

# BUILDING THE FUTURE TOGETHER



G-RESOURCES  
MARTABE GOLD MINE  
PROGRAM CSP  
2014



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# LIST OF ABBREVIATIONS

<b>AISC</b>	All-in Sustaining Costs
<b>AMDAL</b>	<i>Analisis Mengenai Dampak Lingkungan</i> – Environmental Impact Assessment
<b>ASA</b>	Active Safety Agreement
<b>BNN</b>	<i>Badan Nasional Narkotika</i> – National Narcotics Agency
<b>CIP</b>	Carbon-in-Pulp (processing plant)
<b>CSR</b>	Corporate Social Responsibility
<b>ECJ</b>	‘e-Coaching Jam’
<b>IAKMI</b>	<i>Ikatan Ahli Kesehatan Masyarakat Indonesia</i> –Indonesia Public Health Specialists Association
<b>ICMM</b>	International Council on Mining and Metals
<b>ICOLD</b>	International Committee on Large Dams
<b>IDI</b>	<i>Ikatan Dokter Indonesia</i> – Indonesian Doctors Association
<b>ISMC</b>	Indonesian Students Mining Competition
<b>ITB</b>	<i>Institut Teknologi Bandung</i> – Bandung Institute of Technology
<b>JSEA</b>	Job Safety Environmental Assessment
<b>KPIs</b>	Key Performance Indicators
<b>LADR</b>	Land Access & Disturbance Request
<b>LIPI</b>	<i>Lembaga Ilmu Pengetahuan Indonesia</i> – Indonesian Institute of Sciences
<b>LKMM</b>	<i>Lembaga Konsultasi Masyarakat Martabe</i> – Martabe People’s Consultation Forum
<b>LNA</b>	Learning Needs Analysis
<b>LTIFR</b>	Lost Time Injury Frequency Rate
<b>NDP</b>	Nationalisation Development Programme
<b>NGOs</b>	Non-Government Organisations
<b>QA/QC</b>	Quality Assurance and Quality Control
<b>PPE</b>	Personal Protective Equipment
<b>PTAR</b>	PT Agincourt Resources
<b>SEAMC</b>	Southeast Asian Student Mining Competition
<b>TSF</b>	Tailings Storage Facility
<b>WGC</b>	World Gold Council
<b>WPP</b>	Water Polishing Plant

Martabe Gold Mine Process Plant.

Chapter One

# ABOUT THIS REPORT

**This first G-Resources Sustainability Report indicates our commitment to sustainable development and allows us to communicate to stakeholders our performance so far, with a particular focus on progress made in 2014.**

From the time G-Resources Group Limited (henceforth referred to as 'G-Resources') acquired the Martabe Project in 2009, we have understood the importance of sustainable development to our success as a mining company and the need to engage and retain the support of our many stakeholders. Our goal is to meet industry leading practice in managing for sustainable outcomes at the Martabe Gold Mine.

We began reporting on our progress on sustainability issues in the 2009 Annual Report. In 2014 we decided to improve this approach by producing a stand-alone Sustainability Report in line with the Global Reporting Initiative (GRI) Guidelines. These guidelines contain general and industry-specific guidance for reporting performance in managing for sustainability.

We see sustainable development as a journey rather than a destination and are preparing to improve our performance over time.

The scope, content and boundaries of this report reflect GRI's 'G4 Guidelines for Sustainability Reporting'.<sup>1</sup> The Guidelines help define reporting parameters and establish the means to ensure the quality of reported information. This report focuses on 'material aspects', or the potential economic, environmental and social impacts of our operation that most concern our stakeholders. The full extent of our process in defining the scope, content and boundaries are explained in Appendix 1 of this report.

The GRI-G4 Guidelines require committed companies to report on a range of sustainability issues according to a system of performance indicators. In our first dedicated sustainability report, G-Resources has successfully fulfilled the requirements of the GRI-G4 'Core Option' (Appendix 2) and we look forward to improving the quality and quantity of our sustainability reporting in the future.<sup>2</sup>

This report has not been externally assured. However, we have utilised the services of a communications consultancy to check both the content of the report and the tabulated Performance Indicators. We welcome suggestions for improvement in our sustainability reporting.

<sup>1</sup>[www.globalreporting.org](http://www.globalreporting.org)  
<sup>2</sup>There are two options to an organization in order to prepare its sustainability report in accordance with the GRI Guidelines: the Core option and the Comprehensive option.

## Message from the CEO

**G-Resources and our Indonesian subsidiary company, PT Agincourt Resources (PTAR), are committed to a vision of sustainability in our business and operations.**

Sustainability can have different meanings for different people, and for us it underpins and supports all facets of our business, from health and safety, to environmental management, to operations excellence, to corporate governance, to employee relations and to stakeholder engagement especially with the community. It is only by the consistent integration of sustainability values across our business that we are able to continuously improve and strive for best practice in everything we do.

Perhaps the key aspect in striving for a long term sustainable vision is leadership, and our leadership team is forefront in extolling our board approved sustainability goals.

This is articulated through our core values – Growth, Respect, Excellence, Action and Transparency – as well as our often quoted mantra of “Patience, Persistence and Politeness”.

Each year since 2009, G-Resources has reported on its sustainability performance, but this is our first year of producing a separate sustainability report and furthermore, preparing this report according to the latest Global Reporting Initiative (GRI) guidelines, viz GRI-G4.

G-Resources and PTAR are committed to the values of sustainability as embedded in GRI. I commend this report to you and would welcome any feedback from stakeholders.



**Peter Albert**

December 2014



Recipients of the cataract surgery programme included children as well as adults. Here Peter Albert (G-Resources CEO) congratulates a group that have just had their bandages removed following recovery.

# The Company

Our company, G-Resources Group Limited (G-Resources), is a mining company based in Hong Kong and publicly listed on the Hong Kong Stock Exchange. The company's largest shareholders, as of 31 March 2015, were CST Mining Group Limited (16.68%), and Blackrock Inc. (8.02%).

Our vision is to become an Asian-focused world-class gold company. All exploration and production activities are currently centred at the Martabe Gold Mine, located in North Sumatra Province, Indonesia, which is wholly owned by PT Agincourt Resources. All aspects of operational sustainability contained in this report are, therefore, directly related to the activities of PT Agincourt Resources and the Martabe Gold Mine.

G-Resources owns 95% of PT Agincourt Resources, while the remaining 5% is owned by PT Artha Nugraha Agung, a state-owned enterprise in which the government of South Tapanuli District holds 70% and the North Sumatra provincial government holds 30%.

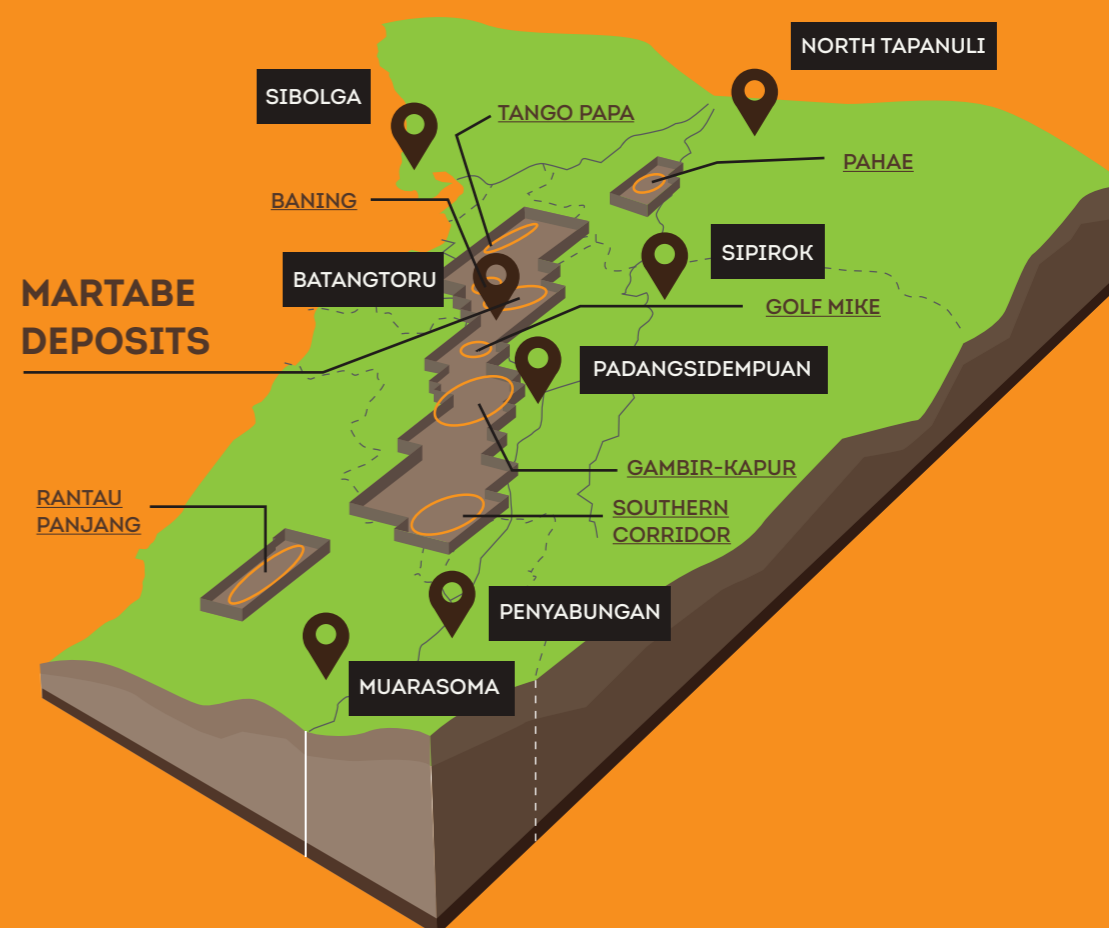
**At the close of 2014, G-Resources had 20 employees based in our head office in Hong Kong. PT Agincourt had 747 employees, all based at the Martabe Gold Mine site with the exception of 24 staff in our Jakarta office.**

## Scale of the Organisation 2014

Total Number of Employees	747 employees (624 male, 123 female) in Indonesia, Approximately 20 employees in HK
Total Number of Contractors	1662 people (1421 male, 241 female)
Total Net Sales in 2014	USD 388 million
Total Assets	USD 1,298 million
Total Capitalization	USD 1,253 million
Total Long-term Liabilities	USD 56 million
Total Equity	USD 1,197 million
Total Production	
Gold	275,515 oz
	8,569 kg
Silver	2,238,076 oz
	69,612 kg

# The Martabe Gold Mine

The Martabe Gold Mine is located in the sub-district of Batangtoru, South Tapanuli District, North Sumatra Province, Indonesia. At the close of 2014 it had an estimated resource base of 7.4 million ounces of gold and 70 million ounces of silver. The Martabe Project was established under a sixth-generation Contract of Work with the Indonesian Government in April 1997. The Contract of Work covers 1,639 km<sup>2</sup>. There are seven known gold deposits within a 30 km<sup>2</sup> area around the mine. The *Purnama* deposit is the largest.



Production at the Martabe Gold Mine commenced in July 2012. The current operational area includes an open pit (the Purnama Pit), a conventional carbon-in-pulp (CIP) processing plant, haul roads, a tailings storage facility (TSF), water diversion drains and sediment dams, a water polishing plant (WPP), an analytical laboratory, a high-voltage switchyard, raw water storage tanks, explosive magazines and workshops. Support facilities include an accommodation camp for mine workers, administration and support buildings,

a fuel depot, a medical clinic, warehousing facilities, a plant nursery and geological core sheds. In addition to supporting mining and processing activities, the site also serves as the base for exploration activities.

As of end-December 2014, the Martabe Gold Mine had been in production for around 2.5 years. Based on current ore reserves, mine life has been estimated at a minimum of 10 years. We continually seek to extend our reserves and mine life through our exploration program.

# Economic Performance

The Martabe Gold Mine is a successful low-cost gold producer. Production data for the mine and the financial performance of G-Resources is documented in detail in the 2014 Annual Financial Report ([www.g-resources.com](http://www.g-resources.com)).

In 2014, production of gold at the Martabe Gold Mine exceeded the annual target of 250,000 ounces by approximately 10%, with a total production of 275,515 ounces of gold and 2,238,076 ounces of silver. Total revenue received from sales amounted to USD 388 million.

Based on World Gold Council (WGC) guidelines, our all-in sustaining costs (AISC) for gold production in 2014 were recorded at USD 700/ounce. This is extremely competitive compared to the gold mining industry in general and is the result of strong project fundamentals and our ongoing focus on improving ounces recovered and reducing costs to increase margins.

As a successful enterprise, the Martabe Gold Mine makes a very significant contribution to the wealth of local communities as well as nationally.

Martabe Gold Mine Process Plant.

## OUR CONTRIBUTION TAKES A NUMBER OF FORMS :

Wages and salaries paid to G-Resources employees and directors including bonuses, travel costs and benefits such as healthcare, amounted to USD

**25.3m**

A large proportion of wages and salaries are spent in the local area and this contribution will continue over the life of the mine. The company maintains its commitment to the target of

**70%**  
local employment

As of December 2014, we have achieved

**68%**  
local employment

**13%**

of total purchases of goods and services was spent on local suppliers

The company contributed payments to Government totalling USD

**28.1m**  
in 2014

comprising tax, royalties and rent. Additionally, both the South Tapanuli district government and the North Sumatra provincial government received dividends through their

**5%**  
ownership

of PT Agincourt Resources (PTAR).

USD  
**2.9m**

was spent on community relations (including community development programmes) in 2014 (See Chapter 6).

