

# 2018

## Annual Report

Laporan Tahunan



**AGINCOURT**  
RESOURCES



**CONTINUOUS IMPROVEMENT FOR  
FUTURE GROWTH**  
**PENINGKATAN BERKELANJUTAN  
DEMI MASA DEPAN**

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Rida Pasaribu, General Assistant Core Shed (PT. Sangati Staff) from PTAR Exploration Department, prepares drill core for further analysis in the assay lab at the Martabe Gold Mine core shed.

Rida Pasaribu, Asisten Umum Core Shed (staf PT. Sangati) dari Departemen Eksplorasi PTAR, mempersiapkan core *drill* untuk dianalisis di laboratorium pengujian kadar logam di core shed Tambang Emas Martabe.



# CONTINUOUS IMPROVEMENT FOR FUTURE GROWTH

## PENINGKATAN BERKELANJUTAN DEMI PERTUMBUHAN DI MASA DEPAN

Since 2013, the Company has implemented its continuous improvement process called the Martabe Improvement Program (MIP). The program has been very successful over the years, primarily measured by increased production and reduced unit costs. During this period we have increased our mill production from 3.6 million tonnes per year (280,000 ounces of gold) to 5.6 million tonnes per year (412,200 ounces of gold) and reduced All-in Sustaining Cost (AISC) from \$799 per ounce to \$367 per ounce, representing a 54% reduction. This remarkable outcome has been achieved without compromising other important operational outcomes such as safety and protection of the environment.

A more efficient operation provides a platform to identify further improvements in the business. We are well positioned to exploit these opportunities for future growth. The exploration program continues to be a strong and successful investment in discovering more gold. We are also commencing a pre-feasibility study on options to treat sulphide ore, effectively to increase the life of the mine.

Sejak tahun 2013, Perusahaan telah menerapkan peningkatan berkesinambungan yang disebut sebagai *Martabe Improvement Program* (MIP). Program ini telah berjalan sukses selama bertahun-tahun, terutama diukur berdasarkan peningkatan produksi dan penurunan biaya unit. Selama jangka waktu tersebut, Perusahaan telah meningkatkan produksi penggilingan dari 3,6 juta ton per tahun (280.000 ounces emas) menjadi 5,6 juta ton per tahun (412.200 ounces emas) dan menurunkan *All-in Sustaining Cost* (AISC) sebesar 54% dari \$799 per ounce menjadi \$367 per ounce. Hasil yang luar biasa ini tercapai tanpa mengorbankan hasil operasional penting seperti keselamatan dan perlindungan lingkungan hidup.

Operasi yang lebih efisien memberikan landasan untuk mengidentifikasi peningkatan selanjutnya dalam bisnis. Perusahaan memiliki posisi yang baik untuk mencari peluang pertumbuhan di masa depan. Program eksplorasi terus menjadi investasi yang solid dan sukses dalam membawa penemuan lebih banyak emas. Selain itu, Perusahaan juga memulai studi kelayakan awal untuk mempelajari pilihan dalam memperlakukan bijih sulfida yang secara efektif dapat memperpanjang umur tambang.

## **VISION**

To become a sustainable world-class operation delivering first-quartile performance in the gold industry.

## **MISSION**

To develop a long-term sustainable business generating positive outcomes for all stakeholders.

## **CORE VALUES**

Success at PTAR is driven by our people who live by our GREAT values:

**Growth** and added value - for all our stakeholders.

**Respect** - for people, culture, and stakeholders.

**Excellence** - through energy, enthusiasm, and commitment.

**Action** - delivery and doing what we say we are going to do.

**Transparency** - openness, listening, engagement, honesty.

## **VISI**

Mewujudkan operasi berkelanjutan kelas dunia dengan unjuk kinerja papan atas dalam industri pertambangan emas.

## **MISI**

Mengembangkan bisnis berkelanjutan jangka panjang yang memberikan hasil positif bagi seluruh pemangku kepentingan

## **NILAI-NILAI UTAMA**

Kesuksesan PTAR digerakkan oleh individu Perusahaan yang menjunjung nilai-nilai GREAT:

**Pertumbuhan** dan nilai tambah bagi semua pemangku kepentingan melalui nilai-nilai inti kami.

**Penghargaan** - kepada setiap individu, budaya, dan pemangku kepentingan.

**Keunggulan** - melalui energi, antusiasme, dan komitmen.

**Aksi Nyata** - kinerja dan wujud komitmen kami.

**Transparansi** - keterbukaan, kemampuan mendengarkan, keterikatan, kejujuran.

# FINANCIAL HIGHLIGHTS

## IKHTISAR KEUANGAN

### Statement of Profit or Loss and Other Comprehensive Income

### Laporan Laba Rugi dan Penghasilan Komprehensif Lain

\$'000 unless otherwise stated	2018	2017	\$'000 kecuali dinyatakan lain
Sales	574,197	484,438	Penjualan
Cost of goods sold	(205,521)	(217,572)	Beban pokok penjualan
Gross profit	368,676	266,866	Laba kotor
Income before tax	270,708	203,205	Laba sebelum pajak penghasilan
Net profit after tax	166,797	151,337	Laba bersih setelah pajak
Earnings per share (\$)	1.97	1.78	Laba bersih per saham (\$)

### Statement of Financial Position

### Laporan Posisi Keuangan Berjalan

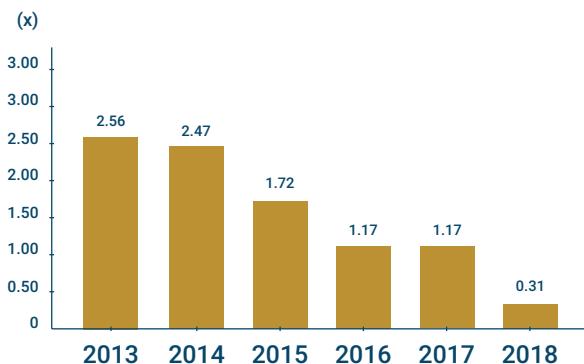
\$'000 unless otherwise stated	2018	2017	\$'000 kecuali dinyatakan lain
<b>Total assets</b>	<b>709,801</b>	<b>877,486</b>	<b>Jumlah aset</b>
Current assets	71,793	137,740	Aset lancar
Non-current assets	638,008	739,746	Aset tidak lancar
<b>Total liabilities</b>	<b>278,433</b>	<b>538,644</b>	<b>Jumlah liabilitas</b>
Current liabilities	83,648	81,382	Liabilitas jangka pendek
Non-current liabilities	194,785	457,262	Liabilitas jangka panjang
<b>Equity</b>	<b>431,368</b>	<b>338,842</b>	<b>Ekuitas</b>
<b>Capital stock</b>			<b>Modal saham</b>
Authorized capital (shares)	85,000,000	85,000,000	Modal dasar (saham)
Issued and fully paid capital (shares)	85,000,000	85,000,000	Modal ditempatkan dan disetor penuh (saham)

