

## **Archipelago Resources Plc gold mine Toka Tindung in North Sulawesi is far from secure**

On March 17<sup>th</sup> 2008 Archipelago Resources director Colin Loosemore proudly announced in a company release<sup>1</sup> that was taken up thereafter by Dow Jones Newswires, Mineweb<sup>2</sup> and several other media,

“Archipelago Resources plc (“Archipelago” or the “Company”) is pleased to advise that on 13th March 2008 the Director General of Mineral, Coal and Geothermal on behalf of the Minister of Energy & Mineral Resources in his capacity as representative of the Government of Indonesia, issued Decrees approving development of the Toka Tindung Gold Project (“Project”). These Decrees accept the operating companies revised Environmental Management Plans (AMDALs) and entitlement to re-commence construction activities under the Construction phase of the Project.” Following this release the company re-scheduled production begin for early 2009.

This seems to be trying to take stars from the sky though (or reaching out for the unreachable) to put it in a positive way, otherwise it could also be interpreted as a false promise made purposefully in order to convince shareholders to acquire additional shares which the company has to make available in order to be able to get hold of funds necessary to continue construction of a project that appears to be more and more hopeless. Only two days later, March 19<sup>th</sup> Loosemore, obviously in desperate need of fresh funds, called for another extraordinary general meeting of the shareholders in order to enable the company to issue new shares.<sup>3</sup> In June 2007 the previous EGM had authorized the company already to release more shares, as the syndicated project finance facility by Investec Bank Australia and others, can be drawn down only after all environment permits necessary have been granted.

It turns out that not only the governor of North Sulawesi Province, who from the beginning denied his approval to the mine, is pissed by the unorthodox decree issued, but also the Minister For Environment, as the medium level government official Sembiring in his function as director general of the Mineral, Coal and Geothermal department of the Ministry Of Energy And Minerals clearly violated the Minister’s and the governor’s prerogative rights to accept and issue the AMDAL for the company when he bold headedly bypassed both.

Minister For Environment, Rahmat Witoelar, now sent a letter to the Minister Of Energy And Minerals asking to justify the decrees issued by Sembiring that grant respectively construction and extension of construction permits to the two Toka Tindung companies Tambang Tondano Nusajaya (TTN) and Meares Sopotan Mining (MSM). He makes it very clear that his Ministry still hasn’t issued the AMDAL necessary to commence production on grounds of the Provincial Governor’s refusal. He also reminds the Minister Of Energy And Minerals that the authority to decide over the AMDAL lies with the governor.<sup>4</sup>

Very awkwardly in his justification to issue construction and extension of construction permits Sembiring had taken into account “the support of the eight village chiefs and two community chiefs in North Minahasa and Bitung regencies” and dismissed instead the provincial governor’s and the provincial parliament’s refusal to accept the gold mining project proposed.<sup>5</sup> According to national newspaper Kompas, April 9<sup>th</sup>,

Humaniora, the provincial government stressed again that its denial for Toka Tindung "is final and cannot be negotiated any more".

Cited in a Reuters article of April 14<sup>th</sup> Archipelago finally had to admit that it hasn't been granted the AMDAL yet which is a precondition to operate, "The permit paper from the ministry of environment hasn't been issued. That's one thing that makes us uncertain," Purba told reporters, adding that Meares already has a construction permit from the energy ministry."<sup>6</sup>

Archipelago via its Indonesian branch Meares Soputan Mining has played high in order to save the more than 100 mio. USD it has spent in constructions which were built without permit and despite the Governor's request of December 20<sup>th</sup>, 2005<sup>7</sup> to halt all construction activities until the permits are secured. Consequently it has bribed its way along from village chiefs and church functionaries up to district and regency heads, members of the regional cabinet to the head of the Provincial Golkar Party and the, now sacked, head of the Provincial University. In Jakarta the strongest protector is director general Sembiring, who hopes to fill up his pension funds before retirement which he awaits, and still MSM's way is clogged by some stubborn and outright straight politicians who love their home and their people more than the money offered by the foreign company. What a pity for Colin Loosemore who more than ever seems to be struck by the self-fulfilling prophecy of his name: loose more.

## **Friends Of Lembeh – Pulisan – Bangka, Update April 16<sup>th</sup> 2008**

Reference:

1 Archipelago Resources Plc announcement March 17th, 2008

2 Mineweb, Monday, 17 Mar 2008, Lawrence Williams, Archipelago gets its Toka Tindung gold mine license

3 Archipelago Resources Plc announcement March 19th, 2008

4 Letter B-2496/MENLH/04/2008 by Indonesian Minister For Environment

5 Letters 42.K/30/DJB/2008 and 44.K/30/DJB/2008 of the director general of mineral, coal and geothermal division of the Ministry For Energy And Minerals

6 Archipelago sees Indonesia gold mine start by 2009, Reuters News English, Muhamad Al Azhari, 14 April 2008, 14:36

7 Governor of North Sulawesi Province letter no. 545/2201/SEKR, December 20th2005