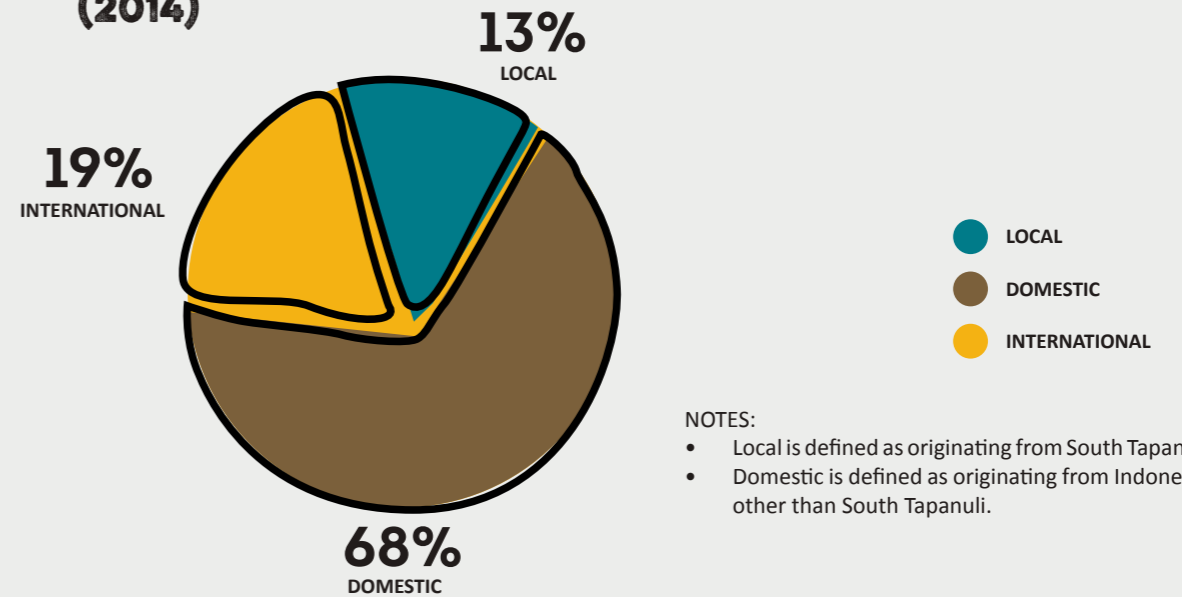


# Supply Chain

Gold pour at the Martabe Gold Mine.

The core business activities of PT Agincourt Resources encompass exploration, mining and processing leading to the sale of gold and silver bullion. Numerous contractors support our business through delivery of services such as catering and security guarding, and provision of supplies such as process chemicals, fuel and spare parts. In 2014, 13% of our total purchases of goods and services was spent on local suppliers and 68% on domestic suppliers. Most of these purchases are attributable to contract mining services, logistics services and the purchase of reagents, fuel and spare parts.

## PROPORTION OF SPENDING ON LOCAL SUPPLIERS (2014)





# Corporate Governance

G-Resources maintains high standards of corporate governance and transparency to protect the interests of shareholders. The company has adopted as its own Corporate Governance Code the provisions set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong.

The Board of Directors of G-Resources comprises six executive directors and three independent non-executive directors. The principal functions of the Board are to supervise the management of the business and the company's affairs, to approve strategic plans as well as investment and funding decisions and to review the company's financial performance and operative initiatives. The role of the independent non-executive directors is to bring an independent and objective view to the Board's deliberations and decisions. In Indonesia, PT Agincourt has its own Board of Directors.

The G-Resources Board of Directors is also tasked with overseeing all matters, including formulating policies, relating to corporate

governance and corporate social responsibility (CSR), covering economic, environmental and social performance. The Board oversees and supervises the application of sound risk management systems, including operational and environmental risks.

As recommended in the Corporate Governance Code, the posts of Chairman and the Chief Executive Officer are held by separate persons to ensure independence. The day-to-day running of the company is delegated to the management, with divisional heads responsible for their respective areas of responsibility.

Our system of internal governance and financial controls includes a defined management structure with specified limits on authority for every management role. The system is designed to facilitate the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records and ensure compliance with relevant legislation and regulations.

## Composition of Governance Bodies

Category	Gender		Age group		
	Male	Female	Age <30	Age 30-50	Age >50
<b>Board of Directors</b>	89%	11%	0%	44%	56%
<i>Executive Directors</i>	100%	0%	0%	50%	50%
<i>Independent Non-Executive Directors</i>	67%	33%	0%	33%	67%
<b>Executive Management</b>	75%	25%	0%	50%	50%
<b>TOTAL</b>	85%	15%	0%	46%	54%

THE G-RESOURCES BOARD HAS FOUR COMMITTEES, WITH MEMBERSHIP AS FOLLOWS:

### EXECUTIVE COMMITTEE

- MR CHIU TAO, CHAIRMAN
- MR OWEN L HEGARTY
- MR PETER GEOFFREY ALBERT
- MR MA XIAO
- MR HUI RICHARD RUI

### REMUNERATION COMMITTEE

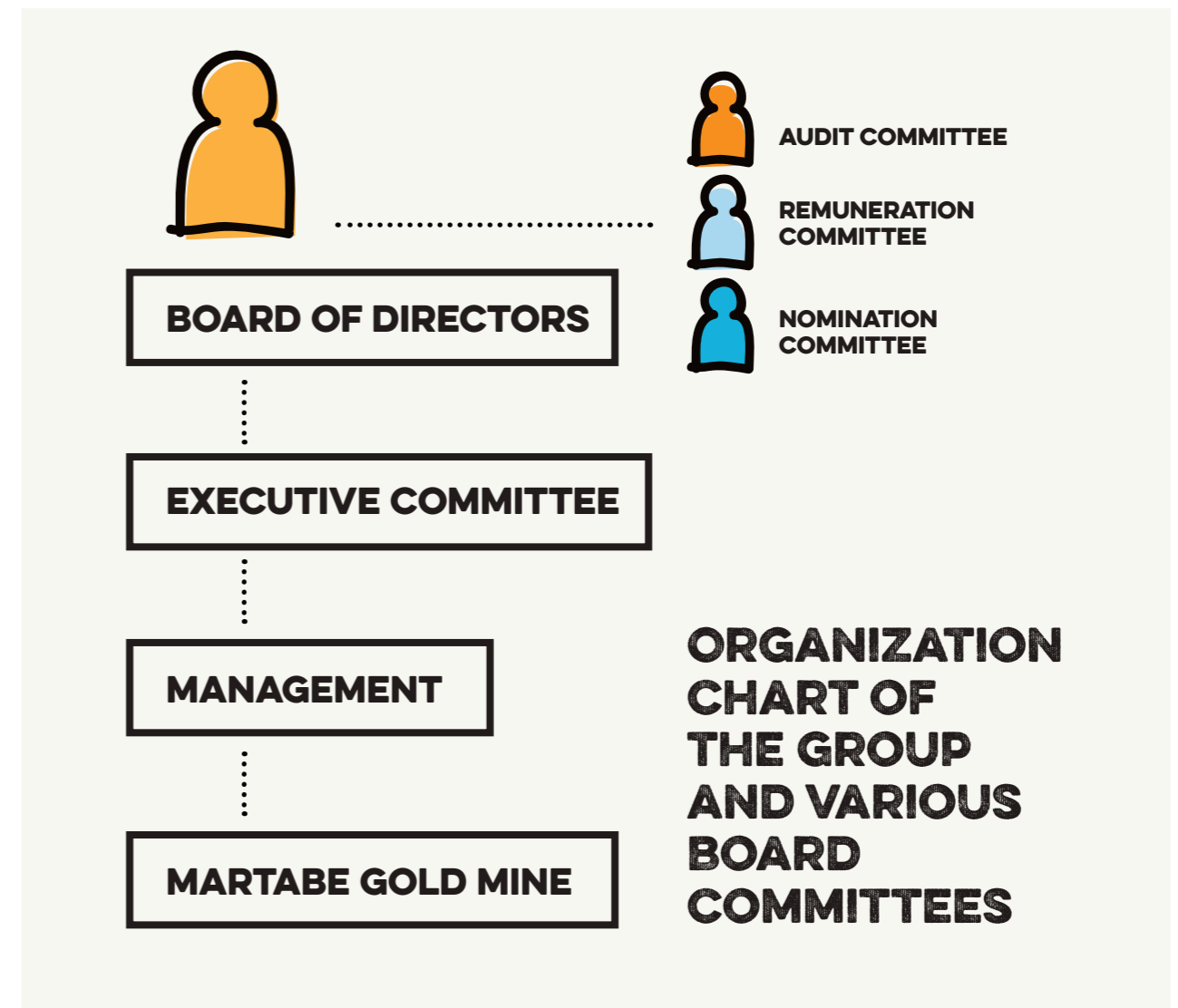
- DR OR CHING FAI, CHAIRMAN
- MS MA YIN FAN
- MR LEUNG HOI YING

### AUDIT COMMITTEE

- DR OR CHING FAI, CHAIRMAN
- MS MA YIN FAN
- MR LEUNG HOI YING

### NOMINATION COMMITTEE

- MR CHIU TAO, CHAIRMAN
- DR OR CHING FAI
- MS MA YIN FAN



*Erwinsyah (Rehabilitation Assistant) planting trees in a rehabilitation area.*



Chapter Two

# PLANNING FOR SUSTAINABILITY

Efforts to promote sustainability commenced well before the construction of the Martabe Gold Mine through the implementation of comprehensive environmental and social impact assessments. Successful management of environmental and social impacts and the safety of our employees are critical to the success of our company.

# Environmental and Social Risk Assessments

Tailings Beach

Embankment

Environmental impact assessment is the process of assessing potential environmental and social impacts resulting from a development and identifying controls for the successful mitigation of those impacts. Indonesian law requires a comprehensive environmental and social impact assessment to be completed for all large mining projects. The Environmental Impact Assessment process in Indonesia is known as AMDAL (*Analisis Mengenai Dampak Lingkungan*).

Environmental consultants produced the AMDAL assessment of the Martabe Gold Mine based on more than 38 independent environmental and social studies. Following a period of review and public consultation, the Indonesian Government approved the AMDAL in 2008. This allowed the commencement of project construction and preparations for operations.

The Martabe Gold Mine Tailings Storage Facility.

# Ongoing Studies in Support of Sustainability

Following on from the initial studies associated with the AMDAL, various additional studies have been conducted to support sustainable management at Martabe Gold Mine. This process will continue over the life of the mine. In 2014, the following major studies were implemented:

- A comprehensive waste rock geochemistry study.
- A waste rock oxidation study that provides specifications for the placement of waste rock within the embankment of the tailing storage facility.
- An update of the site water balance model.
- A workshop to assess biodiversity protection and enhancement projects.
- Finalization of a mine closure plan.

The company also commissioned a number of key studies in 2014 that will be completed in 2015:

- A community health study, which will assist in the design of company programs aimed at meeting the healthcare needs of local communities.
- A stakeholder study, which will assist in managing stakeholder relationships and guiding strategic decision-making in relation to future exploration and mine development.
- An economic impact assessment, which will gauge the economic and fiscal benefits of the Martabe Gold Mine at national, provincial and district levels.

*Water sampling conducted by Bayu Ariyanto (Environmental Superintendent) of discharge from the Water Polishing Plant as it enters the Batangtoru River.*

## Chapter Three

# STAKEHOLDER ENGAGEMENT

A company's stakeholders are individuals or groups who have a vested interest in the activities of the company and the capability to hinder or contribute to its business success. Stakeholder engagement is the process by which companies engage stakeholders in dialogue to discover their concerns, plans and aspirations, either related to the activities of the company or with potential to affect the company. Effective stakeholder engagement assists company decision-making, satisfies stakeholders that their voice is heard and, therefore, reduces the risk of disharmony or conflict between the company and parties.



*Ilham Perwira (Village-Based Development Officer)  
with a rice farmer in Batangtoru.*

*Haris Sihaloho (Senior Safety Supervisor) explaining safety management to high school students in Batangtoru.*



## Approach to Stakeholder Engagement

G-Resources understands that effective stakeholder engagement is critical to our ongoing success and we have endeavoured to carefully manage this process since the commencement of the Martabe Project. G-Resources engaged a consultancy in 2008 to conduct an extensive stakeholder mapping study and the analysis is updated annually. Our key stakeholder groups include the communities surrounding the Martabe Gold Mine, local and national government agencies,

legislative bodies, non-government organisations (NGOs), suppliers, contractors, investors, academics, media, customary and religious leaders and our own employees.

Our approach to stakeholder engagement has included:

- Actively seeking dialogue with all stakeholder groups, including potentially marginalised groups such as women and youth.
- Establishing forums and special events to facilitate dialogue.
- Providing timely and accurate information about all operational aspects at the Martabe Gold Mine using various communication methods, including site tours and bulletins.
- Always showing respect for the viewpoints and concerns of others and their cultural values.

# Addressing Community Concerns through Effective Communication

The Martabe Gold Mine is the first major mining operation in North Sumatra and many local stakeholders have limited understanding of our activities. In order to raise awareness of mining in general and provide direct exposure to activities at our site, we maintain an 'open door' policy and regularly host visits from interested groups. Over the course of 2014, the company hosted approximately 1,500 members of the public on such site visits. G-Resources also facilitated a comparative study tour for local community representatives to other gold mining operation in Indonesia.

A key element in our stakeholder engagement strategy is the Martabe People's Consultation Forum (*Lembaga Konsultasi Masyarakat Martabe-LKMM*). The forum was established by Decree of the South Tapanuli District Head in June 2013 with support from G-Resources. The LKMM comprises 21 elected representatives from 15 local villages, including representatives from youth and women's groups. The key function of LKMM is to represent the community in meetings with mine management and to engage in open discussion and consultation across all areas of interest related to the operation of the Martabe Gold Mine. Company representatives met with the LKMM on 11 occasions in 2014. In addition to these LKMM meetings, the company conducted 16 other formal stakeholder meetings in 2014.

Our Corporate Communications Department produces two regular newsletters to better inform stakeholders about our activities:

- **Tona na Denggan** (meaning 'the good message' in the local Batak language) is a newsletter targeting external audiences and is published every two months.
- **Saroha** (meaning 'one heart') is a newsletter for employees and is published every month. Aside from regular sections covering safety, the environment and departmental profiles, this newsletter also covers community development activities and social events.

An essential function of stakeholder engagement is to provide a readily accessible means for stakeholders to express grievances about the company. We encourage stakeholders to communicate legitimately held grievances, either in writing or verbally. Nine specific community grievances were received during 2014 and all were resolved peacefully, often with the involvement of the LKMM and local government.

*Fishery officer from South Tapanuli Regency training fish farmers as part of a company sponsored business development programme.*



## TYPES AND NUMBER OF STAKEHOLDER ENGAGEMENT (2014)



## Chapter Four

# ENVIRONMENT

*Rehabilitated area at the Martabe Gold Mine established in 2013.*

Many concerns expressed by communities close to mining operation sites relate to potential environmental impacts in their local area. These valid concerns must be recognised and addressed by any company wishing to retain the support of the community. In many cases, these concerns arise from knowledge about legacy mine sites with ongoing environmental issues, or even sites still in operation around the world that have a poor reputation for environmental management. Fortunately, the modern mining industry has a much fuller understanding of potential environmental impacts and mitigation measures.



