

Registered No. 2008 - 712

NOTARIAL CERTIFICATE



Taehwa Law & Notary Office Inc.

Hanmaeum B/D, 289-11, Ok-dong, Nam-ku,
Ulsan, Korea

TEL : (052)261-7866(대), 7867, 7865 · FAX : (052)261-7863



SUMMARY AUDIT REPORT

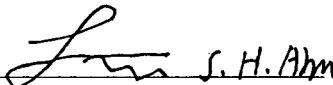
Name of Cyanide Production Facility : Tongsoh Petrochemical Co., Ltd.-Ulsan Plant
Name of Facility Owner : Tongsoh Petrochemical Co., Ltd.
Name of Facility Operator : Keun-Soo Park
Name of Responsible Manager : Cheol-Woong Joo
Address : 154, Bukokdong, Namgu
State/Province : Ulsan city
Country : South Korea
Telephone : 82-52-259-7792
Fax : 82-52-259-7695
E-Mail : changsu@tspc.co.kr



Description of operation :

The plant of Tongsoh Petrochemical Corp., Ltd. ("Tongsoh") is located at the Ulsan Petrochemical Industry Complex. The whole area covered by Tongsoh is 159,577 m², with its cyanide production facilities (inclusive of subsidiary facilities) accounting for 9,355 m². The cyanide factory includes all facilities related to production, storage, and consignment. The only cyanide produced by Tongsoh is sodium cyanide used for gold mining. This sodium cyanide is produced using the hydrogen cyanide(HCN) generated during the acrylonitrile process as raw material. The product is available in briquette form. Tongsoh employs 16 staff in its production facility. The utilities used at the Tongsoh plant, i.e. electricity, water, etc., are being provided by the petrochemical support center. Tongsoh's safety and environment management is governed by Korean laws; it is much more strictly controlled by the relevant supervisory authority because the company is located at the petrochemical industry complex.

Tongsoh Petrochemical
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Signature of Lead Auditor

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Auditor's Finding

This operation is

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

with the International Cyanide Management Code.



* For cyanide production operations seeking Code certification, the Corrective Action Plan to bring an operation in substantial compliance into full compliance must be enclosed with this Summary Audit Report. The plan must be fully implemented within one year of the date of this audit.

Audit Company : BSI Korea

Audit Team Leader : S H Ahn E-mail : sangho.ahn@bsi-global.com

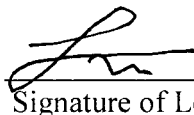
Names and Signatures of Other Auditors: n/a

Date(s) of Audit : 12~14 Nov. & 01 Dec. 2007

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

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J. H. Ahn
Signature of Lead Auditor

Feb. 23 2008
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SUMMARY AUDIT REPORT

1. OPERATIONS: Design, construct and operate cyanide production facilities to prevent release of cyanide.

Production Practice 1.1: Design and construct cyanide production facilities consistent with sound, accepted engineering practices and quality control/quality assurance procedures.

The operation is in full compliance with
 in substantial compliance with Production Practice 1.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The Tongsoh NaCN plant was established at August 1985 and expanded in 1988, 1993 & 2003 year. During the construction, quality control and assurance activities were implemented according to plan submitted by construction company. During and after the construction, Tongsoh technical team and Korea Occupational Safety & Health Agency inspected according to drawing, specification and legal requirements. Inspection results were passed and all relevant records related to QA/QC & inspection were maintained. Automatic interlock systems were established in risky areas to prevent cyanide release during emergency situation. To prevent the contamination of soil and water, all cyanide process facilities were established on a concrete, secondary containment & dike were installed enough to contain spilled cyanide and cyanide solution pipelines were covered by outer piping. To prevent overflowing in reactor and storage vessel, level gauge and alarm system were maintained in DCS system. So all Tongsoh cyanide plant facilities were constructed safely and comply with the Code criteria.


Production Practice 1.2: Develop and implement plans and procedures to operate cyanide production facilities in a manner that prevents accidental releases.

The operation is in full compliance with
 in substantial compliance with Production Practice 1.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Tongsoh established and maintained safe operation procedure to control facility maintenance, employee health, PPE, pollution and monitoring related to cyanide process. And also emergency plan control procedure was established and maintained to control emergency

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situation such as cyanide exposure and release. Tongsuh implemented the change control procedure in which the issue, review and evaluation of change were defined. Facility maintenance team implemented preventive maintenance activities according to period and method defined in program. Process main parameters such as flow rate, temperature, pressure and level were monitored and monitoring equipment was calibrated according to defined schedule. Cyanide solution and cyanide contaminated water in secondary containments can not be discharged without authorization. Cyanide contaminated water treated in WWT. Tongsuh control cyanide wastes according to waste control procedure including segregation, maintain and dispatch to certified waste sub contractor.