# RESULTS YEARS 2013 TO 2018

## HASIL TAHUN 2013 HINGGA 2018

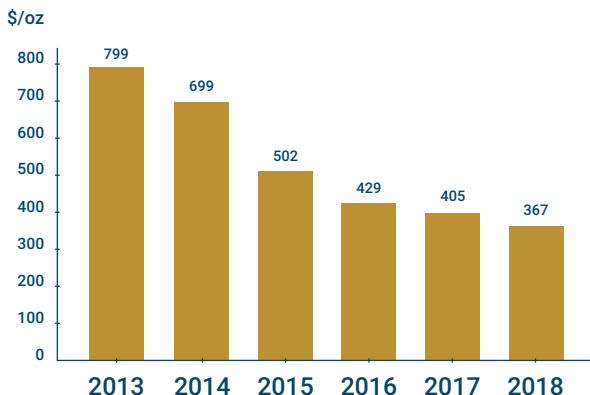
### Net Debt to EBITDA

Rasio Hutang Bersih Terhadap Ebitda



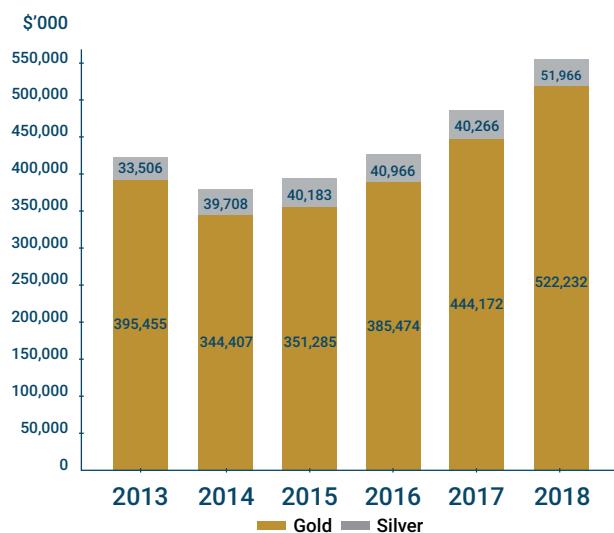
### All-in Sustaining Cost\*

Biaya Operasional Keseluruhan

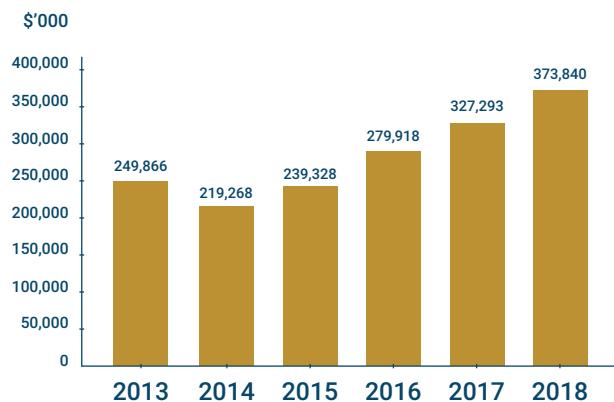


### Gold and Silver Revenue

Penjualan Emas dan Perak

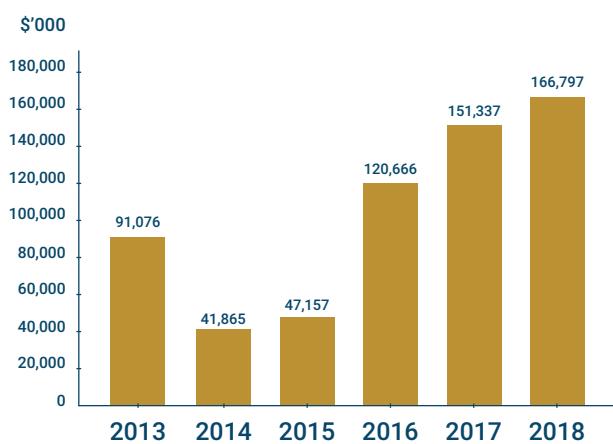


### EBITDA\*\*



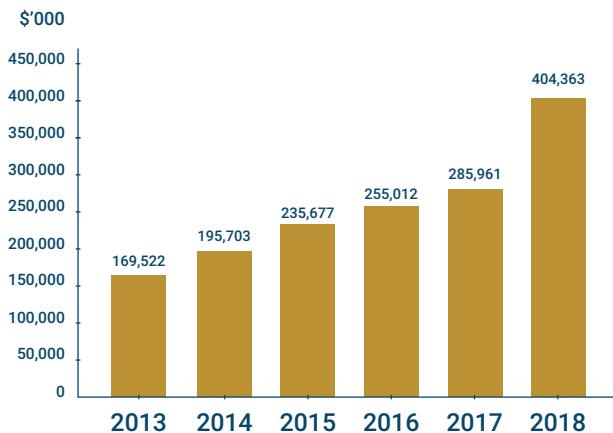
### Net Profit After Tax (NPAT)

Laba Bersih Setelah Pajak



### Cash Generated from Operations

Arus Kas Hasil Operasi

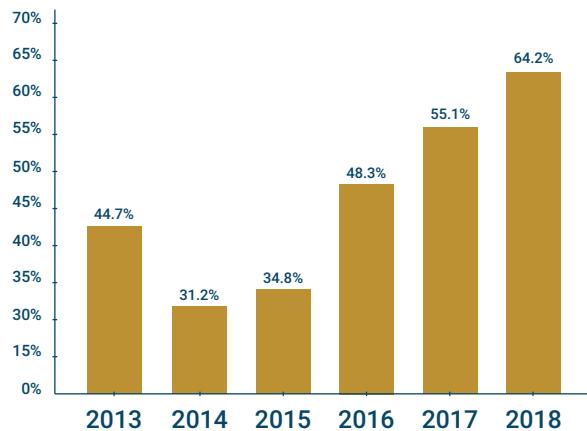


\* All-in Sustaining Costs (AISC) is a non-GAAP (generally accepted accounting principles) financial performance measure for gold producers. It does not have a standardized definition under the Indonesian Financial Accounting Standards (PSAK) and so is provided in this report as additional information only. AISC merupakan ukuran kinerja keuangan di luar GAAP (prinsip akuntansi yang berlaku umum) untuk produsen emas. Ukuran ini tidak memiliki definisi standar menurut PSAK, dan hanya disajikan dalam laporan ini sebagai informasi tambahan semata-mata.

\*\*Earnings Before Interest, Tax, Depreciation and Amortization. Pendapatan Sebelum Bunga, Pajak, Depresiasi dan Amortisasi.

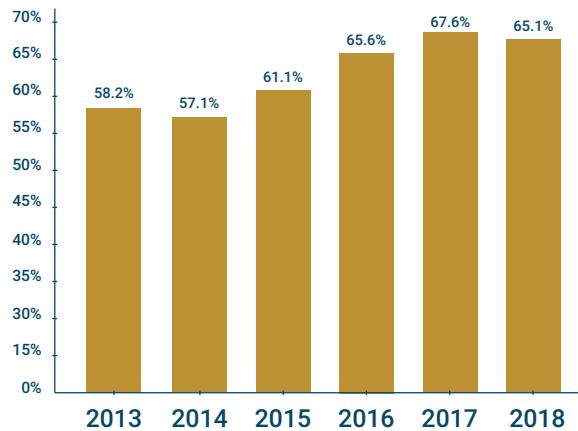
### Gross Profit Margin

Margin Laba Kotor



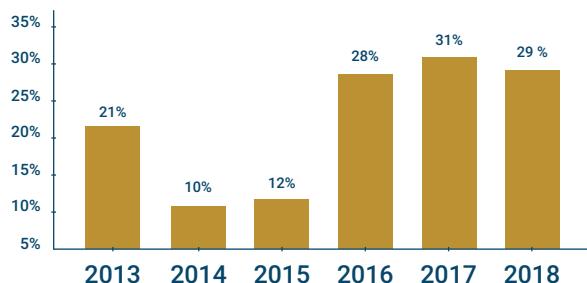
### EBITDA Margin

Margin EBITDA



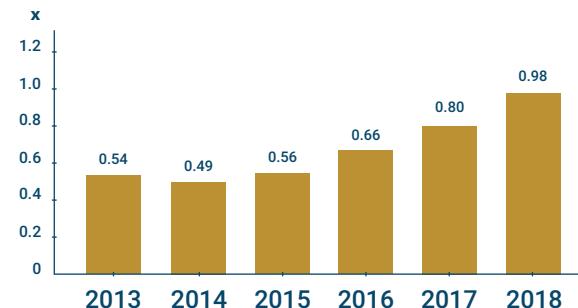
### Profit After Tax (PAT) Margin

Margin Laba Setelah Pajak



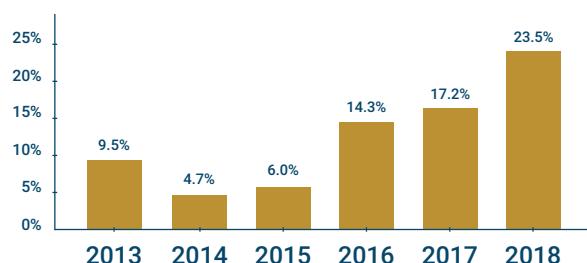
### Fixed Assets Turnover

Rasio Perputaran Aktiva Tetap



### Return on Assets

Tingkat Pengembalian Aset





# **COMPANY PROFILE**

## PROFIL PERUSAHAAN





# PT AGINCOURT RESOURCES

**PT Agincourt Resources is an Indonesian mining company engaged in exploration and the mining and processing of gold and silver. Its sole operating site is the Martabe Gold Mine located in North Sumatra.**

**PT Agincourt Resources adalah perusahaan tambang Indonesia yang bergerak dalam kegiatan eksplorasi, penambangan, dan pengolahan emas dan perak. Perusahaan mengoperasikan sebuah *site* (lokasi penambangan) bernama Tambang Emas Martabe yang terletak di Sumatera Utara.**

At the close of 2018, PTAR employed 814 permanent and contract employees, 779 based at the Martabe Gold Mine and 35 based at a corporate office in Jakarta. An additional 1,833 contractors were employed at the mine. The Company is committed to maximising employment opportunities at the mine for local communities, and over 74% of the site workforce were employed locally.

PTAR's majority shareholder (95%) is PT. Danusa Tambang Nusantara, which is owned by PT. United Tractors Tbk (60%) and PT. Pamapersada Nusantara (40%). The remaining 5% of shares is owned by the Governments of South Tapanuli Regency and North Sumatra Province, through PT. ANA.

Di penghujung tahun 2018, PTAR memiliki 814 karyawan tetap dan kontrak, 779 di antaranya bekerja di Tambang Emas Martabe dan 35 karyawan yang bekerja di kantor perusahaan di Jakarta. Sebagai tambahan, terdapat 1.833 karyawan kontraktor yang dipekerjakan di tambang. Perusahaan berkomitmen untuk memaksimalkan kesempatan kerja di tambang bagi masyarakat lokal, dengan lebih dari 74% tenaga kerja *site* berasal dari masyarakat lokal.

Pemegang saham mayoritas PTAR (95%) adalah PT. Danusa Tambang Nusantara, yang dimiliki PT. United Tractors Tbk (60%) dan PT. Pamapersada Nusantara (40%). Sementara 5% saham lainnya dipegang oleh Pemerintah Kabupaten Tapanuli Selatan dan Pemerintah Provinsi Sumatera Utara melalui PT. ANA.