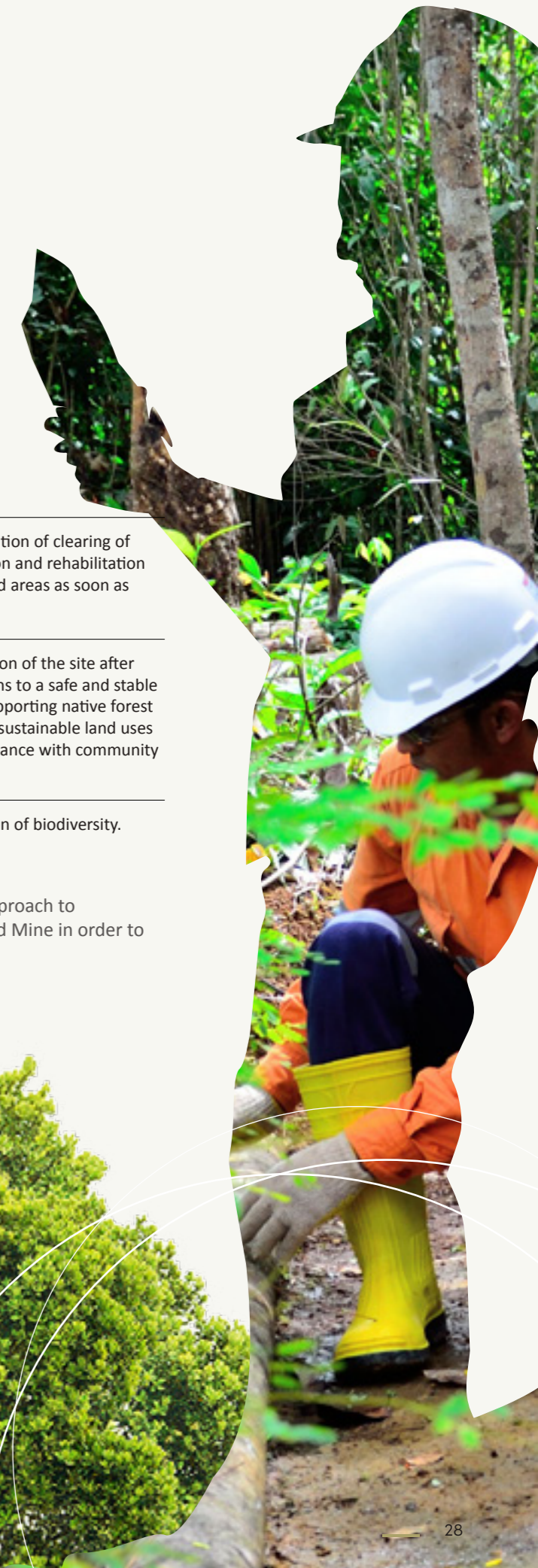


G-Resources is committed to minimising all environmental impacts through meticulous planning. We believe that successful management of a mining operation contributes to local infrastructure development and wealth creation, helping to achieve a sustainable future for local communities through reducing dependence on activities with high environmental impact, such as slash-and-burn agriculture.

### Our environmental management goals at the Martabe Gold Mine include:

- As a minimum, compliance with all applicable environmental legislation and operating permits.
- Minimisation of impacts on downstream waters.
- Safe storage of tailings and waste rock.
- Avoidance of chemical spills.
- Minimisation of clearing of vegetation and rehabilitation of cleared areas as soon as possible.
- Restoration of the site after operations to a safe and stable state, supporting native forest or other sustainable land uses in accordance with community needs.
- Protection of biodiversity.

The following sections provide an overview of our approach to managing environmental aspects at the Martabe Gold Mine in order to achieve these goals.



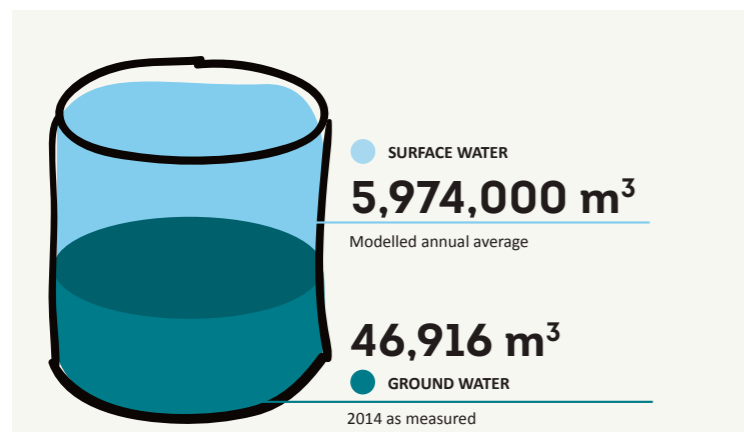


Water usage, water discharge and site water balance are universal management concerns for mining operations. Typically, several factors need to be accounted for in the planning stage:

- Surface mining usually exposes large areas of soil and disturbed rock. Rainfall on exposed areas mobilises silts and clays and sometimes metals and acidity. This runoff normally requires treatment before release from the mine site in order to minimise impact on the downstream environment.
- Almost all mineral processing plants require large amounts of water. This is especially true for metalliferous processing plants where separation and extraction processes produce rock slurry (water mixed with finely ground rock particles).
- Surface mines and associated infrastructure, such as dams, usually intercept water from upstream areas and interrupt existing waterways and catchments.
- Downstream waterways are often an important resource for local communities and are essential for fishing, irrigation, bathing and as a source for water domestic use.
- Downstream waterways may also have biodiversity value.

At the Martabe Gold Mine, all of these factors are important and great effort has been directed at minimising potential impacts to local water resources from mining operations.

### TOTAL WATER WITHDRAWAL BY SOURCE (2014)



*Some of the important elements in the site water management system.*



The first step in successful water management at a mine is a site water balance model. Such a model is an important tool for formulating water management strategies and making decisions about water management infrastructure across the site.

A site water balance model is a computer model formulated on the basis of the following data inputs:

- Historic rainfall records.
- The extent of natural rainfall catchments upstream of the site and within the mine footprint.
- The location and capacity of the various water retention and diversion structures planned for the site.
- The capacity of site pumping and water treatment systems once built.

The outputs of a site water balance model may include:

- The amount of fresh water required to meet processing requirements.
- The expected effects on downstream water supplies.
- The frequency at which structures might fill and overflow over the life of the mine.
- Amount of water that must be released from the site via water treatment facilities.

Development of the water balance model is usually an iterative process in which various engineering combinations (e.g. pumping rate and dam capacity) are tested in order to define workable engineering solutions.

Three rounds of water modelling have been completed for the Martabe Gold Mine. A preliminary water balance model was developed in the planning stage of the project. In 2012, this model was updated and improved by specialist internationally recognised consultants to create what is known as a 'probabilistic model' taking into account the natural variability of local rainfall. In 2014, this model was again refined using data from the mine site. The work completed in 2014 confirmed that the model constructed in 2012 was essentially sound and that design decisions made prior to the commencement of operations were appropriate, including, for example, the capacity of the water polishing plant (WPP) and associated pumping systems and water containment structures.

One key finding of the water modelling studies was that extracting water from nearby streams and rivers for use in the processing plant would not be necessary because rainfall inputs were estimated to provide sufficient water resources. In fact, the modelling predicted that the site would have a net positive water balance and that water would need to be discharged during operations. This important outcome is the subject of the next section.

## Environment

# Water Balance

*Candra Sakti and Maya Hasibuan (Monitoring Assistants) measuring stream flow.*



## Environment

# Operation of the Water Polishing Plant

Rainfall at the Martabe site averages approximately 4,500 mm per year, with a predicted range of 2,200 mm to 7,500 mm. Due to this high level of rainfall, the site has a net positive water balance, meaning that rainwater accumulates in the site's tailings storage facility (TSF) and associated water management structures during the rainy season. In order to maintain adequate freeboard at the TSF, excess water must be released into the nearby Batangtoru River.

The water is treated in a water polishing plant (WPP) prior to release to remove potential contaminants. Specifically, ferrous sulphate is used to remove metals, peroxide is used to destroy residual cyanide and flocculants are used to settle fine solids, which are pumped back into the TSF.

Discharge into the Batangtoru River is permitted under Indonesian law and the discharge of treated water is managed to meet water quality standards stipulated in the applicable Indonesian regulation (Ministerial

Decree No. 202/2014). The site implements a robust quality assurance program to ensure ongoing compliance with these requirements. The program includes water sampling at the WPP every two hours and on-site analysis at a commercial laboratory. Duplicate samples are also collected daily and sent to an off-site laboratory to ensure the accuracy of test results.

The Martabe Gold Mine has also engaged the University of North Sumatra (*Universitas Sumatera Utara*) to provide an independent assessment of the operation's environmental performance. A team from the university conducts a 'River Health' monitoring program in the streams and rivers surrounding the project. Downstream aquatic condition are surveyed four times per year under this monitoring program, which will continue for the life of the mine.

Given the public interest in the discharge of treated water into the Batangtoru River, the Governor of the Province of North Sumatra established by Gubernatorial Decree an independent monitoring team in 2013. The team assesses, under a completely independent water monitoring program, the site's compliance with discharge requirements. The team comprises representatives of local government, local communities and the University of North Sumatra. This team supervised sampling activities along the Batangtoru River every month throughout 2014 and independently verified compliance with the stipulations of the relevant discharge permit and Ministerial Decree No. 202/2014.

Over 10 million cubic meters of treated water was discharged into the Batangtoru River over 212 days in 2014. This level of discharge was in full compliance with Indonesian law and the stipulations of the site discharge permit and did not cause any environmental impact on downstream waters.



Clarifier at the Water Polishing Plant.

Water  
ManagementTailings  
ManagementWaste Rock  
ManagementSite  
RehabilitationBiodiversity  
Management

## Environment

# Tailings Management

The process of extracting gold and silver from the ore at the Martabe Gold Mine is identical to the process used at most gold mines. The ore is reduced to a fine slurry or mud by crushing and grinding the rock and adding water. Cyanide is then added to extract the metals from the fine rock particles. Once the gold and silver has been recovered, the slurry has no economic value and is referred to as 'tailings'.

The large majority of mining operations dispose of tailings in on-land containment structures known as tailings storage facilities (TSFs). A modern TSF typically comprises an engineered embankment that provides a safe and stable location for the permanent disposal of tailings. This is usually the best available option in terms of mitigating environmental risk.

*Tailings Storage Facilities provide a safe and stable location for the permanent disposal of tailings.*

## Tailings Storage Facility Design and Construction

The Martabe TSF is composed of an embankment in a valley and mine tailings are deposited in the area behind the embankment. The embankment is of conventional and proven design and has three main internal zones:

- A clay core to prevent seepage.
- A sand filter layer adjacent to the clay core to protect it against movement caused by earthquakes and long-term settlement.
- A large rock mass downstream of these layers to provide stability.

The embankment will be raised in height over the life of the mine to provide sufficient capacity for mine tailings. When construction is completed in 2021, the embankment will be one kilometre long from abutment to abutment and have a height of about 220m above the original ground surface level.

The long-term stability of the TSF structure

and the safety of its contents are of the highest importance. Measures taken to ensure this outcome include:

- The facility has been designed to industry leading standards by an internationally recognized engineering consultancy with specialist experience in TSF design.
- The company has engaged a separate consultancy to conduct an annual independent review of the construction and operation of the TSF.
- Dam stability is a key design objective and the Martabe TSF design complies with dam safety criteria specified by the International Committee on Large Dams (ICOLD). The TSF has been modelled using highly sophisticated software to ensure that it remains safe even in the event of the most extreme earthquake that could be expected at the location.

*Construction of the embankment at the Tailings Storage Facility.*



- The TSF design has been reviewed and certified by the Indonesian Dam Safety Committee and the Minister of Public Works.
- Operation of the TSF is in accordance with a permit issued by the Minister of Environment.
- The site permit requires regular monitoring and reporting of tailings discharge to government agencies.
- Great care is taken in the ongoing construction of the TSF embankment to ensure that the structure is built in accordance with engineering specifications. The ongoing quality assurance and quality control (QA/QC) program includes tests on construction materials (such as particle size distribution and moisture content) and tests on the materials after placement (such as compaction and hydraulic conductivity). Test results are signed by the supervising engineer and provide a permanent record of compliance with relevant engineering specifications.

**“THE LONG-TERM STABILITY OF THE TSF STRUCTURE AND THE SAFETY OF ITS CONTENTS ARE OF THE HIGHEST IMPORTANCE.”**



Environment

*The Tailings Storage Facility at the Martabe Gold Mine.*

## Tailings Storage Facility Operation and Closure

The Martabe Gold Mine TSF is operated in a way such that the risk of environmental impact is minimised:

- In order to minimise possible hazards resulting from cyanide being released into the TSF, prior to discharge from the process plant the tailings pass through a detoxification step to reduce cyanide content to very low levels.
- Furthermore, cyanide breaks down quickly in the open environment and this process takes place naturally in the TSF.
- As a safeguard against overfilling, the TSF is managed to always have spare capacity to accommodate an extreme storm event at any time. (In excess of a 1-in-100-year, 72-hour storm event or 468 mm of rainfall). The safety margin is enhanced by the ability to rapidly remove excess water by pumping it to the Water Polishing Plant.
- Tailings are discharged using a technique known as sub-aerial deposition. This entails discharging tailings in a cyclical pattern around the perimeter of the dam, thereby minimising the volume of solution held in the TSF pond and maintaining broad tailings beaches. This maximises the *in situ* density of the tailings mass and increases the strength of the stored tailings and the life of the storage facility.

Following cessation of operations, the TSF will be rehabilitated. The embankment itself will be reprofiled, covered with soil and then revegetated to create a forest association. The outer surface of the tailings beach will be treated in a similar fashion, while the lowest part of the beach at the centre of the dam will most likely be retained as a pond containing clean rainwater runoff.

- Water Management
- Tailings Management
- Waste Rock Management
- Site Rehabilitation
- Biodiversity Management



Environment

# Waste Rock Management

*Purnama Pit (foreground) and the Process Plant and Tailings Storage Facility.*

Not all the rock mined at the Martabe Gold Mine contains sufficient gold or silver to warrant processing and large quantities are disposed of as waste rock. Almost all of the waste rock generated over the life of the mine will be utilized for the construction of the tailings storage facility (TSF) embankment.

Successful management of waste rock from an open-cut mine requires a full understanding of its geochemical and physical characteristics. Decisions regarding the selective handling and placement of the waste rock in engineered structures are made based on these characteristics. Consultants completed two major studies in 2014 that will further assist us in determining an optimal life-of-mine waste rock management strategy:

- **Waste rock characterisation study.** Building on previous waste rock studies for the site, 273 waste rock samples were analysed according to a wide range of geochemical parameters. Analysis of this data allowed finalization of a waste rock classification system for the site. Ongoing classification of waste rock into five classes using this system will ensure the correct placement of rock in different zones within the TSF.
- **Waste rock oxidation study.** The movement of oxygen into and through the TSF embankment structure was simulated for a range of construction options using highly sophisticated computer modelling. This work has provided engineering specifications for sealing layers within the TSF structure that will enable the successful control of oxygen ingress.