The cyanide products were packed according to packaging procedure and IMDG (International Maritime dangerous Goods) code and stored in warehouse in which ventilation installed and secured moisture.



Production Practice 1.3: Inspect cyanide production facilities to ensure their integrity and prevent accidental releases.

The operation is in full compliance with in substantial compliance with not in compliance with Production Practice 1.3

Summarize the basis for this Finding/Deficiencies Identified:

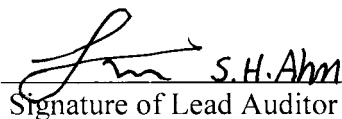
Tongsuh safety team conduct routine inspection for out-side area of cyanide process. And production team conduct routine inspection for process including tank, valve, reactor, storage area, secondary containment and waste tank. Inspection frequency was determined from such criteria as importance, failure history etc as defined in maintenance procedure. Inspection date, inspector and deficiency were recorded and maintained in computer system. Corrective action for deficiency was implemented and result was recorded.

2. WORKER SAFETY: Protect workers' health and safety from exposure to cyanide.

Production Practice 2.1: Develop and implement procedures to protect plant personnel from exposure to cyanide.

The operation is in full compliance with in substantial compliance with not in compliance with Production Practice 2.1

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Summarize the basis for this Finding/Deficiencies Identified:

Tongsuh employee, visitor and contractor were prevented from exposure of cyanide during routine & non routine operation and emergency situation according to PPE control & safety operation procedures. Tongsuh also review proposed process and operational change for their impact on employee health and safety. Tongsuh employee participate safety committee to develop and evaluate health and safety procedure. Tongsuh use monitoring device calibrated by maintenance team to detect the leakage of hydrogen cyanide. Working environment was inspected twice per year for such item as the concentration of hydrogen cyanide and dust. Inspection results were "non-detected" far below from 4.7 PPM and comply with legal requirement. Tongsuh identified area and activities where worker can be exposed to cyanide and maintained warning signs of cyanide presence. Employee, visitor and contractors were required to wear PPE and prohibited smoking, eating, drinking in those cyanide contamination areas such as process, packaging area etc. Tongsuh maintained buddy system in repairing, inspection, patrol and maintenance works. During those works, employee use radio to request assistant for the case of emergency situation. Employee received health check every year. According to the health check results, fitness of employee to perform their tasks were determined and follow up action implemented.

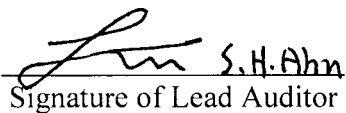
Production Practice 2.2: Develop and implement plans and procedures for rapid and effective response to cyanide exposure.

The operation is in full compliance with
 in substantial compliance with Production Practice 2.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

General emergency plan and detail response methods to cyanide exposures were defined in Tongsuh's emergency plan procedure and cyanide handling manual. First aid equipment such as low pressure eye wash station, air shower and fire extinguisher were maintained in process and packaging areas. First aid kits such as water, oxygen, resuscitator and antidote were in cabinets installed in process area and office. Safety team inspected the first aid equipment & kits by monthly basis, replaced the equipment & kits not effective any more and maintained inspection records according to safety operation procedure. To control the cyanide exposure situation, Tongsuh have maintained internal & external communication channel and communication equipment such as wire less phone & phone. Tongsuh also employed nurse, installed infirmary in plant and maintain ambulance. Tongsuh identified 3 local hospitals in Ulsan city and informed about potential need to treat patients exposed to

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cyanide. The local hospitals understand Tongsoh' situation and nominated staff ready for emergency situation. Emergency plan for cyanide exposure situation were tested and results were reflected to revised plan. Tongsoh maintained incident evaluation procedure in which detail investigation, root cause analysis, corrective & preventive actions were defined. Tongsoh maintained in process and control room area the MSDS, first aid procedure & cyanide handling manual written in Korean. The cyanide storage tanks, containers and pipe line containing cyanide were identified by marking, notice board etc. And cyanide flow directions were identified by arrow mark in pipe line. Decontamination details for employee, contractor and visitor leaving cyanide process were defined in cyanide handling manual. According to the manual, they shall exchange clothing and pass the air shower before leaving the process. The manual actually implemented in Tongsoh plant.

3. MONITORING: *Ensure that process controls are protective of the environment.*

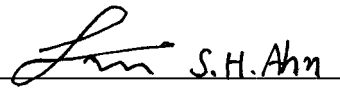
Production Practice 3.1: Conduct environmental monitoring to confirm that planned or unplanned releases of cyanide do not result in adverse impacts.