# THE MARTABE GOLD MINE

## TAMBANG EMAS MARTABE

The Martabe Gold Mine is located in North Sumatra. Multiple open cut pits and a conventional process plant support the production of gold and silver bullion. Operations commenced in 2012 and the operation has established a reputation for industry-leading safety, sustainability and operational performance.

Tambang Emas Martabe terletak di Sumatera Utara. Beberapa pit tambang terbuka dan pabrik pengolahan konvensional mendukung produksi emas dan perak batangan. Operasi tambang yang telah dimulai pada tahun 2012 telah membentuk reputasi perusahaan sebagai pemimpin industri dalam hal keselamatan, keberlanjutan dan kinerja operasional.

### OVERVIEW

The Martabe Gold Mine operates under a 30-year Contract of Work with the Indonesian government. The area covered by this agreement is 1,302 km<sup>2</sup> and extends across the districts of South Tapanuli, Central Tapanuli, North Tapanuli, and Mandailing Natal. The Martabe Gold Mine itself is located in the district of South Tapanuli with an area of operations at the close of 2018 of 479 hectares.

The area around the mine supports native forest, rubber and oil palm plantations and rice paddies, with nearby rural villages and townships. Support facilities for the mine are mostly located in a lowland area adjacent to the trans-Sumatran highway. Mining operations are located in close proximity in an elevated hilly area bordering the Batangtoru Forest.

### GAMBARAN UMUM

Tambang Emas Martabe beroperasi berdasarkan Kontrak Karya selama 30 tahun dengan pemerintah Indonesia. Luas wilayah menurut perjanjian ini adalah 1.302 km<sup>2</sup> dan mencakup area yang berada di Kabupaten Tapanuli Selatan, Tapanuli Tengah, Tapanuli Utara, dan Mandailing Natal. Lokasi Tambang Emas Martabe sendiri berada di Kabupaten Tapanuli Selatan dengan area operasi di akhir tahun 2018 tercatat seluas 479 hektare.

Area pendukung di sekitar tambang meliputi hutan asli, perkebunan karet dan sawit serta persawahan, dengan beberapa desa dan kota kecil. Fasilitas pendukung tambang sebagian besar berada di area dataran rendah yang dekat dengan jalan raya trans Sumatera. Operasi penambangan terletak tidak jauh, di area berbukit yang berbatasan dengan Hutan Batangtoru.

The area of operations currently includes three open-cut mines and a conventional carbon-in-leach (CIL) gold ore processing plant. Associated infrastructure includes haul roads, a tailings storage facility (TSF), raw water storage tanks, sediment control dams, a water polishing plant, an analytical laboratory, a switchyard, explosive magazines and several workshops. Support facilities include an accommodation camp, a sports oval, a medical clinic, administration buildings, a fuel depot and warehousing facilities.

Construction of the Martabe Gold Mine commenced in 2008 and production of gold and silver commenced in 2012. As of December 2018, the Martabe Gold Mine had been in production for six and a half years, with an approved mine plan extending to 2033.

Area operasi saat ini meliputi tiga tambang terbuka dan satu pabrik pengolahan bijih emas *carbon-in-leach* (CIL) konvensional. Infrastruktur terkait mencakup jalan angkut, fasilitas penyimpanan material sisa pengolahan atau *tailing storage facility* (TSF), tangki penyimpanan air baku, bendungan pengendali sedimen, instalasi pengolahan air, laboratorium analisis, gardu induk tegangan tinggi, gudang bahan peledak dan beberapa bengkel kerja. Fasilitas pendukung meliputi fasilitas tempat tinggal (*camp*), lapangan olahraga, klinik kesehatan, gedung administrasi, stasiun pengisian bahan bakar dan fasilitas pergudangan.

Konstruksi Tambang Emas Martabe dimulai pada tahun 2008 dan produksi emas dan perak dimulai pada tahun 2012. Per Desember 2018, Tambang Emas Martabe telah berproduksi selama enam setengah tahun, dengan rencana tambang yang disetujui hingga tahun 2033.



Location of Martabe Gold Mine. Lokasi Tambang Emas Martabe.

## RESOURCES AND RESERVES

The deposits at the Martabe Gold Mine are of a type known as high sulphidation epithermal deposits and comprise part of a large-scale mineralised district which has the potential to host further gold and gold-copper deposits. As of December 2018, the Mineral Resource of the Martabe Gold Mine was 8.1 million ounces of gold and 69 million ounces of silver. Ore Reserves were 4.5 million ounces of gold and 34 million ounces of silver, equivalent to an additional 16 years of mine operations.

### MINERAL RESOURCES AND ORE RESERVES

*PTAR reports on the size of its deposits using two standard definitions which are consistent with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code'):*

- ▶ *The Mineral Resource is the quantity of gold or silver in defined deposits for which there are reasonable prospects for eventual economic extraction. A Mineral Resource is determined from exploration and sampling.*
- ▶ *The Ore Reserve is the economically mineable part of the Mineral Resource. This estimate is derived from a resource by applying numerous modifying factors such as cut-off grade, pit slopes, metallurgical factors and economic factors. It is the ore reserve that determines mine life, together with production rate.*

## SUMBER DAYA DAN CADANGAN

Deposit di Tambang Emas Martabe termasuk ke dalam jenis yang dikenal sebagai deposit epitermal sulfidasi tinggi dan terdiri dari wilayah mineralisasi berskala besar yang berpotensi lebih lanjut menjadi tempat deposit emas dan emas-tembaga. Per Desember 2018, sumber daya mineral Tambang Emas Martabe adalah 8,1 juta ounce emas dan 69 juta ounce perak. Cadangan bijih sebesar 4,5 juta ounce emas dan 34 juta ounce perak, setara dengan tambahan 16 tahun operasi tambang.

### SUMBER DAYA MINERAL DAN CADANGAN BIJIH EMAS

PTAR melaporkan ukuran depositnya dengan menggunakan dua definisi standar sesuai dengan *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)*:

- ▶ Sumber daya mineral merupakan kuantitas emas atau perak pada deposit yang terdefinisi di mana terdapat prospek yang wajar untuk pengambilan secara ekonomis. Sumber daya mineral ditentukan dari eksplorasi dan pengambilan sampel.
- ▶ Cadangan bijih merupakan bagian sumber daya mineral yang dapat ditambang secara ekonomis. Estimasi ini diperoleh dari suatu sumber daya dengan menerapkan sejumlah faktor pengubah seperti *cut-off grade*, kemiringan pit, faktor metalurgi dan ekonomi. Cadangan bijih menentukan usia tambang, bersamaan dengan tingkat produksi.

## EXPLORATION

PTAR considers the remaining potential at Martabe to be very high due to the size of the system and the large area remaining to be explored. An active exploration program has been maintained since commencement of the project. In addition to supporting mining operations, the Martabe Gold Mine also serves as the regional base for the Company's exploration program covering the area of the immediate mine and the Contract of Work. Facilities in this regard include office and work areas for exploration staff

## EKSPLORASI

PTAR menganggap potensi yang ada di Martabe masih sangat tinggi karena ukuran sistem dan area yang dapat dieksplorasi masih sangat luas. Program eksplorasi aktif terus berlanjut sejak proyek dimulai. Selain untuk mendukung operasi penambangan, Tambang Emas Martabe juga berfungsi sebagai basis program eksplorasi regional di area tambang terdekat dan Kontrak Karya. Fasilitas terkait dengan hal ini meliputi kantor dan area kerja bagi staf eksplorasi serta core shed yaitu tempat hasil pengeboran (*drill*

and a core shed where drill core is logged and sampled. Samples are then prepared to be sent off-site to an external laboratory for gold, silver and copper analyses. Remaining drill core has been archived at Martabe since 1997 for future reference. Martabe also serves as the helicopter operations base to support drilling and other regional exploration activities.

core) dicatat dan diambil sampelnya, kemudian sampel dipersiapkan untuk dikirimkan keluar site ke laboratorium eksternal untuk analisis emas, perak dan tembaga. *Drill core* yang ada sejak tahun 1997 masih tersimpan di Martabe untuk rujukan di masa depan. Martabe juga menjadi pangkalan operasi helikopter untuk mendukung pengeboran dan kegiatan eksplorasi regional lainnya.

## MINING

At the Martabe Gold Mine, ore is mined from relatively shallow pits located on mineralised hills or ridges. Mining commenced at the Purnama deposit in 2011, with mining at the nearby Barani and Ramba Joring deposits commencing in 2016 and 2017 respectively. In 2018, approval was gained for mining at the Tor Ulu Ala deposit.

Mining activities comprise mine surveying and planning, geotechnical analysis, grade control drilling, blasting, trucking of waste rock and ore, and ore stockpiling. Waste rock from the pits is placed in the TSF embankment rather than in waste rock dumps, as is seen at most mines. Mining is conducted by mining service contractor, currently, PT. Macmahon Mining Services, utilising their own equipment.

## PENAMBANGAN

Di Tambang Emas Martabe, bijih ditambang dari pit dengan kedalaman relatif dangkal yang terletak di perbukitan atau punggung bukit yang mengandung mineral. Penambangan dimulai di deposit Purnama pada tahun 2011, lalu diikuti dengan penambangan di dekat deposit Barani dan Ramba Joring yang masing-masing dimulai pada tahun 2016 dan 2017. Pada tahun 2018 diperoleh persetujuan untuk menambang di deposit Tor Ulu Ala.