Over the course of 2015, the site will continue implementing its waste rock management program. The coming year will see the finalization of a waste rock model for the mine and a corresponding waste rock schedule, which will indicate the types of waste rock that will leave the pit month-by-month over the life of the mine. This program will also produce a detailed waste rock management manual.

Given the highly technical nature of waste rock management and the importance of successful outcomes, a specialist mine waste consultant provides an independent review of our waste rock management program every three months.



*Nurapini and Augustina Hutapea (Rehabilitation Assistants) planting seedlings at the mine nursery.*

## Environment

# Site Rehabilitation

G-Resources is committed to returning areas disturbed by the project to a safe, stable and productive state following mining operations. Importantly, we are committed to progressive rehabilitation, whereby land is rehabilitated as it becomes available, rather than waiting for mine closure.

At the Martabe Gold Mine, the general long-term goal of the rehabilitation strategy is the creation of forest similar to that of nearby undisturbed areas. Rehabilitation techniques in tropical regions are well established and several mines in Indonesia have successfully returned many hundreds of hectares of mined area to tropical forest.

The general steps in the rehabilitation of disturbed areas at the Martabe Gold Mine are similar to those found at most other mines, namely:

- Reshaping the area to achieve a design slope.
- Spreading topsoil over the area.
- Installation of runoff control structures, such as contour drains.
- Application of fertilizer.
- Spreading of seed (usually a mixture of legumes).
- Hand-planting of tree seedlings.
- Ongoing maintenance (weeding and additional fertilizer applications).

Topsoil management is an important part of the site rehabilitation program. The placement of thin layers of topsoil over waste rock or subsoil typically results in dramatic improvements in species diversity and growth rates in rehabilitated areas. Topsoil is managed to ensure that it contains large amounts of seed and root stock as well as microorganisms essential for nutrient cycling. At the Martabe Mine, topsoil from cleared areas is carefully stored for later use in the rehabilitation program. At the close of 2014, the site held a total of 72,000 m<sup>3</sup> of topsoil in stockpiles.

At the close of 2014 a total of 9.6 hectares had been rehabilitated, including the planting of 3,883 seedlings. This is a relatively small area, as the larger areas of disturbance, such as the Purnama Pit and the TSF, are still in use and do not yet require rehabilitation.

A plant nursery has also been established to support the site rehabilitation program and the facility will provide an ongoing supply of native species. At end-December 2014, the nursery held 1,915 seedlings of 42 species.












**Environment**

# Biodiversity Management

Biodiversity can be defined as the variability among living organisms and the ecological complexes of which they are a part. The importance of protecting biodiversity is receiving increasing attention from the mining industry, the scientific community, financial institutions, government agencies, non-government organisations (NGOs) and the general public.

All mining operations that disturb natural vegetation associations are likely to have short-term negative impacts on biodiversity, at least until the site has been rehabilitated. The Martabe Gold Mine currently has a total area of disturbance of 380 ha and is partly located within a forest area. Although this area of disturbance is small compared to the total area of nearby forest, the successful management of impacts on biodiversity is an important outcome for our site.

**THE MAIN OPERATIONAL CONTROLS FOR MANAGING IMPACTS ON BIODIVERSITY AT THE MARTABE GOLD MINE ARE:**

-  Minimisation of the area of disturbance. Clearing of vegetation must be undertaken through the Land Access & Disturbance Request (LADR) process and be approved by senior management, including the Executive General Manager.
-  Restoration of habitat. Rehabilitation of disturbed areas to a tropical forest association similar to that of nearby undisturbed forest.
-  Minimisation of impacts on downstream waterways. This includes the construction of sediment control structures between areas of disturbance and local streams and rivers.
-  Feral animal control.
-  Reporting sightings of threatened fauna in the project area.
-  A ban on fauna collection and hunting on-site.
-  Off-site hazardous waste disposal by delivery to licensed waste management contractors.

Although these measures will significantly mitigate impacts on biodiversity, we are also working to identify new ways to protect biodiversity and in 2014 we explored a variety of biodiversity offset initiatives.

Biodiversity offsets are measures that protect or enhance biodiversity and are undertaken specifically to compensate for unavoidable biodiversity impacts associated with a project. These offsets are often located in a different location to the project.<sup>4</sup>

The Martabe Gold Mine Biodiversity Offset Program commenced in June 2014 with a workshop to review and rate biodiversity

offset options. Participants included site environmental staff, environmental consultants and fauna experts. Agreement was reached on a number of biodiversity offset projects. By the end of the year the following measures had been implemented:

- Establishment of a herbarium – a collection of preserved plants used for botanical research - for the Batangtoru Forest. This work is being done in collaboration with the Indonesian Institute of Sciences (*Lembaga Ilmu Pengetahuan Indonesia-LIPI*). Over 200 plant species have already been added to the herbarium and species collection will continue each year.

- Establishment of a protocol and tools for biodiversity measurement at and around the mine site. This initiative will ensure that biodiversity is measured to a high and consistent standard over the life of mine and beyond mine closure.

A third project to provide financial support for a conservation group or agency active in

the Batangtoru Forest is still in its early stages. Company representatives met several times with a number of conservation groups in late 2014 and we are still working to identify the best option for achieving this outcome. Our intention is to provide financial support for worthy local conservation programs over the life of the mine, commencing in early 2015.

<sup>4</sup>The development and application of biodiversity offset initiatives is documented in the BBOP Standard on Biodiversity Offsets, <http://bbop.forest-trends.org/>.

## OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS (2014)

Name of Area  
**MARTABE GOLD MINE**

Geographic Location  
**North Sumatra**

Subsurface and Underground Land  
**Nil**

Position in Relation to the Protected Area  
**Mine footprint about 4 km at closest point to Protected Forest**

Type of Operation  
**Mining**

Size of Operational Site  
**380ha**

**BIO DIVERSITY VALUE**

The majority of the landscape within the mining footprint before construction was forest, degraded forest, plantations, cleared land and tracks. Due to the close proximity of villages, townships and extensive plantation areas the area had experienced significant previous disturbance including the presence of numerous walking tracks used by workers to access rubber plantations.

Chapter Five

# PEOPLE

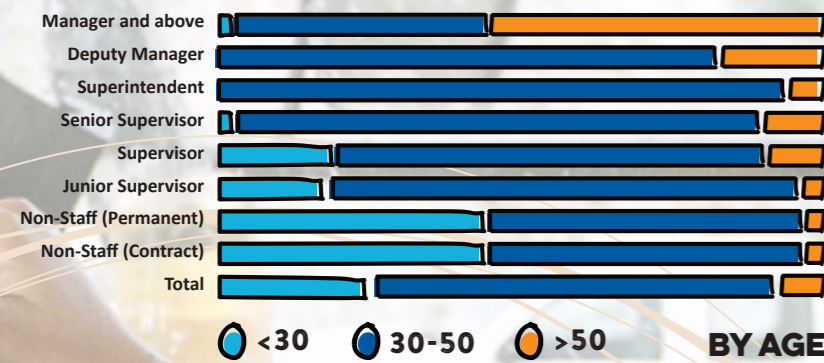
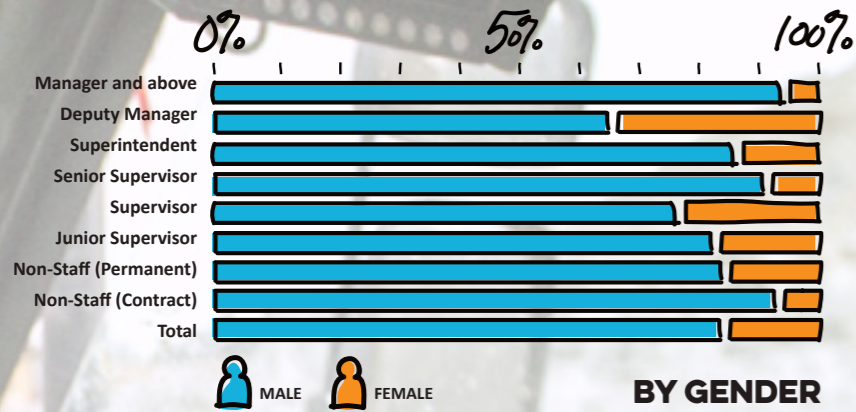


*Janjan Hertrijana (Senior Manager Resource Development) checking core logging in the exploration core shed.*

Successful operation of a modern mining operation is a complex undertaking requiring the contribution of many employees with a diverse range of experience, skills and education. Our employees are our greatest strength and the foundation of our ongoing success as a company.

## BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY

According to Gender, Age Group



Maisarah Nasution (Leighton Contractors) operating a truck hauling waste from Purnama Pit.

## People

# Employment

With the goal of building and maintaining a high quality workforce, G-Resources applies several key principles when filling vacant positions at the Martabe Gold Mine.

### These PRINCIPLES are summarized as follows:

Recruitment and promotion is always based on merit. When seeking to fill a role, we search for the best available person, within and outside the company, taking into account their potential for supporting the company's future growth. Every individual applying for a job is evaluated based on their qualifications, skills, experience, aptitude and track record. All senior staff openings at the Martabe Gold Mine are advertised in national media and every staff position has a detailed job description outlining the role's requirements.

We proactively support the employment of women in our workplace and implement an affirmative action policy with the goal that at least 30% of our employees will be female. At end-December 2014, we have achieved 15% female employment, with 364 female workers in our total site workforce.

Employee remuneration is determined according to position, performance and competencies alone. Remuneration packages available for males and females applying for the same roles are identical.

Remuneration packages for all employees are competitive by mining industry standards. In addition to wages or salaries, benefits include healthcare for employees and dependents, contributions to a provident fund, performance bonuses, bereavement assistance, child education assistance and death and permanent disability compensation.

## Local Employment

Since the beginning of the project, we have worked towards the goal of 70% local recruitment for all positions at the Martabe Gold Mine, including contractor positions. G-Resources endeavours to fill all vacant positions through the recruitment of local people. When required skills and experience are not available locally, we recruit at the national level and hire foreign specialists or senior managers only when those roles cannot be filled nationally. By employing local people whenever possible, we directly contribute to community development and enhance our social licence to operate.

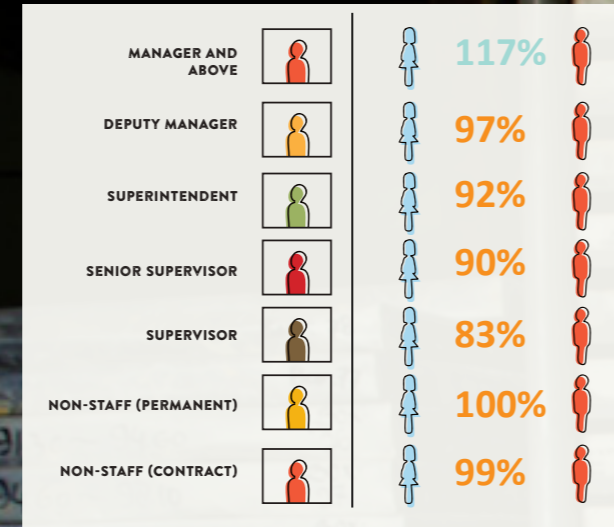
At the close of 2014, 68% of our total workforce comprised local people, including 1,184 workers from nearby villages and 466 workers residing in other areas of South Tapanuli District. This is a significant achievement considering that most of these people had no previous experience of working at a mine site.

## Rewarding Dedication and Excellence

G-Resources rewards employee performance in a number of ways, including annual salary reviews, a quarterly or annual bonus scheme (depending on position) and promotion to more senior roles when appropriate. We work to ensure that our reward practices are transparent and that performance assessments are based on measurable outcomes. Our annual performance review program is an example of this commitment. All of our employees participated in this review employees participated in this review process by December 2014. The process provided these employees with the opportunity to review achievement of personal targets for the year, receive constructive feedback and plan for 2015.

A particular highlight in 2014 was our Service Recognition Awards night. Awards were presented to more than 60 employees who had served the company with high levels of commitment and excellence, some for as long as 15 years.

## RATIO OF BASIC SALARY OF WOMEN TO MEN BY EMPLOYEE CATEGORY (2014)

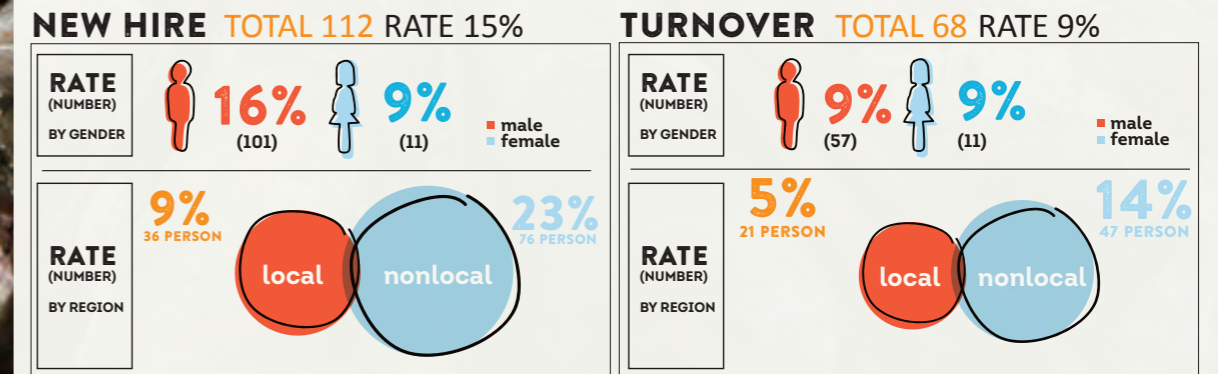


Salary and remuneration is calculated as average  
Expatriate employees are not included

Siti Khodijah (Geologist) inspecting rock samples in the Martabe Gold Mine core shed.

## TOTAL NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (2014)

by Gender, and Region



Rates are calculated using the total number of employees at the end of the year

# Training and Development

The majority of people working at the Martabe Gold Mine were recruited locally and had no prior experience of working in a mining or industrial environment. As such, employee training and development is critical to our success. We place great importance on developing the technical expertise and management skills of our employees in order to continuously build our capacity as a sustainable, high-performing company.