The operation is in full compliance with
 in substantial compliance with Production Practice 3.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

Waste water from cyanide process was treated in WWT and discharged directly to sea. Monitoring results of final discharged water show the maximum cyanide concentration was 0.4 mg/l WAD (PPM) comply with Code's requirement and Korea law. Korea legal requirement for the maximum cyanide concentration of final discharged water is 1 ppm. Tongsoh do not need to monitor the free cyanide concentration in mixing zone because several other plants discharged rain water & steam condensate water into mixing zone and only the final discharged water shall be monitored according to Korean legal requirement. Sometimes Korea government body (Environment Agency) take sample from mixing zone and test the concentration. If the test result of cyanide concentration is over the legal requirement 0.01 ppm, then the government body will analyze the cause and issue penalty to Company. But such situation has not been occurred since plant operation started in 1985 year. Tongsoh do no have indirect discharge to surface water. Because all cyanide process were covered by dike and spilled cyanide, chemical & rain water were collected and dispatched to WWT. The capacity of secondary tank is enough to collect initial rain water poured into cyanide process area. Rain water outside the cyanide process was discharged to rain water line. But it is unlikely to be happened the contamination of rain water line. The Tongsoh Plant is in Ulsan city. In Ulsan city, there is no designated beneficial

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use of ground water, no regulatory point of compliance and no actual beneficial use of the ground water. So Tongsoh do not monitor the quality of ground water. Only conduct the monitoring of land contamination every year to preserve land & soil. Recent test was implemented at 20 September 2007. The cyanide was not mostly detected but in that case detected below legal requirements. Tongsoh limited the hydrogen cyanide gas emissions maximum 10ppm according to Korean legal requirement to protect the health of employee and local community. Monitoring result of hydrogen cyanide concentration is 0.001ppm. Monitoring frequency for air emission of hydrogen cyanide and water discharge were defined in air and water environment control procedure. With the monitoring result analysis, Tongsoh can identify and implement the process change, incident and required corrective action.

4. TRAINING: *Train workers and emergency response personnel to manage cyanide in a safe and environmentally protective manner.*



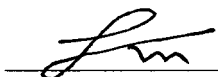
Production Practice 4.1: Train employees to operate the plant in a manner that minimizes the potential for cyanide exposures and releases.

The operation is in full compliance with
 in substantial compliance with Production Practice 4.1
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

According to training procedure, Tongsoh have trained 2 hours every month for existing employee and 16 hours special training for new employee related to cyanide hazards. Tongsoh have prepared and implemented annual training plan in which such items as wearing of personnel protective equipment, emergency preparedness for cyanide release and responsibility, authority & detail control method for dealing cyanide were included. The annual training plan were implemented and training records were maintained. Qualification of safety trainer was defined. Usually plant safety controller qualified according to procedure have implemented training for workers in cyanide process area. And also cyanide process team leader qualified as safety trainer conducted training before the start of daily works. Tongsoh usually evaluate the training effectiveness by written test. And also team leader conduct daily observation for workers to check whether they are implement the safety policy and procedures.

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Production Practice 4.2: Train employees to respond to cyanide exposures and releases.

The operation is in full compliance with in substantial compliance with not in compliance with not subject to Production Practice 4.2

Summarize the basis for this Finding/Deficiencies Identified:

All Tongsoh's employees are well aware of the emergency response actions against cyanide exposures and releases through be repeated education and training, and they should be made continually aware of such information. The emergency response plans specify all the employees' duties such as safety representative, first-aid responder or firemen, etc. Related mock situation drills are regularly conducted to ensure that the employees are familiar with their duties and roles. The results of the mock situation drills are evaluated and analyzed. Any and all areas for improvement found are immediately improved. The results of education and training are recorded.

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

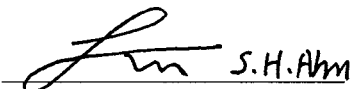
Production Practice 5.1: Prepare detailed emergency response plans for potential cyanide releases.

The operation is in full compliance with in substantial compliance with not in compliance with Production Practice 5.1

Summarize the basis for this Finding/Deficiencies Identified:

Emergency response procedures for potential cyanide releases are prepared. Such procedures include all the necessary items covering emergency communication, rescue, evacuation, relief, pollution prevention actions, assessment, communication among relevant institutions, etc. Allocation of and familiarization with the employees' individual duties to be performed under emergency situations are ensured to prevent confusion during such situations. In addition, Tongsoh prepares emergency response scenarios based on Integrated Risk Management

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System (IRMS) and carries out mock situation training under each scenario, e.g., cyanide release.

Production Practice 5.2: Involve site personnel and stakeholders in the planning process.