Kegiatan penambangan terdiri dari survei dan perencanaan, analisis geoteknik, pengeboran kontrol kadar bijih, peledakan, pengangkutan batuan buangan (*waste rock*) dan bijih, serta penimbunan bijih. Batuan buangan dari pit ditempatkan di tanggul TSF daripada di tempat penimbunan batuan buangan yang biasanya dilakukan di kebanyakan tambang. Penambangan dilakukan oleh kontraktor jasa penambangan yang saat ini dipegang oleh PT. Machmahon Mining Services, yang menggunakan peralatan langsung dari perusahaan tersebut.

## PROCESSING

The process plant at the Martabe Gold Mine is a conventional carbon-in-leach (CIL) plant with a capacity in excess of 5.5 million tonnes of ore per annum. The process plant is operated continually except during maintenance shutdowns.

## PENGOLAHAN

Pabrik pengolahan di Tambang Emas Martabe berupa pabrik carbon-in-leach (CIL) konvensional dengan kapasitas melebihi 5,5 juta ton bijih per tahun. Pabrik pengolahan dioperasikan secara terus-menerus kecuali pada saat pemeliharaan (*shutdown*).

The process of gold and silver extraction from the ore is relatively simple, the main steps being:

- ▶ Crushing ore.
- ▶ Grinding and conversion of ore to form a slurry.
- ▶ Leaching of gold and silver from the slurry using cyanide.
- ▶ Adsorption of gold and silver in solution onto carbon granules.
- ▶ Removal of gold and silver from the carbon granules in a process called elution.
- ▶ Recovery of gold and silver through electrowinning.
- ▶ Smelting to produce dore bullion (gold and silver) bars ready for shipment. All bullion produced at the Martabe Gold Mine is refined in Jakarta.

After the gold and silver is removed from the slurry, the remainder, called tailings, undergoes a cyanide detoxification process which reduces cyanide concentration to low levels. The tailings are then pumped to the tailings storage facility for permanent disposal.

Proses ekstraksi emas dan perak dari bijih dilakukan relatif sederhana, dengan langkah-langkah utama sebagai berikut:

- ▶ Peremukan bijih.
- ▶ Penggerusan dan konversi bijih menjadi slurry (lumpur konsentrat).
- ▶ Pelindian (*leaching*) emas dan perak dari slurry dengan menggunakan sianida.
- ▶ Adsorpsi emas dan perak terlarut ke dalam butiran karbon.
- ▶ Pengambilan emas dan perak dari butiran karbon melalui proses yang disebut elusi.
- ▶ Perolehan emas dan perak melalui *electrowinning*.
- ▶ Peleburan untuk menghasilkan *dore bullion* (batangan logam bercampur emas dan perak) yang siap dikirimkan. Semua batangan emas yang diproduksi di Tambang Emas Martabe dimurnikan di Jakarta.

Setelah emas dan perak dipisahkan dari slurry, material sisa yang disebut tailings, menjalani proses detoksifikasi sianida, yaitu proses untuk mengurangi kadar sianida hingga ke tingkat yang rendah. *Tailings* kemudian dipompa ke *tailings storage facility* untuk ditempatkan secara permanen.

## SUPPLY CHAIN

The operation of the Martabe Gold Mine is supported by numerous contractors and suppliers. All mining at the site and associated civil works, including the ongoing construction of the TSF is conducted by a mining services contractor company. All logistics to and from the site are conducted by a logistics contractor with PTAR managing on-site warehousing and stock control. Other important contracts are for the purchase of reagents, fuel and spare parts. PTAR has a policy to support local businesses and, where possible, purchases goods and services from local and domestic suppliers and contractors.

## RANTAI PASOKAN

Operasi Tambang Emas Martabe didukung oleh berbagai macam kontraktor dan pemasok. Seluruh kegiatan penambangan di *site* dan pekerjaan sipil terkait, termasuk pembangunan TSF yang terus berlangsung, dilakukan oleh perusahaan kontraktor jasa penambangan. Seluruh logistik ke dan dari *site* dilakukan oleh kontraktor logistik dengan PTAR yang mengatur pergudangan dan kontrol stok di *site*. Kontrak penting lainnya adalah untuk pembelian reagen, bahan bakar, dan suku cadang. PTAR memiliki kebijakan untuk mendukung usaha lokal dan, apabila memungkinkan, membeli barang dan jasa dari pemasok dan kontraktor lokal dan dalam negeri.



View of the Martabe Gold Mine  
(Purnama Pit in the foreground,  
with the process plant and  
Tailing Storage Facility behind).

Pemandangan Tambang  
Emas Martabe (Pit  
Purnama di latar  
depan, serta pabrik  
pengolahan dan  
*Tailing Storage*  
*Facility* di latar  
belakang).





# COMPANY MILESTONES

## JEJAK LANGKAH PERUSAHAAN

**1997**

A Contract of Work (CoW) is granted to PT Danau Toba Mining, majority owned by Normandy Mining, for the purposes of mineral exploration and gold mining. The CoW area overlaps into the Districts of North Tapanuli, Central Tapanuli, South Tapanuli and Mandailing Natal and the city of Padangsidempuan.

Kontrak Karya diberikan kepada PT Danau Toba Mining, yang sebagian besar dimiliki oleh Normandy Mining, dengan tujuan eksplorasi mineral dan pertambangan emas. Area Kontrak Karya meliputi Kabupaten Tapanuli Utara, Tapanuli Tengah, Tapanuli Selatan dan Mandailing Natal, serta kota Padangsidempuan.

**2001**

The Company name PT Danau Toba Mining is changed to PT Horas Nauli.

Nama Perusahaan PT Danau Toba Mining diubah menjadi PT Horas Nauli.

**2003**

PT Newmont Horas Nauli replaces PT Horas Nauli as the holder of the Martabe CoW, majority owned by Newmont East Asia.

PT Newmont Horas Nauli menggantikan PT Horas Nauli sebagai pengelola Kontrak Karya Martabe, yang sebagian besar dimiliki oleh Newmont East Asia.

**2006**

PT Agincourt Resources replaces PT Newmont Horas Nauli to continue the development of the Martabe Project, still majority owned by Newmont East Asia.

PT Agincourt Resources menggantikan PT Newmont Horas Nauli untuk melanjutkan pengembangan Proyek Martabe, yang sebagian besar masih dimiliki oleh Newmont East Asia.

**2007**

Oxiana becomes the owner of the Martabe Project through the acquisition of PT Agincourt Resources. Following a review of a Definitive Feasibility Study, the Board of Oxiana approves development of the Martabe Gold and Silver Mine Project in December 2007.

Oxiana menjadi pemilik Proyek Martabe melalui akuisisi PT Agincourt Resources. Setelah tinjauan Studi Kelayakan Definitif, Dewan Komisaris Oxiana menyetujui pengembangan Proyek Tambang Emas dan Perak Martabe pada Desember 2007.



## 2008

25 environmental studies completed for the project. Key documents and government approvals are obtained, including a Feasibility Study, AMDAL and a construction permit. Construction activities commence, including road access, laydown and camp areas and preparation for plant site construction.

25 studi lingkungan dilakukan untuk proyek. Dokumen-dokumen utama dan persetujuan pemerintah diperoleh, termasuk Studi Kelayakan, AMDAL, dan izin konstruksi. Kegiatan konstruksi dimulai, termasuk untuk akses jalan, area *laydown* dan *camp*, serta persiapan untuk pembangunan *plant site* (pabrik).

## 2009

G-Resources, a Hong Kong publicly-listed company, takes over ownership and development of the Martabe Gold Mine Project in July 2009.

G-Resources, sebuah perusahaan terbuka yang terdaftar di Bursa Efek Hong Kong, mengambil alih kepemilikan dan pengembangan Proyek Tambang Emas Martabe pada Juli 2009.

## 2011

Construction activity reaches a peak with more than 4,000 workers at the site, 40% of whom were recruited locally. Construction of the Tailing Storage Facility is approved.

Kegiatan konstruksi mencapai puncaknya dengan lebih dari 4.000 pekerja di site, 40% pekerja yang direkrut berasal dari masyarakat lokal. Pembangunan Fasilitas Penyimpanan Tailing disetujui.

## 2012

Completion of project construction is followed by plant commissioning and commencement of operations.

Commissioning approval for mine discharge is received from the Tapanuli Regency. The first gold is poured on 24 July 2012.

A 5% share transfer agreement between PT Agincourt Resources and the Governments of South Tapanuli Regency and North Sumatra Province is signed on 24 July 2012.

Penyelesaian konstruksi proyek diikuti dengan *commissioning* (uji laik operasi) dan dimulainya operasi pabrik. Persetujuan *commissioning* untuk pembuangan air olahan tambang diperoleh dari Kabupaten Tapanuli. Emas pertama dituang pada tanggal 24 Juli 2012.

Kesepakatan pengalihan 5% saham antara PT Agincourt Resources dan Pemerintah Kabupaten Tapanuli Selatan dan Provinsi Sumatera Utara ditandatangani pada tanggal 24 Juli 2012.