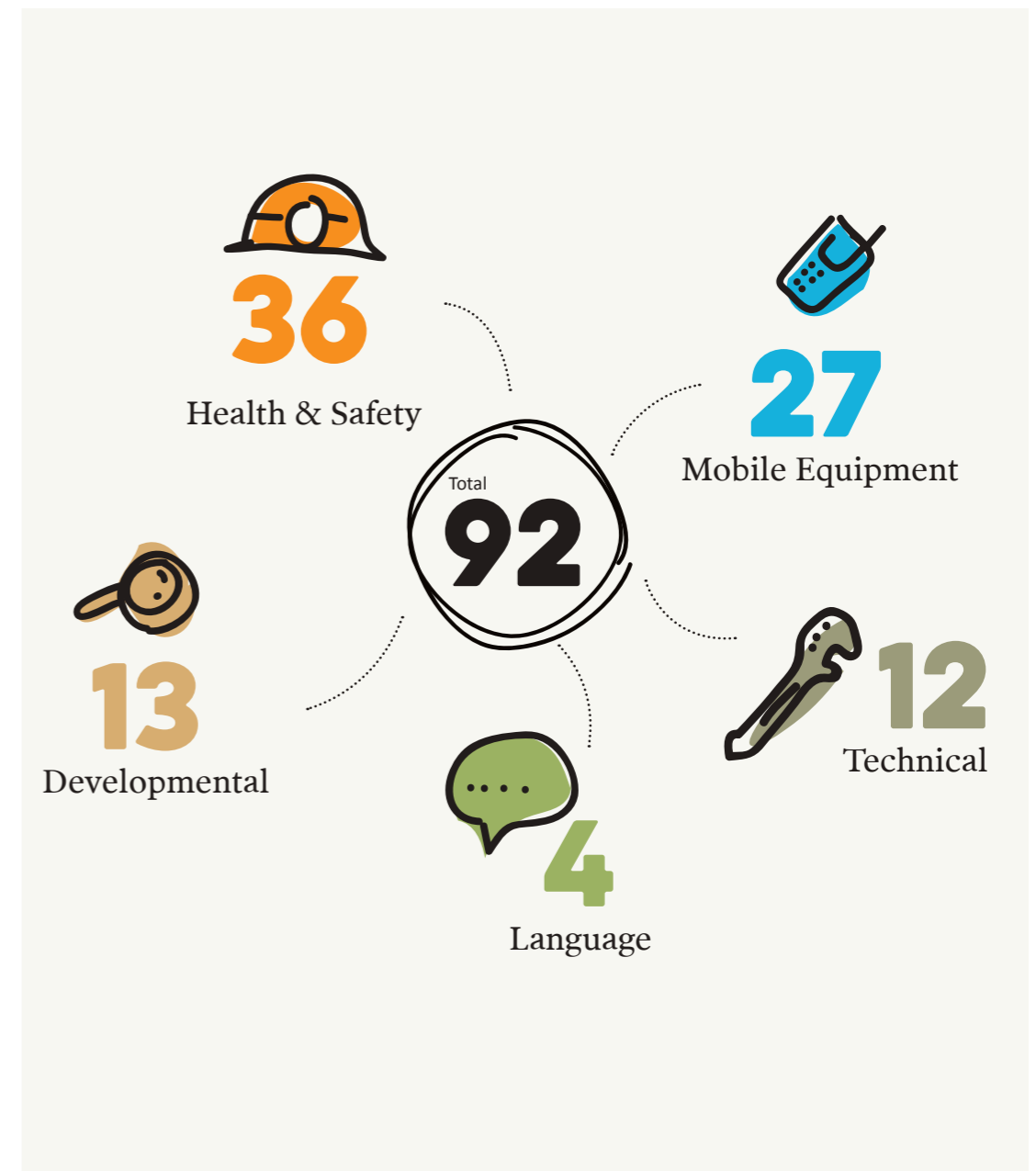
# 4

main groups of training courses are available to our employees and contractor employees addressing:



A total of 97 training courses were delivered on site in 2014 representing an average of 38 hours of training per employee. Thirty-nine of these courses were safety courses, highlighting the importance of safety to the company. A number of key safety courses are now mandatory for all operational workers. Our 'Basic Safety Training' program includes modules on work at height, work in confined spaces, basic permit to work and job safety environmental assessment (JSEA).

## TYPES AND NUMBER OF INTERNAL TRAINING COURSES DELIVERED (2014)



The total amount of funding for external training & education in 2014 was USD 158,454.

Saprianto (Plant operator) and Andre (Trainee operator) at the SAG mill.



**Our commitment to developing the capability of local employees in 2014 included providing a total 5,326 training hours to local employees, with the following outcomes:**

**39** employees from South Tapanuli obtained government licences to operate mobile equipment such as forklifts and loaders.

**76** employees from South Tapanuli attended English courses.

there were **128** enrolments for employees from South Tapanuli in developmental courses ranging from computer operation to facilitation skills.

Company trainers deliver most of our training on-site and most of the course materials were developed in-house to best meet our specific needs. Importantly, all training materials are available in both English and Indonesian. The 14 trainers of our Training and Development section deliver site-wide training courses, while specialist trainers are based in the operational departments. The company utilises a computer-based training management system to plan, schedule and report on training at the site.

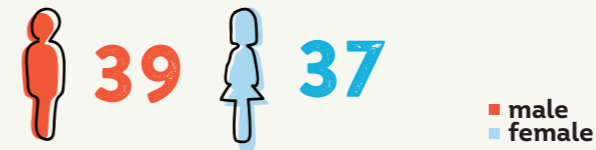
Employees have limited time for training and training must meet each employee's role and duties. To ensure compatibility, each department

must complete what is known as a Learning Needs Analysis (LNA) for each employee. The LNA is used to develop a personal annual training plan.

An important principle of our training program is that it be 'competency based'. This means that training outcomes for a course are carefully assessed and the participant is only recorded as competent if they have completed all elements of the training and successfully passed the assessment, which may include a written test as well as a demonstration of skills.

## AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER, AND BY EMPLOYEE CATEGORY (2014)

### BY GENDER



**AVERAGE TRAINING TIME IN 2014 (HOURS)**

A key training and development program for the site is the Nationalisation Development Program (NDP). The President of the Republic of Indonesia issued Presidential Regulation No. 72 in July 2014 regarding the education and training of national employees so that they may in time take over specialist and senior roles filled by expatriates.

PT Agincourt Resources (PTAR) is committed to implementing our NDP and anticipates filling an increasing number of senior roles with appropriately skilled and experienced national employees. We are pleased to report that Indonesian staff members filled eight leadership roles in 2014, namely a Deputy General Manager, four Deputy Managers, one Senior Manager, one Manager and one Accounting Controller.

Senior management of the Martabe Gold Mine understands that a highly skilled and capable workforce is critical to the future success of the company and training and development programs will continue to expand. To support and improve training delivery at the site, a new dedicated training centre incorporating classrooms and a large training arena is planned for completion by 2016.



## Safety

We have the goal of 'zero harm' for our employees and contractors and we endeavour to reduce the risk of accidents to the lowest possible level. In order to achieve this goal, the Martabe Gold Mine implements a safety management system that conforms to industry best practice and addresses our specific needs. One important consideration is that the majority of our workforce is local with no prior experience working in an industrial environment. Our safety management system was developed with the understanding that eliminating accidents requires attention to each workplace condition as well as worker competency and behaviour.

### Our key programs and controls to address occupational safety include:

#### GOLDEN RULES

01

The Martabe Gold Mine 'Golden Rules' are simple safety rules designed to protect workers from the most common causes of serious accidents in the mining industry. All people working at the Martabe Gold Mine receive training in the Golden Rules prior to commencing work. These rules are mandatory and form part of our Collective Labour Agreement.

#### TAKE 5

02

Take 5 is the simplest safety procedure in use at the Martabe Gold Mine. As the name suggests, a Take 5 takes around five minutes and is a simple checklist that every worker should complete before starting a job. It is designed to assist workers identify hazards and appropriate controls to ensure safety.

#### ASA PROGRAM

03

The Active Safety Agreement (ASA) program attempts to address unsafe behaviour by motivating workers to work safely. The approach requires managers to spend time in the workplace actively engaging in conversations with workers about their personal safety. During an ASA session, an auditor observes a person at work and then engages them in open conversation in which they are encouraged to identify risks and appropriate controls. Participation in this program is mandatory for the PT Agincourt Resources (PTAR) management team. A total of 686 ASAs were conducted during 2014.

#### SAFETY TRAINING

04

Approximately 1,600 of the Martabe Gold Mine's 2,400 employees are from the local area and almost all commenced employment with no previous experience working at a mining operation. Training is, therefore, a key component of our safety management system and the Martabe Gold Mine has a dedicated training section that delivers risk-based safety training covering diverse subjects such as site induction, light vehicle operation, working at heights, working in confined spaces and conducting risk assessments.

#### WORKPLACE INSPECTIONS

05

Sub-standard workplace conditions are often a contributing factor in accidents. This may include, for example, slip and trip hazards, faulty tools and equipment, inadequate lighting, poor storage of dangerous goods, exposure to high voltages and poorly stored materials. The Martabe Gold Mine implements an ongoing formal inspection program to monitor the condition of work areas using a standard checklist and a team-based approach. In 2014, a total of 96 workplace inspections were conducted across the site.

#### INCIDENT INVESTIGATION AND CORRECTIVE ACTIONS

06

Regardless of the controls that an organization implements to minimise the risk, incidents will occur from time to time. To minimise the risk of incident recurrence, it is important to determine the causes of the event and identify and implement appropriate corrective actions. At the Martabe Gold Mine, investigations and the management of corrective actions are supported by a computer-based incident management system. This system manages the initial recording of an incident, automatic notification to staff via email alerts, management of the incident investigation and agreed corrective actions and the reporting of accident statistics. During 2014, a total of 433 incidents and 'near misses' at the Martabe Gold Mine were managed using this system.

Eliminating the risk of accidents in an industrial working environment is very difficult even with controls like these in place. In 2014, the site experienced three significant injuries requiring time away from work (known as ‘lost-time injuries’). In March, an employee received a twisted ankle resulting from a miss-step on loose gravel. In June and December, employees of a contract drilling company sustained serious finger injuries. In both accidents, part of the employee’s finger was amputated at hospital. The company considers accidents of this nature to be highly significant. The causes of the accidents were carefully investigated and a range of corrective actions have been implemented to minimise the chance of recurrence. Contributing factors included the failure to follow procedure, inadequate training and poor maintenance practices.

Although these injuries were of great concern, in 2014 our on-site safety performance was nevertheless very good by industry standards. Safety performance is usually measured by the Lost Time Injury Frequency Rate (LTIFR) – a ratio of lost-time injuries to total man-hours worked. The Martabe Gold Mine’s LTIFR was just 0.45 per million man-hours in 2014. This is considered an outstanding result for a mining operation. By comparison, the LTIFR for all metalliferous mines in Australia in 2012/13 ranged from 1.8 (NSW) to 2.4 (Queensland).<sup>5</sup>

<sup>5</sup> Respectively: NSW Mine Safety Performance Report 2012 – 2013 and Queensland Mines and Quarries—Safety Performance and Health Report 2012–13

Types and Rates of Injury and Total Number of Work-Related Fatalities, by Gender (2014)

Gender	MTI	LTI	Fatalities	TRI
Male	12	3	0	15
Female	1	0	0	1
TOTAL	13	3	0	16

**LTIFR**  
(Per Million Man-hours)  
**0.45**

**TRIFR**  
(Per Million Man-hours)  
**2.42**

MTI = Medical Treatment Injury  
LTI = Lost Time Injury  
TRI = Total Recordable Injuries  
LTIFR = Lost Time Injury Frequency Rate  
TRIFR = Total Recordable Injury Frequency Rate

In addition to minimising the risk of industrial accidents, we are also working to minimise the risk of injury resulting from exposure to environmental hazards. Our occupational health program focuses on addressing the risk of health impacts resulting from exposure to excessive levels of noise, dust and metals. Industrial hygiene staff routinely monitor environmental hazards in the workplace as the starting point in developing engineering, procedural and personal protective equipment (PPE) controls on workplace exposures.



Mercury is a common industrial hygiene exposure risk in many gold smelting facilities, as mercury gas can be released during the metal smelting process. This risk was addressed at the Martabe Gold Mine by the construction of a collection and exhaust system in the gold room to collect potentially toxic fumes as well as procedural controls and the mandatory use of specialized gas masks for gold room workers. Although we are confident that the risk is being effectively managed, we have commissioned an independent audit of gold room industrial hygiene practices for early 2015.

Our interest in safety extends to the safety of employees and their families away from the site. For example, our Community Safe Riding Program aims to encourage the use of helmets among motorcyclists and we have issued free helmets to all our employees.

Although safety at the Martabe Gold Mine has shown very positive results, we continue to strive to improve safety at the site and will continue to develop our safety management system in future. We aim to establish a work culture that values the safety of employees as highly as any other business outcome.

Siddiq and Supianto (Emergency Response Team) in a spill response drill at the chemical storage yard.



# Health

The health of our employees and their dependents is a key concern to our company and we ensure that their needs are met in a number of ways:

- The Martabe Gold Mine has a fully equipped medical clinic continuously manned by a doctor and nurses. The clinic provides treatment for routine illnesses and minor injuries as well as the initial assessment and stabilization of more serious cases that may require treatment at a hospital. The clinic managed 4,921 visits throughout 2014.
- A helicopter is stationed at the site and is available for medical evacuations to hospitals at regional centres as required.
- We provide comprehensive annual medical assessments for all employees and also require new employees to undergo a medical assessment.
- The company provides employees and dependents with healthcare cover equivalent to commercial healthcare insurance.
- We release regular health advisories to our employees explaining key issues relating to common health issues in Indonesia. Thirteen advisories were released in 2014 covering issues such as HIV and dengue fever.

*Agus Subarnas (ISOS Paramedic) and Kahela Laoli (Exploration Worker) at Tor Ulu Ala Exploration Camp.*



Chapter Six

# COMMUNITY DEVELOPMENT

Community development is a process of increasing the strength and effectiveness of communities, improving people's quality of life and enabling people to participate in decision-making to achieve greater long-term control over their lives.<sup>6</sup>

<sup>6</sup>As defined by International Council on Mining & Metals (ICMM)



Reading garden (taman bacaan) at Batangtoru.



Bupati of South Tapanuli, H Syahrul M Pasaribu, assisting with the initial ground breaking for a bridge at Pulo Godang in September 2014. This 174 m long suspension bridge was fully funded by PTAR as part of its community development programme, and is used by local farmers to access their rice paddies.

Contributing to local community needs helps ensure that our most important stakeholders directly benefit from the development and operation of the Martabe Gold Mine and, as a consequence, support our 'social license to operate'.

The company's community development strategy promotes programs that meet immediate community needs and provide for sustainable benefits well after mine closure. Based on community consultations and our own experience, four main areas of assistance have emerged, namely education, community health, local business development and infrastructure. The company spent approximately USD 1.65 million supporting outcomes in these sectors in 2014. An overview of G-Resources' 2014 community development programs is presented in the following sections.



School children in front of a classroom built by G-Resources for an elementary school in Batangtoru.