The operation is in full compliance with
 in substantial compliance with Production Practice 5.2
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

The emergency response plan deals with not only those factory workers assigned to their respective duties but also those concerned with the company. Tongsuh has prepared and established an emergency communication network to contact nearby factories at the petrochemical complex and potentially affected communities should any emergency event occur. Communities such as local government and environment authorities, fire stations, police and hospitals are included and they have knowledge of the risks related to the cyanide production facility. Tongsuh is always prepared for any emergency patient, having designated the 3 medical institutions nearest it and verifying their capability to provide adequate medical services.

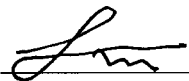
Production Practice 5.3: Designate appropriate personnel and commit necessary equipment and resources for emergency response.

The operation is in full compliance with
 in substantial compliance with Production Practice 5.3
 not in compliance with

Summarize the basis for this Finding/Deficiencies Identified:

All Tongsuh's employees have been tasked with their respective duties to be performed during an emergency, with the plant manager serving as the person in charge of emergency response actions. The emergency response organization consists of 8 functional units inclusive of those for control, security, medical, firefighting, CBR (chemical, biological, radiological), recovery, etc. The equipment for emergency response actions is maintained in a ready state through checks and repairs. A list of such equipment is also maintained. Moreover, a cooperative system has been established and operated where fire stations and nearby factories' own firefighters participate in the mock situation drills. To control the emergency

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situation effectively, emergency responders received trainings such as personnel rescue, lead excavation, facility control etc. And also safety team test the call-out procedure as defined in emergency procedure. In safety team office and cyanide process control room, Tongsoh maintained internal & external communication detail in notice board in which contact information for emergency responders such as fire agency, hospitals, local community & nearby company identified.

Production Practice 5.4: Develop procedures for internal and external emergency notification and reporting.

The operation is in full compliance with in substantial compliance with not in compliance with Production Practice 5.4

Summarize the basis for this Finding/Deficiencies Identified:

The emergency communication network is prepared for prompt notification in the emergency response plan. The internal communication system is made up of 2 sub-systems. First, the vertical report system covers the person who discovers an emergency accident such as cyanide release and up the chain of command to the plant manager who serves as the chief emergency response manager. The other is the site alarm system, which simultaneously notifies site personnel. External notifications by phone are conducted with the above mentioned communities.


Production Practice 5.5: Incorporate into response plans and remediation measures monitoring elements that account for the additional hazards of using cyanide treatment chemicals.

The operation is in full compliance with in substantial compliance with not in compliance with Production Practice 5.5

Summarize the basis for this Finding/Deficiencies Identified:

Hazards associated with the use of cyanide treatment solution and its handling methods are detailed in Material Safety Data Sheets (MSDS) and Tongsoh's sodium cyanide manual. Remediation methods are also included. The above mentioned documents are arranged for ready reference by the site workers who are taught the key contents repeatedly during safety

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training sessions. Potential need for environmental monitoring to identify the extent & effect of HCN & NaCN release, sampling method, parameter and possible location were defined in Integrated management System procedure.

Production Practice 5.6: Periodically evaluate response procedures and capabilities and revise them as needed.

The operation is in full compliance with
 in substantial compliance with Production Practice 5.6
 not in compliance with


Summarize the basis for this Finding/Deficiencies Identified:

As stated before, Tongsoh periodically carries out mock drills for emergency response. The plan expressly states that the results be evaluated and analyzed and used as data for improving of the procedure. In addition, Tongsoh conducts periodic mock situation emergency communication training to check the state of the communication system.

According to emergency procedure, emergency plan shall be evaluated after the application to actual emergency cases. And revised as needed. Actual emergency situation requiring the plan has not been occurred.



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등부 2008년 제 712호

Registered No. 2008-712

인 증

Notarial Certificate

위 감사보고서 요약 _____ 에
기재된 안상호 _____

Chang Su Han _____
attorney in fact of
Sang Ho Ahn _____

의 대리인 한창수 _____ 는
본직의 면전에서 위 본인이 서명한 _____
것임을 확인하였다.

appeared before me and admitted
said principal's subscription to
the attached "SUMMARY AUDIT _____
REPORT".

2008년 02월 26일
이 사무소에서 위 인증한다.

This is hereby attested on this
26 day of Feb. 2008 at this office.



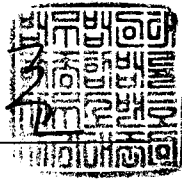
공증인가 법무법인 태화종합법률사무소

Taehwa Law & Notary Office Inc.

울산광역시 남구 옥동 289-11
한마음빌딩

Hanmaeum B/D, 289-11, Ok-Dong, Nam-Gu
Ulsan, Korea

김태



Kim Tae Joon

공증담당변호사

Signature of the Notary Public

This office has been authorized by the
Minister of Justice, the Republic of
Korea, to act as Notary Public Since
Dec. 21, 1998 Under Law No. 3790