## 2016

Following successful completion and submission of approval documentation, approval for mining at Barani and Ramba Joring pits is issued by the Indonesian Government in March 2016. Mining at the Barani pit commences.

G-Resources as the main shareholder of PT Agincourt Resources is replaced by a consortium comprising EMR Capital, a specialist mining private equity fund, Farallon Capital, a global financial investor, Martua Sitorus, and Robert Hartono & Michael Bambang Hartono.

Setelah keberhasilan penyelesaian dan penyerahan dokumentasi persetujuan, persetujuan untuk menambang di pit Barani dan Ramba Joring dikeluarkan oleh Pemerintah Indonesia pada bulan Maret 2016. Penambangan di pit Barani dimulai.

G-Resources sebagai pemegang saham utama PT Agincourt Resources digantikan oleh konsorsium yang terdiri atas EMR Capital, perusahaan dana ekuitas swasta dengan spesialisasi pertambangan Farallion Capital, perusahaan investor keuangan global, Martua Sitorus, dan Robert Hartono & Michael Bambang Hartono.



## 2017

Mining commences at the Ramba Joring pit.

Completion of 2017 sees the most successful production and exploration results in PTAR's history. The operation milled a record 5.35 Mt to produce 355,000 ounces of gold. The exploration and resource development program included 120k metres drilled by up to 15 rigs with Mineral Resources increasing to 8.9 million ounces gold and Ore Reserves increasing to 4.8 million ounces gold.

Strong operating cash flows, increased reserves and a longer mine life enabled the Company to refinance its \$425 million senior debt with a longer tenor, lower interest rates and more favourable terms and conditions.

Penambangan dimulai di pit Ramba Joring.

2017 merupakan tahun dengan hasil produksi dan eksplorasi terbaik dalam sejarah PTAR. Operasi mencatat rekor penggilingan sebanyak 5.35 juta ton dengan penjualan 355,000 ounce emas. Program eksplorasi dan pengembangan sumber daya meliputi 120 meter yang dibor oleh 15 rig yang menghasilkan peningkatan sumber daya emas hingga 8,9 juta ounce dan peningkatan cadangan bijih emas hingga 4,8 juta ounce.

Arus kas operasi yang kuat, cadangan yang meningkat dan umur tambang yang lebih panjang memungkinkan Perusahaan untuk membayai kembali utang seniornya sebesar \$425 juta dengan jangka waktu yang lebih panjang, suku bunga yang lebih rendah serta persyaratan dan ketentuan yang lebih menguntungkan.

## 2018

Production results again exceed key records set in preceding years. A record 5.57 Mt of ore is processed to produce 410,387 ounces of gold, a 15.5% increase from 2017. An All-in Sustaining Cost (AISC) of \$367.3 per ounce supports a Net Profit after Tax of \$167 million. Strategic growth is supported by a successful exploration program, government approval to mine the Tor Ula Ala deposit, and ongoing development of sulphide processing projects.

In December 2018, there is a smooth transition in majority ownership of the Company with the acquisition of 95% of shares by PT Danusa Tambang Nusantara, owned by PT United Tractors Tbk (60%) and PT Pamapersada Nusantara (40%).

Hasil produksi pada tahun 2018 kembali melampaui rekor yang tercatat di tahun-tahun sebelumnya. Sebanyak 5,57 juta ton bijih mineral telah diolah untuk menghasilkan 410.387 ounce emas, yang merupakan peningkatan 15,5% dari tahun 2017. Pencapaian All-in Sustaining Cost (AISC) produksi terendah sampai saat ini yaitu sebesar \$367,3 per ounce berkontribusi terhadap catatan Laba setelah Pajak sebesar \$167 juta. Pertumbuhan strategis perusahaan turut didukung oleh keberhasilan dalam program eksplorasi, persetujuan pemerintah untuk penambangan deposit Tor Ula Ala, dan pengembangan proyek pengolahan sulfida yang sedang berlangsung.

Tahun 2018 juga menjadi saksi atas lancarnya masa transisi kepemilikan saham mayoritas Perusahaan, dengan diakuisisinya 95% saham Perusahaan oleh PT. Danusa Tambang Nusantara, yang dimiliki oleh PT. United Tractors Tbk (60%) dan PT. Pamapersada Nusantara (40%).

# **BOARD REPORTS**

## LAPORAN DIREKSI

# REPORT FROM THE BOARD OF COMMISSIONERS

## LAPORAN DEWAN KOMISARIS



**FRANCISCUS KESUMA**  
President Commissioner  
Presiden Komisaris

Dear Honorable Shareholders,

As President Commissioner of PT. Agincourt Resources, I am pleased to report on the activities of the Company during 2018, as part of the 2018 Annual Report.

The duties of the Board of Commissioners include overseeing the actions of the Board of Directors in the running of the business in accord with the interests of its shareholders. In this regard, the Board of Commissioners can report without qualification that PTAR remained well-managed throughout 2018 in support of ongoing improvements in operational and financial performance. The Annual report provides a detailed account of the results achieved in this regard, which I briefly summarize as follows.

In 2018, the Company built on the successes of preceding years and was rewarded by another round of outstanding operational and financial results. These included records being set for mill throughput, gold production, All-in Sustaining Cost (AISC) and Net Profit after Tax. Exploration results were also strong, with programs testing potential sulphide targets at depth. Ongoing development of the Martabe Gold Mine was also supported by the Company obtaining all required approvals to mine the Tor Ula Ala deposit.

Together with the achievement of outstanding operational and financial results, the Company maintained its commitment to the principles of sustainable development, and continued to deliver excellent results in areas such as occupational health and safety, protection of the environment, community development and stakeholder engagement. As two key examples, the safety performance at the Martabe Gold Mine remained world-class, with zero lost-time injuries for PTAR employees during the year. Discharge from the site to the Batang Toru River remained fully compliant with permit conditions. The Company remained focused on achieving ongoing improvement in environmental and social performance and meeting the expectations of our stakeholders.

Para Pemegang Saham yang Terhormat,

Sebagai Presiden Komisaris PT. Agincourt Resources, dengan senang hati saya melaporkan kegiatan Perusahaan selama tahun 2018, sebagai bagian dari Laporan Tahunan 2018.

Tugas Dewan Komisaris meliputi pengawasan tindakan Dewan Direksi dalam menjalankan bisnis sesuai dengan kepentingan pemegang saham. Dalam hal ini, Dewan Komisaris dapat melaporkan tanpa pengecualian bahwa PTAR tetap dikelola dengan baik sepanjang tahun 2018 untuk mendukung peningkatan berkelanjutan dalam kinerja operasional dan keuangan. Laporan Tahunan memberikan laporan mendetail tentang hasil yang dicapai terkait dengan hal ini, yang saya rangkum sebagai berikut.

Pada tahun 2018, Perusahaan membangun keberhasilannya melalui pencapaian pada tahun-tahun sebelumnya dan meraih hasil operasional dan keuangan yang luar biasa. Hal tersebut termasuk rekor untuk throughput penggilingan, produksi emas, *All-in Sustaining Cost (AISC)* dan Laba setelah Pajak. Hasil eksplorasi juga tetap solid, dengan program pengujian target sulfida potensial di kedalaman. Pengembangan terus-menerus Tambang Emas Martabe juga didukung oleh keberhasilan Perusahaan dalam memperoleh semua persetujuan yang diperlukan untuk menambang deposit Tor Ula Ala.

Bersama dengan pencapaian hasil operasional dan keuangan yang mengagumkan, Perusahaan mempertahankan komitmennya terhadap prinsip-prinsip pembangunan berkelanjutan, dan terus memberikan hasil yang sangat baik di berbagai bidang seperti kesehatan dan keselamatan kerja, perlindungan lingkungan, pengembangan masyarakat, dan keterlibatan pemangku kepentingan. Sebagai dua contoh utama, kinerja keselamatan di Tambang Emas Martabe tetap berkelas dunia, dengan kehilangan waktu kerja nihil bagi karyawan PTAR selama tahun tersebut. Pembuangan air dari site ke Sungai Batang Toru tetap mematuhi sepenuhnya ketentuan perizinan. Perusahaan tetap fokus pada pencapaian perbaikan berkelanjutan dalam kinerja lingkungan hidup dan sosial serta pemenuhan harapan para pemangku kepentingan.

Taking into account the operational efficiencies being achieved at the Martabe Gold Mine, the continuing strong exploration results and ongoing success in gaining approvals to mine new deposits, the Board is confident that the strategy for growing the Company continues to be successful and can be expected to support further extensions to mine life, with benefits for all our stakeholders.

The Board of Commissioners is also pleased to report that the transfer of majority ownership of the Company in December last year was implemented without disruption, and in this regard wish to thank the employees of the Company for their steady focus on “business as usual” during the transition period. We also wish to thank the previous Board of Commissioners for their outstanding service in support of the Company’s core values, and we undertake to maintain the legacy thus established in delivering business success alongside the equally important outcomes in support of corporate social responsibility.

To conclude, I would like to convey the sincere appreciation of the Board of Commissioners to all those who contributed to the Company’s success in 2018, including the Board of Directors, Company employees, business partners and all stakeholders. Above all, we would like to thank our local communities for their continued support for operations at the Martabe Gold Mine and the trust extended to our Company.