## Education

Education is essential to sustainable community development and central to the aspirations of the local community for the future of their children and grandchildren. As such, improving access to education in local villages is an important part of G-Resources' community development program. Support may be summarized as follows:

- Construction of classrooms at an elementary school and a senior high school complete with furniture.
- Providing children with free access to books in the absence of local public library facilities. We have supported the establishment of children's reading libraries, known as *Taman Bacaan Anak*, in local villages. By the close of 2014, twelve libraries had been constructed, with another library planned for 2015. In addition to funding construction, we have provided thousands of books to these facilities. In 2014, the number of monthly visits to the libraries ranged from several hundred to over one thousand.
- To promote an interest in reading and to recognize community efforts in running local libraries, we organized the *Taman Bacaan Anak* Awards in November 2014. The 'Go to Reading' library in Aek Pining village received an award for the best-run library. G-Resources also donated 4,500 books to local libraries during the event.
- In order to encourage children's interest in learning, we provided a car for school visits that was later modified to function as a mobile library containing books and a laptop.
- Since 2010, the company has run a program named "G-Resources Goes to School" in which representatives explain the company's activities, including environmental and safety management, in presentations at local schools.

In 2014, community education assistance extended beyond schooling. For example, in December the company, in partnership with the National Narcotics Agency (*Badan Nasional Narkotika*), held a seminar targeting local youth organisations attended by 230 people. The purpose of the seminar was to socialize both the health risks and legal aspects associated with the use of narcotics. Also in December, the company sponsored a visit by 12 village heads to Yogyakarta in Java to attend training in good village governance, empowering village institutions and related legal issues.

## E-COACHING JAM

An innovative programme to connect students with mining professionals and increase their knowledge of the mining industry. Through an initiative called the "E-coaching Jam" the Martabe Gold Mine provided an opportunity for university students to engage in dialogue with professional staff from the Martabe Gold Mine and gain knowledge of mine management and information about the Martabe Gold Mine. This was done via email correspondence, teleconference and face-to-face sharing sessions. This programme was launched during the 9th Indonesian Students Mining Competition at the *Institut Teknologi Bandung* in February 2014, and was ongoing throughout the year, involving more than 500 students.

## BUILDING THE CAPACITY OF THE MEDIA

In June 2014, The Martabe Gold Mine facilitated a workshop aimed at enhancing the capability of local media to provide balanced and informed reporting on the mining industry. Some 32 senior journalists and editors from 21 leading media networks in North Sumatra participated in this workshop, titled "Good Mining Practice: Manage the Risks, Minimize the Environment Impact". This workshop provided participants with a better understanding of mining practice, especially safety and environmental management aspects.

# Community Health

Communities near the Martabe Gold Mine site have relatively limited access to healthcare services compared to more developed areas of Indonesia. As such, G-Resources has provided ongoing support for local healthcare programs even prior to the commencement of operations.

In early 2014, following a review of healthcare needs and programs in the area, our community development team enhanced its ongoing partnership with the South Tapanuli District health agency. These efforts guided the delivery of a number of programmes during the year. Developments are summarized as follows:

Ongoing support for a healthcare program for mothers and children. This included the provision of equipment, food supplements and training for village health volunteers to improve the health of mothers and children under the age of five years. Now in its sixth year, the program has directly benefited almost 4,000 people in 24 villages.

A healthcare program for the elderly. This program includes the distribution of supplementary food and milk, communication of health information and free blood testing for those with disease symptoms, e.g. diabetes.

In cooperation with the Indonesian Doctors Association (*Ikatan Dokter Indonesia – IDI*) and the Indonesian Public Health Specialist Association (*Ikatan Ahli Kesehatan Masyarakat Indonesia – IAKMI*) of South Tapanuli District, we implemented a handwashing campaign targeting 500 students in 18 local schools as an important preventive measure against the spread of disease.

In recognition of the important function of government health posts (known as *Posyandu*) in South Tapanuli District, we ran a program in support of these facilities in June 2014, including recognition awards, a quiz competition and a baby competition.

To promote healthcare services for teenagers, we trained 87 students from five high schools in Batangtoru to act as counsellors for the communication of health, nutrition and anti-narcotics information to their peers.

The company also donated a new ambulance for local use as well as 48 midwifery kits for midwives in 29 villages.

The company continued to support gym clubs for the elderly and an infant malnutrition recovery program.



## CATARACT SURGERY & SOCIALISATION

For the third year, in June 2014 G-Resources collaborated with the Bukit Barisan Military Command and humanitarian organizations A New Vision and Tilganga Eye Centre Nepal to provide free eye examinations and cataract surgery for underprivileged members of the community at the cities of Padangsidempuan and Medan. During this event, more than 1,150 patients received cataract operations. Success rate was 100%, with the youngest patient being an eight month old baby and the oldest patient reportedly being 108 years old.

Since 2011, G-Resources has delivered cataract operations to more than 3,500 people. The restoration of sight to a family member can have a dramatic benefit in relieving financial hardship, as both the person with restored sight and their family carer are able to return to contributing to household needs.

In addition to cataract operations, G-Resources assisted in the delivery of socialization and training on cataracts and eye health care to healthcare staff and the community at towns and cities in North Sumatra. The “Cataract Information Week” included participation by 130 enthusiastic volunteers comprising staff and students from partner universities and institutions and received good support from local media.

*Tim Duffy (Executive General Manager) and Elsim Hutasoit (Document Control Assistant) helping with postoperative care at the cataract surgery event supported by G-Resources.*

Local farmer displaying a fish produced with assistance from the Company's aquaculture programme.



## Local Business Development

G-Resources has supported the development of local business enterprises since the construction phase of the project. We maintain a policy of preferential purchase of goods and services from local suppliers, if compatible with our requirements. This policy has resulted in a significant level of local procurement, with 13% of our total purchases of goods and services being spent on local suppliers in 2014.

Some 36 local companies provided services to the Martabe Gold Mine in 2014 ranging from vehicle and equipment maintenance, catering, construction work, waste disposal, ground maintenance and catering. This supported the direct employment of 66 local people in 2014.

In addition to supporting local businesses through direct purchase of goods and services, the company also implemented programs to support business establishment and development.

### This achieved:

Distribution of agricultural equipment and supplies to local rice farmers, including hand tractors, threshing machines, hand sprayers, seed and fertilizer.

Support for Women Farmers Groups (*Kelompok Wanita Tani*). These women farmers manage around 800 m<sup>2</sup> of land in three villages to produce a variety of vegetables for sale. An additional plot in a fourth village will be established in early 2015.

Aquaculture training for 30 local youths from two villages with partnership with the Fisheries Agency of South Tapanuli district.

Motivation training for 37 entrepreneurs from 15 villages.

Training for women from 23 villages in baking, cake decoration and home industries financial management.

# Infrastructure

Public infrastructure improvement has been an ongoing focus of our community development program, with benefits being available to a wide cross-section of the community. This has included improvements to water supplies, toilets and washing facilities, roads and bridges, school buildings and public facilities. These improvements have generally been implemented by village work groups (with materials provided by the Martabe Gold Mine) or by local contractors.

In 2014, we continued to contribute towards the improvement of local infrastructure, with a total contribution of USD 890,000.

## This included, among other initiatives:

- Eight clean water facilities built in seven villages and water wells built in five villages.
- 2.4 kilometres of road improvements in seven villages.
- Bridge renovations in two villages.
- Development of river erosion control structures at two villages adjacent to the Batangtoru River.
- Support for the construction of a 'Grand Mosque' at Muara Batangtoru and renovations to several existing mosques, including the construction of toilet and bathing facilities.
- Development of a local clinic (*Pusat Kesehatan Masyarakat/Puskesmas*) with an ambulance support.

### Number and Duration of Infrastructure Investments and Services Supported (2014)



TOTAL NUMBER OF PROJECTS

36 projects



TOTAL DURATION OF PROJECTS

1,891 days

Infrastructure projects included: Access Roads and Paths; Main Roads Improvement; Bridge Renovation/Development; Sanitation Facilities; Clean Water Supply; Houses of Worship; Local Clinic (Puskesmas) Development & Ambulance Support; and Gabion Development.



Opening Ceremony for classrooms provided for a senior high school in Batangtoru by G-Resources.

# Support for Cultural and Social Events



Local Children learning traditional dancing with support from G-Resources.

The Governor of North Sumatra, Gatot Pujo Nugroho, and his wife, Sutiya Handayani, at the Martabe Gold Mine display at the North Sumatra Annual Fair in 2014. With them from PT Agincourt are Linda Siahaan (Deputy President Director), Katarina Hardono (Senior Manager Corporate Communications) and Washington Tambunan (Director).



G-Resources understands that the local culture surrounding the Martabe Gold Mine is unique and essential to the sense of identity, social stability and quality of life enjoyed by local communities. Our support for the preservation and promotion of local culture was expressed in a number of ways in 2014.

In November 2014, we supported for the second consecutive year the Tapanuli Selatan Cultural Festival, held in Batangtoru. This event aims to promote local Batak cultural values, especially among the young generation. The festival was opened by the Bupati of South Tapanuli, local government members and customary leaders and was supported by 28 arts groups. Participants from across the district performed modern and traditional dances, drama

and music and various traditional handicrafts were on display. The total number of visitors during the two-day event was estimated at 6,000 people.

G-Resources also provided sponsorship for activities organized by various stakeholder groups throughout the year. Most of these related to community visits, religious and sports events.



## APPENDICES

*Local farmer using a suspension bridge at Muara Batangtoru constructed by PTAR as a community development project.*

### APPENDIX 1

#### OUR PROCESS FOR DEFINING REPORT CONTENT, SCOPE AND BOUNDARIES

To determine the scope, content and boundaries of this report, G-Resources has focused on identifying topics that are most material to stakeholders. It is important that our sustainability reporting addresses our stakeholder's concerns and interests in this regard. To this end, a multi-staged approach was applied in our materiality assessment process.

We began by internally identifying and listing matters that reflect our significant economic, environmental and social impacts and matters identified as being of particular interest to our stakeholders. Our objectives of making this report and its targeted audience was also carefully taken into consideration during this stage.

Having obtained a preliminary list of material topics, the second stage was primarily a validation process involving external consultants. These consultants were asked to review our list of material topics against our existing records of stakeholder concerns, inputs and grievances. Another objective of the review was to compare with issues common to similar sectors at the global level, so as to ensure that sector-specific issues and societal expectations are taken into account. Our consultants have used the "Sustainability Topics for Sectors: What Do Stakeholders Want to Know?" guide produced by GRI Research and Development for this purpose. The key outcome was a clustering and categorization of material topics to be considered by G-Resources management.

At the third and final stage, these material topics were presented to Peter Albert, our CEO, and Tim Duffy, Executive General Manager at our Martabe site. Each topic was then prioritized by ranking them as "high", "medium" or "low" both from the perspective of stakeholders and from the perspective of our business. From this process, the most material topics were identified as economic impacts, local business development, tailings management, water pollution management, biodiversity, rehabilitation, local employment, community development programs, occupational health and safety, training and development and community support. An internal workshop was then carried out to identify the related G4 Aspect and its indicators. A total of 42 indicators from GRI's Specific Standard Disclosures were identified as relevant and selected for collection. Meanwhile, General Standard Disclosures were selected to meet the "in accordance - core" option of GRI-G4 Guidelines.

Setting the boundaries of this report was a straightforward process, considering that G-Resources is a holding company with the Martabe Gold Mine as its sole mining operation. Consequently, all aspects of operational sustainability contained in this report apply to the activities of PT Agincourt Resources and the Martabe Gold Mine.

Although we are confident that all the report topics are of relevance and interest to stakeholders, for future reports we plan to increase stakeholder inclusiveness and involvement in the reporting process by actively surveying stakeholders on material topics to be reported.

## MATERIAL ASPECTS AND BOUNDARIES

MATERIAL TOPICS	G4 CATEGORY	RELATED G4 ASPECTS	BOUNDARIES
Economic Impacts (National and Local)	Economic	Economic Performance Indirect Economic Impact	G-Resources
Local Business Development	Economic	Procurement Practice Local Community	PT Agincourt Resources
Tailings Management	Environmental	Water Effluents and Waste Overall	PT Agincourt Resources
Water Pollution Management	Environmental	Water Effluents and Waste Overall	PT Agincourt Resources
Biodiversity Management	Environmental	Biodiversity	PT Agincourt Resources
Rehabilitation	Environmental	Biodiversity	PT Agincourt Resources
Local employment	Social	Employment Diversity and Equal Opportunity Market Presence	PT Agincourt Resources Contractors
Community Development Programs	Social	Local Community Indirect Economic Impact	PT Agincourt Resources
	Social	Occupational Health and Safety	PT Agincourt Resources Contractors
Training and Development	Social	Training and Education	PT Agincourt Resources
Community Support	Social	Local Community	PT Agincourt Resources

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
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### CATEGORY: ECONOMIC

#### ASPECT: ECONOMIC PERFORMANCE

##### EC1

#### Direct Economic Value Generated and Distributed\*

<b>Total Economic Value Generated – Revenues (A)</b>	USD '000	<b>387,577</b>
<b>Total Economic Value Distributed (B)</b>	USD '000	<b>323,110</b>
<b>Total Operating Costs</b>	USD '000	<b>268,137</b>
<b>Wages and Benefits to Employees and Directors</b>	USD '000	<b>25,261</b>
<b>Community Investments</b>	USD '000	<b>1,652</b>
<b>Total Payments to Government</b>	USD '000	<b>28,060</b>
<i>Royalties Expense</i>	USD '000	<i>2,111</i>
<i>Other Taxes</i>	USD '000	<i>4,313</i>
<i>Tax Expenses</i>	USD '000	<i>21,636</i>
<b>Total Economic Value Retained (A – B)</b>	USD '000	<b>64,467</b>

#### NOTES:

- \*G-Resources.
- As per GRI Guidelines, Economic Value Retained = Economic Value Generated - Economic Value Distributed.
- Amounts include revenues and costs determined on an accruals basis, consistent with the Group's audit financial statements.
- Operating costs related to expense recognised in the financial statements. They exclude employee wages and benefits, payments to governments and community investments.
- No dividends were paid by G-Resources in 2014.
- Dividends in the amount of USD 250,000 were paid to PTAR's non-controlling shareholders in 2014

##### EC2

#### Financial Implications and Other Risks and Opportunities for Organisation's Activities Due to Climate Change

No significant impacts, other risks and opportunities identified for PTAR's activities due to climate change.

#### ASPECT: MARKET PRESENCE

##### EC5

#### Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage

Male	Ratio	1
Female	Ratio	1

##### EC6

#### Proportion of Senior Management Hired from the Local Community

Percentage Local	%	5
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#### NOTES:

- Senior Management is defined as superintendent and above.
- Local is defined as residing in North Sumatra.

