

Toka Tindung Gold and Silver Mining Site in North Sulawesi Province

Companies: (1) Meares Soputan Mining Offshore Pty. Ltd. with an area of 8.969,00 ha stretching out over Bitung and North Minahasa regencies; (2) PT. Tambang Tondano Nusajaya with an area of 30.250 ha in North Minahasa regency of North Sulawesi province. Both companies which are subsidiaries of Australian Aurora company operate on a work contract of the Indonesian government that goes back into 1986: Kontrak Karya bernomor 43/Pres/86 ttgl 2 Des 1986. Aurora who held the government contract put the exploration project on care and maintenance in September 1999 and finally in February 2002 sold 85 % of its shares to British registered Archipelago Ressources (PT. Meares Soputan Mining) and 5 % to Indonesian privatier Julius Tahija (PT. Tambang Tondano Nusajaya).

Archipelago Resources PLC is listed on the UK Alternative Investment Market since September 2003 and operates mainly on capital made available short term. Ocean Resources Capital Holdings is cited as holding a 44 % interest. The Board of Directors are all Australian citizens. Managing Director John Colin Loosemore holds 12 % shares. Michael Norman Arnett and his wife hold 17 %. Since August 2005 the equity interests of Archipelago Resources PLC are managed by Ambrian Partners Ltd London who managed to have RAB Special Situations Fund acquire a 6,6 % of the enlarged issued share capital in order to make additional funds available for the construction of the Toka Tindung gold mining site in North Sulawesi. As world gold prices are booming the company despite its fundamental uncertainties regarding success still manages to acquire necessary financial support. By March 2006 the exclusive financing mandate was granted to N.M. Rothschild & Sons (Australia) Limited ("Rothschild"). Three of the four banks required to complete the loan facility having achieved credit committee approval and discussions are at an advanced stage regarding the fourth position.

Meares Soputan Mining (MSM) in their PLC Annual Report And Financial Statements Ended 31 December 2003 state that it has the main government approvals in place and plans to start production by the end of 2005. They refer to an AMDAL dated 14 June 1998 which was declared suitable to be not revised or renewed by former North Sulawesi provincial governor A.J. Sondakh in a letter 540/6/117 dated 28 February 2005 addressed to the Provincial branch of the Ministry for Mining and Energy (Distamben Sulawesi Utara). This masterpiece of bribery didn't work out though, as the governor known for his money politics wasn't re-elected.

In the course of a broad resistance of the coastal population against the planned disposal of tailings into the sea and a visit of a delegation of the local Alliance against the disposal of tailings (Alliansi Masyarakat Menolak Limbah Tambang - AMMALTA) to several ministries in November 2005, finally the Ministry for Environment (Kementerian Lingkungan Hidup - KLH) declared the AMDAL held by MSM outdated and not valid any more. In a letter to MSM and the provincial governor the ministry asks the company to temporarily stop all construction activities until the legal situation is clear and a new AMDAL produced that will suggest an environmental tolerable way of tailings disposal (letter of KLH B-6083/Dep.I/LH/12/2005 dated 06 Dec 2005

and letter B-6395/Dep.I/LH/12/2005 dated 19 Dec 2005). As a reaction to the letter of the KLH S.H. Sarundayang, the governor of the province of North Sulawesi, asked the Ministry of Energy and Mineral Resources (ESDM) to withdraw its permit which was given to MSM, because of the environmental and health risks of the proposed submarine disposal of tailings as well as risk of social unrest (resistance against the mine) (Letter of the provincial governor 545/2201/SEKR, dated 20 December 2005). Until now there is no response though by the ministry.

Besides the problem of not operating on valid government permits, the company also violates the land rights of several land owners and harms the business interests of operating companies who currently filed lawsuits against MSM (among five cases is Ir. Bernadino Vega, First Director of PT. Dinnelator, Likupang Paradise Hotel).

A commission to look into the problem of the disposal of tailings formed on the regency's level in March 2006 recommends not to allow for the submarine disposal of tailings into an area which produces the second most fish in the province and is deemed out to become soon a world marine heritage zone because it hosts the world's greatest variety of marine life and is the basis for a booming and sustainable dive tourism sector in the province. Read among others National Geographic (National Geographic just published an expose on Lembeh Strait by David Doubilet), November 2005 edition; Asian Diver Aug/Sept 2005 edition; Ned DeLoach, President New World Publications, Florida, USA.

Despite all this still MSM continues construction on the Toka Tindung site and has already shipped in parts of a secondhand processing plant it acquired from Chilean Compañia Minera El Indio (CMEI).

In the meanwhile PT. Newmont Minahasa who operated a mining site at Buyat Bay just four hours down south and who employed the same technique of submarine tailings disposal has just agreed in an out of court decision to pay a compensation of more than 30 mio. USD to the government of Indonesia for the environmental damage it caused. MSM withholds though that the submarine disposal of tailings is free of risks. It plans to dispose a yearly amount of 1.5 mio. tons finely ground tailings into the sea for the estimated length of production of six years. They claim that the material will be released in 150 metres depth 3 kms offshore and further sink into 800 - 1000 metres on the bottom of the ocean where it stays. International marine biologists and oceanographers who have worked in the area oppose this and refer to the immense upwellings and currents the area is notorious for. Also the leftovers of heavy metals entering the food chain. (Among others read Dr Thomas J Goreau, President Global Reef Alliance, Massachusetts, USA; Dr Mark Erdmann, USAID coastal protection project, North Sulawesi; Dr Mark Norman, cephalopod ecology researcher, University of Melbourne).

Information compiled by AMMALTA (represents local peoples' interests) and NSWA (North Sulawesi Watersports Association, represents interests of the diving and tourism industry), April 2006