Dengan mempertimbangkan efisiensi operasional yang dicapai di Tambang Emas Martabe, hasil eksplorasi yang tetap solid dan keberhasilan secara terus-menerus dalam mendapatkan persetujuan untuk menambang deposit baru, Dewan Komisaris yakin bahwa strategi untuk menumbuhkan Perusahaan akan terus berhasil, dan dapat diharapkan untuk mendukung perpanjangan lebih lanjut umur tambang, dengan memberikan manfaat bagi semua pemangku kepentingan.

Dewan Komisaris dengan senang hati juga melaporkan bahwa pengalihan kepemilikan mayoritas Perusahaan pada bulan Desember tahun lalu telah dilaksanakan secara lancar, dan dalam hal ini ingin mengucapkan terima kasih kepada para karyawan Perusahaan untuk tetap fokus dalam melakukan “bisnis seperti biasa” selama masa transisi tersebut. Kami juga ingin mengucapkan terima kasih kepada Dewan Komisaris sebelumnya atas layanan yang luar biasa dalam mendukung nilai-nilai inti Perusahaan, dan kami berkomitmen untuk mempertahankan warisan yang dibangun dalam mewujudkan keberhasilan bisnis beserta hasil yang sama pentingnya untuk mendukung tanggung jawab sosial perusahaan.

Sebagai penutup, saya ingin menyampaikan penghargaan yang tulus dari Dewan Komisaris kepada semua pihak yang berkontribusi pada kesuksesan Perusahaan di tahun 2018, termasuk Dewan Direksi, karyawan Perusahaan, mitra bisnis, dan semua pemangku kepentingan. Di atas semuanya itu, kami ingin mengucapkan terima kasih kepada masyarakat setempat atas dukungan secara terus-menerus untuk operasi di Tambang Emas Martabe dan kepercayaan yang diberikan kepada Perusahaan.

Jakarta, March 2018



**FRANCISCUS KESUMA**  
President Commissioner  
Presiden Komisaris

# BOARD OF COMMISSIONERS PROFILES

## PROFIL DEWAN KOMISARIS



**FRANCISCUS KESUMA**  
President Commissioner  
Presiden Komisaris

Franciscus Kesuma has been appointed President Commissioner of PT Agincourt Resources since December 2018. He completed his Undergraduate Program from Parahyangan Catholic University, Bandung in 1988 majoring in Civil Engineering and graduated from Bandung Institute of Technology for a Post-Graduate Program majoring in Highway Engineering and Systems in 1991. Franciscus became part of Astra by joining the Engineering Division of PT Pamapersada Nusantara (PAMA) in 1992. In Engineering, he was appointed as Project Manager of ISO 9001 from 1998 to 1999 and as Chief Engineering & Manager Rep of ISO 9001 from 1999 to 2000.

Subsequently Franciscus was appointed as Operations Manager at PAMA from 2000 to 2003 and as Operation Division Head at PAMA from 2005 to 2012. He has been assigned the position of the Operation Director of PAMA since 2007 and as the President Director of PAMA since 2013 to present. Concurrently he holds the positions of President Commissioner, Vice President Commissioner, and Commissioner under a number of PAMA subsidiaries. He has also served as Chief of Aspindo (The Indonesian Mining Services Association).

Franciscus Kesuma memegang jabatan Presiden Komisaris PT Agincourt Resources sejak Desember 2018. Beliau menuntaskan program sarjananya di Universitas Katolik Parahyangan, Bandung, tahun 1988, di jurusan Teknik Sipil, dan lulus dari Institut Teknologi Bandung untuk program pascasarjana di bidang Teknik dan Sistem Jalan Raya pada tahun 1991. Franciscus menjadi bagian Astra ketika bergabung dengan Divisi Engineering PT Pamapersada Nusantara (PAMA) di tahun 1992. Di bidang Engineering, beliau ditunjuk sebagai Project Manager ISO 9001 dari tahun 1998 hingga 1999, dan sebagai Chief Engineering & Manager Rep ISO 9001 dari tahun 1999 sampai 2000.

Kemudian Franciscus diangkat sebagai Operations Manager di PAMA dari tahun 2000 hingga 2003 sebagai Operation Division Head di PAMA dari tahun 2005 hingga 2012. Beliau telah ditugaskan memegang posisi Direktur Operasional PAMA sejak tahun 2007 dan sebagai Presiden Direktur PAMA sejak tahun 2013 hingga sekarang. Dalam waktu bersamaan, beliau juga memegang posisi Presiden Komisaris, Wakil Presiden Komisaris, dan Komisaris pada sejumlah anak perusahaan PAMA. Beliau juga menjabat sebagai ketua Aspindo (Asosiasi Jasa Pertambangan Indonesia).

# BOARD OF COMMISSIONERS PROFILES

## PROFIL DEWAN KOMISARIS



IWAN HADIANTORO

Commissioner

Komisaris

Iwan Hadiantoro has been appointed Commissioner of PT Agincourt Resources since December 2018. He holds a Bachelors' Degree in Economics (Financial Management) from University of Indonesia. He started his career as Chief Accountant at PT Shell Indonesia from 1990 to 1998, subsequently appointed as Finance Director of PT Astra Sedaya Finance from 2006 to 2008, and later Director and Chief Financial Officer of PT GE Finance Indonesia from 2008 to 2010. His career at PT Astra International Tbk was started from year 2010 as Group Chief of Treasury & Investor Relation up to the year 2015. He thenceforth was appointed Finance Director of PT United Tractors Tbk till present.

Iwan Hadiantoro memegang jabatan Komisaris PT Agincourt Resources sejak Desember 2018. Beliau memiliki gelar Sarjana Ekonomi (Manajemen Keuangan) dari Universitas Indonesia. Iwan memulai kariernya sebagai *Chief Accountant* di PT Shell Indonesia sejak tahun 1990 hingga 1998, selanjutnya diangkat sebagai Direktur Keuangan PT Astra Sedaya Finance dari tahun 2006 hingga 2008, dan kemudian Direktur dan *Chief Financial Officer* PT GE Finance Indonesia dari tahun 2008 hingga 2010. Kariernya di PT Astra International Tbk dimulai sejak tahun 2010 sebagai *Group Chief of Treasury & Investor Relation* hingga tahun 2015. Kemudian beliau diangkat sebagai Direktur Keuangan PT United Tractors Tbk hingga saat ini.

# BOARD OF COMMISSIONERS PROFILES

## PROFIL DEWAN KOMISARIS



**ARI SUTRISNO**  
Commissioner  
Komisaris

Ari Sutrisno has been appointed Commissioner of PT Agincourt Resources since December 2018. He graduated from Bandung Institute of Technology majoring in Chemical in 1995. He has pursued his career at Astra International Tbk since the year 1995, from Management Trainee to managerial positions. Subsequently he became Corporate Planning & Management Head (2007-2017) and as Safety Health & Environment Division Head of PT Pamapersada Nusantara (PAMA) from 2010 to 2013. He appointed Operations & Marketing Director at PT Prima Multi Mineral (2013-2014), President Director at PT Kadya Caraka Mulia (2014-2017), Vice President Director at PT Prima Multi Mineral, Marketing & HCGS Director at PT Tuah Turangga Agung, and President Director at PT Duta Nurcahyo & PT Duta Sejahtera (2015-2017). From 2017 to present, Ari has become HCGS & SHE Director of PT Pamapersada Nusantara. He has also served as one of the Board of Advisers of Aspindo (The Indonesian Mining Services Association).

Ari Sutrisno memegang jabatan Komisaris PT Agincourt Resources sejak Desember 2018. Beliau adalah lulusan Institut Teknologi Bandung di bidang Kimia tahun 1995. Beliau membangun kariernya di Astra International Tbk sejak tahun 1995 dari *Management Trainee* hingga posisi manajerial. Kemudian beliau memegang jabatan *Corporate Planning & Management Head* (2007-2017) dan sebagai *Safety Health & Environment Division Head* PT Pamapersada Nusantara (PAMA) mulai tahun 2010 hingga 2013. Beliau diangkat sebagai Direktur Operasional & Pemasaran di PT Prima Multi Mineral (2013-2014), Presiden Direktur di PT Kadya Caraka Mulia (2014-2017), Wakil Presiden Direktur di PT Prima Multi Mineral, Marketing & HCGS Director di PT Tuah Turangga Agung, dan Presiden Direktur di PT Duta Nurcahyo & PT Duta Sejahtera (2015-2017). Sejak tahun 2017 hingga kini, Ari memegang jabatan sebagai *HCGS & SHE Director* PT Pamapersada Nusantara. Beliau juga menjabat sebagai salah satu anggota Dewan Penasihat Aspindo (Asosiasi Jasa Pertambangan Indonesia).

