SDV logistics (Sibolga) to Martabe Mine

Unloading/loading of Cyanide Containers and transport to SDV logistics (Sibolga) interim storage

PT SDV had in place procedures and contact information for respective notification of emergencies in the event of emergencies that occur during SDV's transportation as follows:

- [OPS-PRO-IP-IDN-009] ERP DG Transportation Jakarta

- [OPS-PRO-IP-IDN-007 & 008] ERP DG Depot & Transportation Sibolga

- SYS-FOR-026-R2

- [MER-ECP-01 Revision 4 - Dukungan Darurat Dalam Situasi Darurat – Shore Support in an Emergency Situation] the plan is dated 10/05/2010

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SUMMARY AUDIT REPORT

PT SDV implemented ERP procedure covers internal and external emergency notification and reporting as part of the incident response structure. This is being reviewed during pre-loading meeting with port operator and tool-box meeting prior to land transportation. Contact lists are currently updated during these meetings.

Records are maintained with the list emergency response contacts required for ERP for yard and transportation operations. Interviews held with respective personnel confirm the implemented ERP and associated contact lists.

Land Transportation within JICT to DSN

PT SDV subcontracts PT MIF to transport laden/empty cyanide containers from JICT to DSN and vice versa. MIF rides on PT SDV implemented ERP procedure covers internal and external emergency notification and reporting as part of the incident response structure. Interviews held with respective personnel confirm the implemented ERP and associated contact lists. As part of continual assessment of subcontractor; PT SDV had established a procedure to periodically audit MIF that they comply with the Code requirement and contractual agreement.

Sea Transportation (DSN to Port of Sibolga)

PT SDV subcontracts Meratus to transport laden/empty cyanide containers by sea from DSN to Sibolga and vice versa. Due diligence review and interview held with Ship Captain noted that Meratus ERP provides the following communications links with internal and external contacts during activation of ERP:

- Communication with Media and External Parties
- Emergency Committee Contact List
- Important Institutions Contact List

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SUMMARY AUDIT REPORT

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

Transport Practice 3.4: Develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.

in full compliance with

This operation is in substantial compliance with Transport Practice 3.4

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Land transport from SDV logistics (Sibolga) to Martabe Mine

Unloading/loading of Cyanide Containers and transport to SDV logistics (Sibolga) interim storage

PT SDV ERP procedures outline the spill contingency plan in the event of accidental spillage; dictates the agreement with PTAR to respond.

PT SDV Logistics Indonesia



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Date

SUMMARY AUDIT REPORT

Ultimate clean-up of release occur during operations is being contracted out to Waste Management Indonesia.

For treatment of cyanide that has been released into the water, is not applicable for SDV as responsibility to treat contaminated product and material is under PT AR responsibility.

Interviews held with incident response team members on the implementation and understanding of Emergency Response Plan for transport of hazardous chemicals. Interviewed staff is able to describe the responsibilities and appropriate actions required when an emergency occurred during transportation.

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

Transport Practice 3.5: Periodically evaluate response procedures and capabilities and revise them as needed.

in full compliance with

This operation is in substantial compliance with Transport Practice 3.5

not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Land transport from SDV logistics (Sibolga) to Martabe Mine
Unloading/loading of Cyanide Containers and transport to SDV logistics (Sibolga)
interim storage

PT SDV Logistics Indonesia



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Signature of Lead Auditor

Date

SUMMARY AUDIT REPORT

PT SDV implemented ERP procedure covers periodic review for the suitability, adequacy and effectiveness of the ERPs. This is being also being reviewed during pre-loading meeting with port operator and tool-box meeting prior to land transportation. Contact lists are currently updated during these meetings.

Mock drills are conducted on 21 Jun 12 based on the scenario of potential spillage of chemical products to evaluate the parameters of the ERP during unloading of cyanide tank containers. Records of this mock drills are maintained and key observations are subsequently incorporated with the list emergency response contacts required for ERP for yard and transportation operations being updated. Interviews held with respective personnel confirm the implemented ERP and associated lessons learnt from this mock drill.

Mock drills schedule is being drawn up for year 2013 to include the scenarios of land transportation with respective external responders.

PT SDV Logistics Indonesia



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