#### ASPECT: INDIRECT ECONOMIC IMPACT

##### EC7

#### Development and Impact of Infrastructure Investments and Services Supported

<b>Total Infrastructure Development Costs</b>	USD '000	<b>890</b>
<b>Total Number of Projects</b>	Number	<b>36</b>
<b>Total Duration of Projects</b>	Days	<b>1,891</b>

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
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## NOTES:

- Converted from IDR, with USD 1 = IDR 12,821.

## ASPECT: PROCUREMENT PRACTICE

## EC9

## Proportion of Spending on Local Suppliers

	Unit	Value
Local	%	13
Domestic	%	68
International	%	19

## NOTES:

- Local is defined as originating from South Tapanuli.
- Domestic is defined as originating from Indonesia, other than South Tapanuli.

## CATEGORY: ENVIRONMENTAL

## ASPECT: MATERIALS

## EN1

## Materials Used by Weight or Volume

Raw Materials		
Milled Ore (Dry)	tonne	3,867,000
Other		
Process Reagents	tonne	17,452
Grinding Media	tonne	7,774
Oils and Lubricants	tonne	28
Other Chemicals	tonne	43

## NOTES:

- All materials are non-renewable.

## EN2

## Percentage of Materials Used that are Recycled Input Materials

	Unit	Value
Total Recycled Input Materials Used	%	0

## NOTES:

- No recycled materials used.

## ASPECT: WATER

## EN8

## Total Water Withdrawal by Source

	Unit	Value
Surface Water	m <sup>3</sup>	5,974,000
Ground Water	m <sup>3</sup>	46,916

## NOTES:

- These are average water withdrawals as determined by site water balance modelling.

## EN9

## Water Sources Significantly Affected by Withdrawal of Water

	Unit	Value
Aek Pahu	m <sup>3</sup> /h	682

## NOTES:

- This is the average reduction of flow as determined by site water balance modelling.
- Flow in Aek Pahu stream (downstream of the BSD) has been reduced due to interception of catchment by site water management structures. Modelling indicates on average flow is reduced by 682 m<sup>3</sup>/h. However, environmental

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
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monitoring shows no impact on biodiversity in the downstream waters.

## EN10

## Percentage and Total Volume of Water Recycled and Reused

	Unit	Value
Volume Water Recycled	m <sup>3</sup> /h	Up To 451
Percent Water Recycled	%	Up To 60
Volume Water Reused	m <sup>3</sup> /h	0
Percent Water Reused	%	0

## NOTES:

- These are the percentages and total volume of water recycled and reused as determined by site water balance modelling.

## ASPECT: BIODIVERSITY

## EN11

## Operational Sites Owned, Leased, Managed in, or Adjacent to Protected Areas and Areas of High Biodiversity Value Outside Protected Areas

	Unit	Value
Number of Sites	Count	1
Position in Relation to the Protected Area	km	4
Size of Operational Site (Footprint)	Ha	380

## NOTES:

- Site is the Martabe Gold Mine located in North Sumatra, Indonesia.
- Site has nil subsurface and underground land.
- Mine footprint approximately 4 km at closest point to Protected Forest.
- The majority of the landscape within the Mining footprint before construction was forest, degraded forest, plantation, cleared land and tracks. Due to the close proximity of villages, townships and extensive plantation areas the area had experienced significant previous disturbance including the presence of numerous walking tracks used by workers to access rubber plantations.

## EN13

## Habitats Protected or Restored

	Unit	Value
Number of Habitats in Protected Area	Count	0
Number of Habitats in Restored Area	Count	0

## NOTES:

- Areas that have been rehabilitated on-site are not yet fully restored.

## ASPECT: EFFLUENTS &amp; WASTE

## EN22

## Water Discharge

	Unit	Value
Total Water Discharge	m <sup>3</sup>	10,125,971
Clean Water Discharge from Water Polishing Plant (WPP)	m <sup>3</sup>	10,111,874
Domestic Discharge	m <sup>3</sup>	14,097

## NOTES:

- Clean Water is treated in the Water Polishing Plant, compliant with KEPMEN LH 202/2004, then discharged into the Batangtoru River.
- Domestic Water is treated in the Camp Sewage Plant, compliant with KEPMEN LH 112/2004, then discharged into a minor stream.

## EN23

## Total Weight of Waste by Type and Disposal Method

Hazardous Waste		
Reuse	tonne	0

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
Recycling	tonne	0
Composting	tonne	0
Recovery	tonne	602
Incineration	tonne	11
Deep Well injection	tonne	0
Landfill	tonne	0
On-site storage	tonne	0
<b>Non Hazardous Waste</b>		
Reuse	tonne	0
Recycling	tonne	0
Composting	tonne	35
Recovery	tonne	0
Incineration	tonne	278
Deep Well injection	tonne	0
Landfill	m <sup>3</sup>	6,816
On-site storage	tonne	0

## EN24

## Total Number and Volume of Significant Spills

Total Number of Spills		Number	3
Total Volume of Spills		litre	46
<b>Oil:</b>	Soil	litre	41
	Water	litre	5
<b>Fuel:</b>	Soil	litre	0
	Water	litre	0
<b>Waste:</b>	Soil	litre	0
	Water	litre	0
<b>Chemical:</b>	Soil	litre	0
	Water	litre	0
<b>Other:</b>	Soil	litre	0
	Water	litre	0

## NOTES:

- All reported spills are regarded as significant.
- All reported spills occurred at the Martabe Site.
- No significant impacts resulted from spills that occurred and all spills were fully cleaned up.

## EN25

## Weight of Transported, Imported, Exported, or Treated Waste Deemed Hazardous

Transported	tonne	319
Imported	tonne	0
Exported	tonne	0
Treated	tonne	0
Shipped Internationally	%	0

## EN26

## Identity, Size, Protected Status, and Biodiversity Value of Water Bodies and Related Habitats Significantly Affected by the Organization's Discharges of Water and Runoff

Water Body and Related Habitats	Number	0
Size	-	-
Protected Status	-	-

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
Biodiversity Value	-	-
<b>ASPECT: OVERALL</b>		
<b>EN31</b>		
<b>Total Environmental Protection Expenditures and Investments by Type</b>		
<b>Waste Disposal, Emission Treatment, and Remediation</b>	USD '000	<b>2,109</b>
Treatment of Water	USD '000	1,765
Hazardous Waste Management	USD '000	147
Non Hazardous Waste Management	USD '000	150
Rehabilitation	USD '000	47
<b>Prevention and Environmental Management</b>	USD '000	<b>1,482</b>
Environmental Monitoring	USD '000	399
Training	USD '000	4
Research and Development	USD '000	405
Reclamation Guarantee	USD '000	197
Other Actual Environmental Management	USD '000	476

## NOTES:

- Converted from IDR, with USD 1 = IDR 12,821

## ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS

## EN34

## Grievances about Environmental Impacts Managed through Formal Grievance Mechanisms

Total Grievances Filed in 2014	Number	7
Total Grievances Addressed in 2014	Number	7
Percentage of Grievances Addressed in 2014	%	100
Total Grievances Resolved in 2014	Number	7
Percentage of Grievances Resolved in 2014	%	100

## NOTES:

- No environmental grievances were carried over from 2013 to 2014.

## CATEGORY: SOCIAL - LABOR PRACTICES &amp; DECENT WORK

## ASPECT: EMPLOYMENT

## LA1

## Total Number and Rates of New Employee Hires and Employee Turnover by Age Group and Gender

<b>Total New Hires</b>	Number	<b>112</b>
Male	Number	101
Female	Number	11
Age <30	Number	25
Age 30-50	Number	80
Age > 50	Number	7
Local	Number	36
Non-Local	Number	76
<b>Hiring Rate</b>	%	<b>15</b>
Male	%	16
Female	%	9
Age <30	%	12
Age 30-50	%	16
Age > 50	%	14
Local	%	9
Non-Local	%	23
<b>Total Turnover</b>	Number	<b>68</b>

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
Male	Number	57
Female	Number	11
Age <30	Number	16
Age 30-50	Number	37
Age > 50	Number	15
Local	Number	21
Non-Local	Number	47
<b>Turnover Rate</b>	%	<b>9</b>
Male	%	9
Female	%	9
Age <30	%	8
Age 30-50	%	7
Age > 50	%	31
Local	%	5
Non-Local	%	14

## NOTES:

- Rates are calculated using the total number of employees in the given category at the end of the year.

## LA2

## Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees

Count	Number	0

## NOTES:

- PTAR does not have Part-Time Employees.
- Benefits provided to Full-Time Employees include: Life Insurance; Health Care; Disability & Invalidity Coverage; Parental Leave (Maternity Leave); Retirement Provision.
- Stock Ownership is not provided.

## LA3

## Return to Work and Retention Rates After Parental Leave

Entitled to Parental Leave	Number	123
Parental Leave Taken	Number	5
Return to Work After Parental Leave	Number	5
Return to Work After Parental Leave Ended who Were Still Employed Twelve Months After Their Return to Work	Number	5
Retention Rates After Parental Leave	%	100

## NOTES:

- Only female employees are entitled to Parental Leaves, which is termed Maternity Leave.

## ASPECT: OCCUPATIONAL HEALTH &amp; SAFETY

## LA5

## Workforce Represented in Formal Joint Management–Worker Health and Safety Committees

Number of Workforce Represented	Number	515
Percentage of Total Workforce Represented	%	69

## NOTES:

- Numbers correspond to PTAR employees from departments that have H&S Committees.
- Percentage is the ratio between number of employees represented and the total PTAR employees.

## LA6

## Type of Injury and Rates of Injury, Lost Days, and Total Number of Work-Related Fatalities, by Gender

<b>Total Fatalities</b>	Number	<b>0</b>
Male	Number	0

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
Female	Number	0
<b>Total Lost Time Injuries (LTI)</b>	Number	<b>3</b>
Male	Number	3
Female	Number	0
<b>Total Medical Treatment Injuries (MTI)</b>	Number	<b>13</b>
Male	Number	12
Female	Number	1
<b>Total Recordable Injuries (TRI)</b>	Number	<b>16</b>
Male	Number	15
Female	Number	1
<b>Lost Time Injury Frequency Rate (LTIFR)</b>	Per Million Man-Hours	<b>0.45</b>
<b>Total Recordable Injury Frequency Rate (TRIFR)</b>	Per Million Man-Hours	<b>2.42</b>
<b>Rates of Absenteeism</b>		
<b>Total Absentee Rate</b>	%	<b>0.39</b>
Male	%	0.40
Female	%	0.34

## NOTES:

- Injury data applies for the total workforce (including contractors).
- Absentee rate applies only for PTAR employees.

## LA7

## Workers with High Incidence or High Risk of Diseases Related to Their Occupation

No high incidence or high risk of occupational diseases.

## LA8

## Health and Safety Topics Covered in Formal Agreements with Trade Unions

A Collective Labour Agreement is in place between PTAR and the Trade Union within the Organization, which includes relevant health and safety articles.

## ASPECT: TRAINING &amp; EDUCATION

## LA9

## Average Hours of Training per Year per Employee

Average Training Time by Gender		
Male	hours	39
Female	hours	37
Average Training Time by Employee Category		
Manager	hours	19
Advisor	hours	25
Superintendent	hours	22
Senior Supervisor	hours	27
Supervisor	hours	44
Junior Supervisor	hours	40
Permanent Non-Staff	hours	44
Contract Staff	hours	38
Contract Non-Staff	hours	30

## NOTES:

- Data is for PTAR Workforce

## LA10

## Programs for Skills Management and Lifelong Learning that Support the Continued Employability of

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
<b>Employees and Assist Them in Managing Career Endings</b>		
<b>Total Types of Internal Training Delivered</b>	Number	<b>92</b>
Health & Safety	Number	36
Mobile Equipment	Number	27
Technical	Number	12
Developmental	Number	13
Language	Number	4

## NOTES:

- The total amount of funding for external training & education in 2014 was USD 158,454.

## LA11

## Percentage of Employees Receiving Regular Performance and Career Development Reviews, by Gender and Employee Category

Gender		
Male	%	100
Female	%	100
Employee Category		
Manager and above	%	100
Deputy Manager	%	100
Superintendent	%	100
Senior Supervisor	%	100
Supervisor	%	100
Junior Supervisor	%	100
Non-Staff (Permanent)	%	100
Non-Staff (Contract)	%	100

## NOTES:

- Expatriate employees (32 people) are not included.

## ASPECT: DIVERSITY &amp; EQUAL OPPORTUNITY

## LA12

## Percentage of Individuals within Governance Bodies, by Gender and Age Group

Total Percentage		
Male	%	85
Female	%	15
Age <30	%	0
Age 30-50	%	46
Age >50	%	54
Board of Directors		
Total Percentage		
Male	%	89
Female	%	11
Age <30	%	0
Age 30-50	%	44
Age >50	%	56
Executive Directors		
Male	%	100
Female	%	0
Age <30	%	0
Age 30-50	%	50
Age >50	%	50
Independent Non-Executive Directors		
Male	%	67

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
Female	%	33
Age <30	%	0
Age 30-50	%	33
Age >50	%	67
Executive Management		
Male	%	75
Female	%	25
Age <30	%	0
Age 30-50	%	50
Age >50	%	50

## Percentage of Employees per Employee Category, by Gender and Age Group

Total Percentage		
Male	%	84
Female	%	16
Age <30	%	27
Age 30-50	%	66
Age >50	%	7
Manager and above		
Male	%	94
Female	%	6
Age <30	%	3
Age 30-50	%	42
Age >50	%	55
Deputy Manager		
Male	%	67
Female	%	33
Age <30	%	0
Age 30-50	%	83
Age >50	%	17
Superintendent		
Male	%	88
Female	%	12
Age <30	%	0
Age 30-50	%	95
Age >50	%	5
Senior Supervisor		
Male	%	90
Female	%	10
Age <30	%	3
Age 30-50	%	87
Age >50	%	10
Supervisor		
Male	%	78
Female	%	22
Age <30	%	20
Age 30-50	%	72
Age >50	%	8
Junior Supervisor		
Male	%	81
Female	%	19
Age <30	%	19
Age 30-50	%	78
Age >50	%	3
Non-Staff (Permanent)		
Male	%	82
Female	%	18
Age <30	%	45

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
Age 30-50	%	53
Age >50	%	2
<b>Non-Staff (Contract)</b>		
Male	%	92
Female	%	8
Age <30	%	45
Age 30-50	%	53
Age >50	%	2

## ASPECT: EQUAL REMUNERATION FOR WOMEN &amp; MEN

## LA13

## Ratio of Remuneration of Women to Men by Employee Category

Employee Category	Unit	Value
Manager and above	%	177
Deputy Manager	%	97
Superintendent	%	92
Senior Supervisor	%	90
Supervisor	%	83
Non-Staff (Permanent)	%	100
Non-Staff (Contract)	%	99

## NOTES:

- Salary and remuneration is calculated as average.
- Expatriate employee salaries are not included in the data.