# BOARD OF COMMISSIONERS PROFILES

## PROFIL DEWAN KOMISARIS



**EDHIE SARWONO**  
Commissioner  
Komisaris

Edhie Sarwono has been appointed Commissioner of PT Agincourt Resources since December 2018. He graduated with a bachelor degree in Mechanical Engineering from University of Brawijaya, Malang in 1990. Edhie joined Astra in 1991 and became an engineer in the Technology Development Division and Astra Consulting Services until 1993, then became Appointed Team Leader in Efficiency Division from 1993 until 1998. Subsequently he became the Head of Environment, Health & Safety Division (1998-2004), Head of Environment, Health & Safety and Social Responsibility Division (2004-2007). Edhie has been appointed as Director of Human Capital, Environment, Social Responsibility, General Affairs, and Corporate Communication of United Tractors since May 2007. Currently Edhie has served as the President Commissioner of PT Bina Pertiwi as well as the Commissioner for PT Traktor Nusantara and PT United Tractors Semen Gresik.

Edhie Sarwono memegang jabatan Komisaris PT Agincourt Resources sejak Desember 2018. Beliau lulus dengan gelar sarjana di bidang Teknik Mesin dari Universitas Brawijaya, Malang pada tahun 1990. Edhie bergabung dengan Astra di tahun 1991 dan kemudian menjadi engineer di *Technology Development Division* dan *Astra Consulting Services* hingga tahun 1993, kemudian menjadi Team Leader in *Efficiency Division* dari tahun 1993 hingga 1998. Beliau selanjutnya menjadi *Head of Environment, Health & Safety Division* (1998-2004), dan *Head of Environment, Health & Safety and Social Responsibility Division* (2004-2007). Edhie telah menjabat sebagai *Director of Human Capital, Environment, Social Responsibility, General Affairs, and Corporate Communication* United Tractors sejak tahun 2007. Saat ini Edhie menjabat sebagai Presiden Komisaris PT Bina Pertiwi, juga Komisaris di PT Traktor Nusantara dan PT United Tractors Semen Gresik.

# BOARD OF COMMISSIONERS PROFILES

## PROFIL DEWAN KOMISARIS



**ANWAR NASUTION**  
**Commissioner**  
Komisaris

Prof. Dr. Anwar Nasution Anwar has been a Commissioner of PT Agincourt Resources since October 2011. He is a Professor of Economics at the University of Indonesia, where he specializes in applied macroeconomic theory, monetary economics, and international economics. From 1968-1975, Anwar worked at the Ministry of Finance, and from 1985-1994, served as economic advisor to the minister for Cooperatives of Indonesia. From 1982-1983, he was an economic consultant for Bank Indonesia, the central bank of Indonesia, and in July 1999 was appointed as senior deputy governor of the central bank, a position that he held until 2004. In October 2004, he was appointed chairman of the Audit Board of the Republic Indonesia.

He has been a consultant to UNESCAP, UNECLAC, USAID, ADB, the World Bank, IMF, and MITI of Japan; a member of International Advisory Group of Finance Forum of the Pacific Economic Cooperation Council (PECC), the Asian Economic Panel, and the Center for Pacific Basin Monetary and Economic Studies of San Francisco; an international associate member of the Ministry of Finance of Japan, the American Economic Association, and American Committee on Asian Economic Studies (ACAES); Vice Chairman of the Indonesian Economists Association; and Country Director of East Asia Economic Association.

Prof. Dr. Anwar Nasution adalah profesor bidang ekonomi di Universitas Indonesia, di mana beliau adalah ahli dalam teori makroekonomi terapan, ekonomi moneter, dan ekonomi internasional. Anwar telah menjadi Komisaris PT Agincourt Resources sejak Oktober 2011. Selama tahun 1968-1975, Anwar bekerja di Departemen Keuangan, dan dari tahun 1985-1994 bertugas sebagai penasihat ekonomi Menteri Koperasi, Indonesia. Selama tahun 1982-1983, beliau menjadi konsultan ekonomi untuk Bank Indonesia, bank sentral Indonesia, dan bulan Juli 1999 diangkat sebagai wakil gubernur senior bank sentral tersebut, suatu jabatan yang dipegangnya hingga tahun 2004. Pada bulan Oktober 2004, beliau diangkat sebagai ketua Badan Pemeriksa Keuangan Republik Indonesia.

Beliau adalah konsultan untuk UNESCAP, UNECLAC, USAID, ADB, World Bank, IMF, and MITI of Japan; anggota International Advisory Group of Finance Forum of the Pacific Economic Cooperation Council (PECC), Asian Economic Panel, dan Center for Pacific Basin Monetary and Economic Studies of San Francisco; seorang associate member Kementerian Keuangan Jepang, American Economic Association, dan American Committee on Asian Economic Studies (ACAES); wakil ketua Indonesian Economists Association; dan *Country Director* East Asia Economic Association.

# BOARD OF COMMISSIONERS PROFILES

## PROFIL DEWAN KOMISARIS



**BAMBANG SUSIGIT**

Commissioner

Komisaris

Bambang Susigit was appointed Commissioner of PT Agincourt Resources in February 2019. He completed his undergraduate degree at Sriwijaya University, Palembang, majoring in Mining Engineering and obtained a postgraduate degree in Geological Engineering from Padjajaran University. Bambang joined the Ministry of Energy and Mineral Resources (MEMR) as a Mining Inspection Officer in 1992. During his career at MEMR, he also served as Director of Engineering and Environment in the Directorate General of Mineral and Coal from 2014-2015. Bambang served as Head of the Center for Geological Education and Training in MEMR's Education and Training Agency from 2015-2016, and subsequently held the position of Head of the Mineral and Coal Education and Training Center at the MEMR Education and Training Agency. In 2016, he served as Head of the Center for Geological, Mineral and Coal Human Resource Development in the Human Resources Development Agency of MEMR until 2017. At the end of his career in MEMR, he served as Director of Mineral Business Development in the Directorate General of Mineral and Coal from 2017 to 2018.

Bambang Susigit ditunjuk sebagai Komisaris PT Agincourt Resources pada bulan Februari 2019. Ia mendapatkan gelar sarjananya dari Universitas Sriwijaya, Palembang, dengan spesialisasi Teknik Pertambangan serta mendapatkan gelar magister dalam bidang Teknik Geologi dari Universitas Padjadjaran. Bambang bergabung dengan Kementerian Energi dan Sumber Daya Mineral (ESDM) sebagai Pelaksana Inspeksi Pertambangan di tahun 1992. Sepanjang karirnya di ESDM, ia juga menjabat sebagai Direktur Teknik dan Lingkungan di Direktorat Jenderal Mineral dan Batubara pada periode 2014-2015. Bambang menjabat sebagai Kepala Pusat Pendidikan dan Pelatihan Geologi di Badan Pendidikan dan Pelatihan ESDM pada tahun 2015-2016, dan lalu menjabat sebagai Kepala Pusat Pendidikan dan Pelatihan Mineral dan Batubara di Badan Pendidikan dan Pelatihan ESDM. Pada tahun 2016, ia menjabat sebagai Kepala Pusat Pengembangan Sumber Daya Manusia Geologi, Mineral, dan Batubara di Badan Pengembangan Sumber Daya Manusia ESDM sampai tahun 2017. Pada masa akhir baktinya di ESDM, ia menjabat sebagai Direktur Pengusahaan Mineral di Direktorat Jenderal Mineral dan Batubara dari tahun 2017 sampai 2018.

# REPORT FROM THE BOARD OF DIRECTORS

## LAPORAN DIREKSI



**MULIADY SUTIO**  
President Director  
Presiden Direktur

Dear Honorable Shareholders,

On behalf of the PTAR Board of Directors, I am pleased to report on the activities of the Company in 2018 as part of the 2018 Annual Report.

What follows is necessarily a brief summary of the operational and financial performance of the Company during 2018 as well as aspects related to corporate governance. More detailed information can be found in the following sections of this report. Additionally, the performance of the Company in implementing the principles of sustainable development will be presented in greater detail in the Company's 2019 Sustainability Report.

## Operational and Financial Highlights

In the previous Annual Report, 2017 was recognised as the most successful year for the Martabe Gold Mine since commencement of operations. Remarkably, the results for 2018 have set a new benchmark in this regard, with records again being for key operational and financial measures, largely reflecting the success of initiatives implemented under the Company's Martabe Improvement Program (MIP). These results are summarized as follows.

Mining at the Purnama, Barani and Ramba Joring pits supported a record plant throughput of 5.57 million tonnes of ore, a 4.11% increase over the 2017 year of 5.35 million tonnes, despite a harder ore blend. This result together with an improved gold recovery of 84.4% saw a record gold production 410,387 ounces of gold, a 15.5% increase over that achieved in 2017.

These results supported a record 412,298 ounces of gold sold in 2018, 17.2% above the 351,828 ounces sold in 2017. An All-in Sustaining Cost (AISC) of \$367 per ounce contributed to a Gross Profit of \$368 million and a Net Profit after Tax of \$167 million.

These outstanding results have not been achieved at the expense of longer-term operational performance and further improvements in 2019 are being targeted.

Para Pemegang Saham yang Terhormat,

Atas nama Dewan Direksi PTAR, dengan senang hati saya melaporkan kegiatan Perusahaan di tahun 2018, sebagai bagian dari Laporan Tahunan 2018.

Berikut ini merupakan ringkasan kinerja operasional dan keuangan Perusahaan selama tahun 2018 beserta aspek yang terkait dengan tata kelola perusahaan. Informasi lebih jelas dapat ditemukan pada bagian-bagian selanjutnya dalam laporan ini. Selain itu, kinerja Perusahaan dalam menerapkan prinsip-prinsip pembangunan berkelanjutan akan disajikan secara lebih mendalam pada Laporan Keberlanjutan Perusahaan Tahun 2019.