## CATEGORY: SOCIAL - SOCIETY

## ASPECT: LOCAL COMMUNITIES

## SO1

## Implemented Local Community Programs

Program	Unit	Value
Total Number of Operations	Number	1
Operations with Implemented Community Programs	Number	1
Percentage	%	100

## NOTES:

- This indicator is explained in the narrative of the report.

## SO2

## Operations with Significant Actual and Potential Negative Impacts on Local Communities

## NOTES:

- This indicator is explained in the narrative of the report.

## ASPECT: ANTI CORRUPTION

## SO4

## Communication and Training on Anti-Corruption Policies and Procedures

Category	Unit	Value
Employees that have signed the Code of Ethics and Business Conduct.	%	94
Suppliers that have signed the Supplier / Service Providers Code of Conduct.	%	100

## NOTES:

- Anti-corruption policies and procedures are described in the company's Code of Ethics and Business Conduct.
- Clauses related to anti-corruption are included within the General Terms and Conditions for Suppliers

## ASPECT: GRIEVANCES MECHANISM FOR IMPACTS ON SOCIETY

## SO11

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	Value
<b>Grievances About Impact on Society Managed Through Formal Grievance Mechanisms</b>		
Total Grievances Filed in 2014	Number	2
Total Grievances Addressed in 2014	Number	2
Percentage of Grievances Addressed in 2014	%	100
Total Grievances Resolved in 2014	Number	2
Percentage of Grievances Resolved in 2014	%	100

NOTES: No grievances were carried over from 2013 to 2014.

## CATEGORY: MINING &amp; METALS SECTOR

## ASPECT: BIODIVERSITY

## MM1

## Land Disturbed and Rehabilitated

Category	Unit	Value
<b>Total Land Disturbed and Not Yet Rehabilitated at the beginning of 2014</b>	ha	<b>368.2</b>
Area Disturbed in 2014	ha	14.9
Area Rehabilitated in 2014	ha	3.3
<b>Total Land Disturbed and Not Yet Rehabilitated at the end of 2014</b>	ha	<b>379.7</b>

## MM2

## Sites Requiring Biodiversity Management Plans

G-Resources has one site and that site has a Biodiversity Management Plan.

## ASPECT: EFFLUENTS &amp; WASTE

## MM3

## Total Amounts of Overburden, Rock, Tailings, and Sludges

Category	Unit	Value
Overburden	tonne	7,412,253
Tailing	tonne	3,867,188
Sludges	tonne	0

## NOTES:

- Amounts of tailings are assumed as the weight of dry tonnes milled less the weight of precious metals extracted.

## ASPECT: LOCAL COMMUNITIES

## MM6

## Significant Disputes Relating to Land Use, Customary Rights of Local Communities and Indigenous People

There were no significant disputes related to land use, customary rights and indigenous peoples in 2014.

## MM7

## Extent to Which Grievance Mechanisms Were Used to Resolve Disputes Relating to Land Use, Customary Rights of Local Communities and Indigenous People

There were no significant disputes related to land use, customary rights and indigenous peoples in 2014.

## ASPECT: CLOSURE PLANNING

## MM10

## Operations with Closure Plans

G-Resources has one operation, which has a Closure Plan in place.

The total Mine Closure Guarantee is USD 23,456,541.

There were no Mine Closure Guarantees deposited this year.

## APPENDIX 3: GRI-G4 Index Tables

GENERAL STANDARD DISCLOSURE			
ASPECT	INDICATOR	DESCRIPTION	PAGE(S)
Strategy and Analysis	G4-1	Strategy and Analysis	3
	G4-2	Description of key impacts, risks, and opportunities	3
	G4-3	Name of organization	5
	G4-4	Primary brands, products, and services	5
	G4-5	Location of the organization's headquarters	5
	G4-6	Areas of operation	6
	G4-7	Nature of ownership and legal form	5
	G4-8	Market served (geographic, sector, types of customers, and beneficiaries)	5
	G4-9	Scale of organization	5
	G4-10	Number and composition of employee	5
	G4-11	Employee covered by collective bargaining agreements	85
	G4-12	Organization's supply chain	9-10
	G4-13	Significant changes in organization	-
	G4-14	Precautionary approach or principle	11
	G4-15	Externally developed economic, environmental, and social charters and principles	-
	G4-16	Memberships of associations	-
	G4-17	List of entities included in the organization's consolidated financial statement	5, 76-77
	Material Aspects and Boundaries	G4-18	Process of defining the report content and boundaries

## APPENDIX 3: GRI-G4 Index Tables

GENERAL STANDARD DISCLOSURE				
ASPECT	INDICATOR	DESCRIPTION	PAGE(S)	
Stakeholder Engagement	G4-19	List of material aspects	76-77	
	G4-20	Aspect boundary within the organization	76-77	
	G4-21	Aspect boundary outside the organization	76-77	
	G4-22	Effects of restatements	-	
	G4-23	Significant changes from previous reporting period	-	
	G4-24	List of stakeholder groups	22	
	G4-25	Basis for identification and selection of stakeholders	22	
	G4-26	Approach to stakeholder engagement	22	
	G4-27	Key topics and concerns that have been raised through stakeholder engagement	24	
	G4-28	Reporting period (fiscal year/calendar year)	-	
	G4-29	Date of most recent previous report	-	
	G4-30	Reporting cycle (annual, biennial)	-	
	G4-31	Contact point for questions regarding the report and the contents	-	
	G4-32	GRI content index (core/comprehensive)	2, 90	
	G4-33	External assurance	-	
	G4-34	Governance structure	12	
	Ethics and Integrity	G4-56	Organization's value, principles, standards, codes of conducts, code of ethics	3



## APPENDIX 3: GRI-G4 Index Tables

SPECIFIC STANDARD DISCLOSURE			
ASPECT	INDICATOR	DESCRIPTION	PAGE(S)
Economic Performance	EC1	Direct economic value generated and distributed	7-8, 78
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	78
Market Presence	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	79
	EC6	Proportion of senior management hired from the local community at significant locations of operations	79
Indirect Economic Impacts	EC7	Development and impact of infrastructure investments and services supported	72, 79
Procurement Practices	EC9	Proportion of spending on local suppliers at significant locations of operation	10, 79
	EN1	Materials used by weight or volume	79
Materials	EN2	Percentage of materials used that are recycled input materials	80
	EN8	Total water withdrawal by source	29, 80
Water	EN9	Water sources significantly affected by withdrawal of water	80
	EN10	Percentage and total volume of water recycled and reused	80
Biodiversity	EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas of high biodiversity value outside protected areas	43-44, 80
	EN13	Habitats protected or restored	81
MM1	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	88-89
	MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans	89

## APPENDIX 3: GRI-G4 Index Tables

SPECIFIC STANDARD DISCLOSURE			
ASPECT	INDICATOR	DESCRIPTION	PAGE(S)
Effluents and Waste	EN22	Total water discharge by quality and destination	34, 81
	EN23	Total weight of waste by type and disposal method	81
	EN24	Total number and volume of significant spills	81
	EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	82
EN26	EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	82
	MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	89
Overall	EN31	Total environmental protection and expenditure and investment by type	82
Environmental Grievance Mechanisms	EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	23, 83
	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	50, 83
Employment	LA2	Benefits provided to full-time employee that are not provided to temporary or part-time employees, by significant locations of operation	84
	LA3	Return to work and retention rates after parental leave, by gender	84
Occupational Health and Safety	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	84
	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	84

## APPENDIX 3: GRI-G4 Index Tables

SPECIFIC STANDARD DISCLOSURE			
ASPECT	INDICATOR	DESCRIPTION	PAGE(S) NOTES
	LA6	Type of injury and rates of injury, occupational disease, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	59, 84 Reported
	LA7	Workers with high incidence or high risk of diseases related to their occupation	85 Reported. No high incidence or high risk of occupational diseases.
	LA8	Health and safety topics covered in formal agreements with trade union	85 Reported
Training and Education	LA9	Average hours of training per year per employee by gender, and by employee category	54, 85 Reported
	LA10	Program for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	52, 85 We have not reported on transition assistance programs provided to assist employees in managing career endings.
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	85-86 Reported
Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	47, 86-87 Reported
Equal Remuneration for Women and Men	LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	49, 87-88 Reported
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	88 Reported
	SO2	Operations with significant actual or potential negative impacts on local communities	88 Reported
	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous people	89 Reported
	MM7	The extent to which grievances mechanism were used to resolve disputes relating to land	23, 89 Reported

## APPENDIX 3: GRI-G4 Index Tables

SPECIFIC STANDARD DISCLOSURE			
ASPECT	INDICATOR	DESCRIPTION	PAGE(S) NOTES
Anti-corruption	SO4	use, customary rights of local communities and indigenous peoples, and the outcomes Communication and training on anti-corruption policies and procedures	88 Reported
Grievances Mechanisms for Impacts on Society	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	23, 88 Reported
Closure Planning	MM10	Number and percentage of operations with closure plans	89 Reported

## APPENDIX 4: Glossary

<b>All-in Sustaining Cost (AISC)</b>	A standardised way to measure the cost of gold production for gold mining companies, established by the World Gold Council. It includes so-called cash costs (costs directly due to mining and processing activities) plus costs related to sustaining production in the complete mining lifecycle from exploration to closure.
<b>Analytical Laboratory</b>	A facility for measurement of the physical, chemical or biological properties of water, soil, rock or other materials.
<b>Biodiversity</b>	The variety within and between all species of plants and animals and the ecosystems within which they live and interact.
<b>Chemical Spills</b>	Any unplanned release of a chemical, whether it is a solid, liquid, or gas.
<b>Compaction</b>	The method of mechanically increasing the density of soil, sand and or rock particles by pushing particles closer together and reducing the amount of space between them. In civil construction usually achieved by the use of heavy equipment such as rollers and compactors.
<b>Contract of Work</b>	A system that was used by the Indonesian Government to grant concessions and define mining rights and obligations for foreign mining companies.
<b>Contractors</b>	Providers of services to an organisation or company as per arrangements documented in a contract.
<b>Corporate Governance Code</b>	The system of rules, practices and processes by which a company is directed and controlled.
<b>Downstream Waters</b>	Rivers, streams and lakes that receive flow from a defined area.
<b>Environmental Impact Assessment (AMDAL)</b>	One of the key regulatory approvals required for a mine in Indonesia to proceed. The AMDAL consists of several documents including the Terms of Reference ( <i>Kerangka Acuan</i> ), Environmental Impact Statement (ANDAL) and Environmental Management and Monitoring Plans (RKL & RPL). The AMDAL process includes a comprehensive consultation and socialization program with local, provincial and central stakeholders.
<b>Explosive Magazines</b>	The storage facility for explosives used at a mine site.
<b>Ferrous Sulphate</b>	A chemical compound commonly used in the treatment of water to remove metals.
<b>Flocculants</b>	A chemical used to assist settling out and removal of solid particles (like clay) during the process of water treatment.
<b>Fuel Depot</b>	A facility where fuel is stored and dispensed.

## APPENDIX 4: Glossary

<b>Geological Core Sheds</b>	A facility where rock samples (cores) produced by exploration drilling are stored, catalogued and analysed.
<b>Haul Roads</b>	Roads designed for use by large dump trucks at mine sites.
<b>High Voltage Switchyard</b>	A facility for the control and transmission of high voltage power. At a mine site, normally located between a power station and equipment requiring electricity.
<b>Hydraulic Conductivity</b>	A measure of how easily water can pass through soil or rock. High values indicate a permeable material through which water can pass easily; low values indicate that the material is less permeable.
<b>Learning Needs Analysis</b>	A systematic process of identifying the skills, knowledge and attitudes required to successfully work in a particular role or job.
<b>Lost Time Injuries (LTI)</b>	A work related injury that causes the employee to miss the next regularly scheduled work shift.
<b>Lost Time Injury Frequency Rate (LTIFR)</b>	A ratio of the number of LTIs per million hours worked: $LTIFR = \frac{LTIs \times 1,000,000}{\text{total hours worked}}$ .
<b>Material aspects</b>	Under the GRI Reporting Guidelines, Material Aspects are those aspects or activities of an company or organisation that are associated with significant economic, environmental and social impacts or that otherwise significantly influence the assessments and decisions of stakeholders in regard to that company.
<b>Mine Closure Plan</b>	A plan that documents all the activities that are needed to make a mine site safe, stable and productive to an agreed standard following mine closure. Usually includes tabulation of costs associated with mine closure.
<b>Operating Permits</b>	Permits issued by various levels of government, which allow exploration and mining operations to operate under certain terms and conditions.
<b>Oxidation</b>	Reaction of a material typically due to exposure to oxygen and water (rust is a result of oxidation).
<b>Plant Nursery</b>	A facility where trees and plants are propagated and grown to usable size.
<b>Processing Plant</b>	The facility where ore is processed to extract metals such as gold and silver.
<b>Raw Water Storage Tanks</b>	Tanks for the storage of clean water (typically collected from rivers, streams or groundwater).
<b>Rehabilitation</b>	The process of reclaiming land disturbed by mining activities to a safe, stable and productive state.

## APPENDIX 4: Glossary

<b>Remuneration</b>	Basic or wage or salary plus any additional amounts paid such as bonuses, overtime and special allowances.
<b>Rock Slurry</b>	A mixture of finely ground rock particles and water (like a mud).
<b>Sediment Dams</b>	Dams used to hold water for a period to allow sediments (fine soil and rock particles) to settle out.
<b>Suppliers</b>	Organizations or people that provide a product or service used by another organization or company.
<b>Surface Mining</b>	Method of extracting minerals located near the surface of the ground, by mining from an open pit (as opposed to underground mining using shafts and tunnels).
<b>Sustainability</b>	Development which meets the needs of current generations without compromising the ability of future generations to meet their own needs.
<b>Tailing Storage Facilities</b>	A structure for the permanent storage of tailings (typically comprising an embankment or wall enclosing the tailings).
<b>Tailings</b>	The fine rock slurry that remains after the minerals of value has been recovered in a processing plant.
<b>Waste Rock</b>	Rock mined from a pit that contains insufficient mineralisation for treatment and has no economic value.
<b>Water Balance</b>	A calculation of total water held within a system or structure taking into account water inflows and water outflows over time.
<b>Water Diversion Drains</b>	Drains that direct runoff water around areas or structures.
<b>Water Polishing Plant</b>	The facility at the Martabe Gold Mine that removes any contamination from site process water so that it is safe to release.
<b>World Gold Council (WGC)</b>	The market development organisation for the gold industry. Its purpose is to provide industry leadership and stimulate demand for gold.

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