## Fokus Operasional dan Keuangan

Pada Laporan Tahunan sebelumnya, tahun 2017 diakui sebagai tahun paling sukses bagi Tambang Emas Martabe sejak dimulainya operasi. Patut dicatat, hasil selama tahun 2018 telah mengukir tolok ukur baru dalam hal ini, rekor yang kembali menjadi ukuran operasional utama dan keuangan, yang sebagian besar merefleksikan keberhasilan pelaksanaan inisiatif-inisiatif di bawah *Martabe Improvement Program (MIP)* Perusahaan. Hasil tersebut dirangkum sebagai berikut.

Penambangan di pit Purnama, Barani dan Ramba Joring mendukung rekor *throughput* pabrik sebanyak 5,57 juta ton bijih, kenaikan 4,11% dibandingkan tahun 2017 sebanyak 5,35 juta ton, meskipun campuran bijih yang lebih keras. Hasil ini bersama peningkatan perolehan emas 84,4% membukukan rekor produksi emas 410.387 ounce emas, kenaikan 15,5% dibandingkan pencapaian tahun 2017.

Hasil-hasil tersebut menunjang rekor penjualan emas sebanyak 412.298 ounce emas di tahun 2018, naik 17,2% dibandingkan penjualan emas 351.828 ounce di tahun 2017. *All-in Sustaining Cost (AISC)* sebesar \$367 juta per ons berkontribusi terhadap Laba Bruto \$368 juta dan Laba setelah Pajak sebesar \$167 juta.

Pencapaian yang luar biasa ini tidak diraih dengan mengorbankan kinerja operasional jangka panjang dan peningkatan lebih lanjut di tahun 2019 sedang ditargetkan.

## Exploration

The Company's aggressive exploration program was maintained 2018, involving a fleet of up to 12 drill rigs, and continued to yield positive results. Ore Reserves decreased by 1.1% in 2018 to 88 million tonnes, net of depletion during the year, with contained gold decreasing by 6.3% to 4.5 million ounces. Mineral Resources decreased by 6.8% to 204 million tonnes net of depletion, with contained gold decreasing by 10.1% to 8.1 million ounces.

The exploration strategy has focused on longer term programs to increase the Mineral Resources. Targeting studies have identified a number of exciting opportunities which will continue to be the focus in the year ahead. During 2018 a number of deeper targets have been tested below existing deposits.

## Strategic Growth

Strategic growth was supported by securing all required approvals to mine the Tor Ulu Ala deposit and the ongoing development of sulphide processing projects. The Company's continued success in gaining approval to mine new deposits has been supported by high-quality environmental impact assessments and feasibility studies.

## Human Resources

In 2018 the Company continued to enjoy the support of a high quality and committed workforce and the Company continues to strive to be an employer of choice.

Our commitment to employee development was maintained through provision of a broad range of training courses targeting safety, environmental management, personal development, equipment operation and role-specific competencies.

The Company remained committed to providing employment opportunities for local communities, and at the end of the year 73% of the total site workforce were local hire.

## Eksplorasi

Program eksplorasi Perusahaan yang agresif tetap dipertahankan di tahun 2018, dengan melibatkan 12 rig pengeboran, dan terus memberikan hasil positif. Cadangan bijih menurun 1,1% di tahun 2018 menjadi 88 juta ton, setelah deplesi selama tahun tersebut, dengan emas terkandung menurun 6,3% menjadi 4,5 juta ounce. Sumber Daya Mineral menurun 6,8% menjadi 204 juta ton setelah deplesi, dengan emas terkandung menurun 10,1% menjadi 8,1 juta ounce.

Strategi eksplorasi telah difokuskan pada program jangka panjang untuk menambah Sumber Daya Mineral. Studi yang ditargetkan telah mengidentifikasi sejumlah peluang menarik yang akan tetap menjadi fokus di tahun selanjutnya. Selama tahun 2018, sejumlah target lebih dalam telah diuji di bawah deposit yang sudah ada sebelumnya.

## Pertumbuhan Strategis

Pertumbuhan strategis didukung dengan memperoleh semua persetujuan yang diperlukan untuk menambang deposit Tor dan pengembangan terus-menerus proyek pengolahan sulfida. Berlanjutnya keberhasilan Perusahaan dalam mendapatkan persetujuan untuk menambang deposit baru senantiasa ditunjang oleh penilaian dampak lingkungan hidup dan studi kelayakan berkualitas tinggi.

## Sumber Daya Manusia

Pada tahun 2018, Perusahaan terus ditopang dengan tenaga kerja berkualitas tinggi dan berkomitmen. Perusahaan juga terus berupaya menjadi Perusahaan yang memikat dan memampukan karyawan.

Komitmen terhadap pengembangan karyawan dipertahankan melalui diadakannya berbagai macam pelatihan yang menargetkan keselamatan, lingkungan hidup, pengembangan pribadi, operasi peralatan dan kompetensi khusus terkait dengan tugas.

Perusahaan tetap berkomitmen untuk menyediakan kesempatan kerja bagi masyarakat setempat, dan di akhir tahun 73% dari total tenaga kerja yang ada di site direkrut dari orang lokal.

The relationship between the Company and the employee union remained conducive and there were no industrial disputes during the year.

## Gender Diversity

PTAR has actively engaged in its Gender Diversity Program over a number of years. We recognise our talented and diverse workforce as a key competitive advantage. We value diversity at all levels across our business (both employees and contractors).

Our program is focused on increasing participation rates for women. Our total workforce comprised 552 females (22%). Furthermore, and within our own employees at PTAR, a total of 28% of superintendents and managers were female.

To further enable our workforce our Gender Diversity Program also includes establishing a working culture and environment which promotes dignity and respect, and a workplace free of discrimination, intimidation, bullying or harassment.

Of course the measure of our success is not simply the statistics of participation rates, but more so in achieving a stronger Company with a more successful performance as a result of our diversity.

## Safety

The Company remained committed to the elimination of workplace accidents in 2018, with active contribution to this goal by all employees and site contractors. This effort was rewarded by an excellent safety performance at the Martabe Gold Mine in 2018, on par with the best results seen across the mining industry. There were zero Lost Time Injuries (LTI), yielding a Lost Time Injury Frequency Rate (LTIFR) of zero also.

Hubungan antara Perusahaan dan serikat pekerja tetap kondusif dan tidak ada masalah industrial selama tahun tersebut.

## Keberagaman Gender

PTAR telah terlibat secara aktif dalam Program Keberagaman Gender selama beberapa tahun. Perusahaan mengakui tenaga kerjanya yang memiliki kemampuan dan beragam sebagai keuntungan kompetitif utama. Kami menilai keberagaman di seluruh tingkatan bisnis (karyawan dan kontraktor).

Program ini berfokus pada bertambahnya tingkat partisipasi tenaga kerja perempuan. Total tenaga kerja perempuan adalah 552 orang (22%). Lebih jauh, di dalam PTAR sendiri, total perempuan yang ada di posisi *superintendent* dan manajer adalah 28%.

Untuk lebih memampukan tenaga kerja kami, Program Keberagaman Gender mencakup pembentukan budaya kerja dan lingkungan yang mendorong martabat dan saling menghargai, serta tempat kerja yang bebas dari diskriminasi, intimidasi, ancaman atau pelecehan.

Tentunya ukuran keberhasilan Perusahaan tidak hanya berupa statistik tingkat partisipasi, namun lebih mengutamakan terwujudnya Perusahaan yang kuat dengan kinerja lebih baik sebagai hasil dari keberagaman.

## Keselamatan

Perusahaan tetap berkomitmen untuk menghilangkan kecelakaan di tempat kerja pada tahun 2018, dengan berkontribusi secara aktif pada tujuan ini oleh seluruh karyawan dan kontraktor site. Upaya ini membutuhkan hasil dengan kinerja keselamatan yang luar biasa di Tambang Emas Martabe pada tahun 2018, setara dengan hasil terbaik yang ada di seluruh industri pertambangan. Tercatat tidak adanya Kehilangan Waktu Kerja (LTI), sehingga menghasilkan Kekerapan Kehilangan Waktu Kerja (LTIFR) yang juga nihil.

The Company understands that there is always work to be done to reduce the risk of accidents, and a new program aimed at addressing major safety hazards in the workplace, called the Critical Controls Program, was launched in 2018.

## Environment

Management of impacts on the environment is critical to the long-term success of the Martabe Gold Mine. In this regard, our good record was maintained in 2018, with no significant environmental incidents reported.

We remained in full compliance with permit conditions applying to the discharge of treated water to the Batang Toru River and our performance in this regard continued to be assessed by an independent monitoring team comprising stakeholder representatives. The University of North Sumatra continued to monitor the condition of local waterways as part of a long-running River Health program.

The safety of the site's Tailings Storage Facility (TSF) is paramount to the Company, and in support of minimising risk in this area, a third annual independent review of the TSF was conducted by internationally recognised experts in this field.

The area available for final rehabilitation remains very limited, as all waste rock is used in the ongoing construction of the TSF embankment.

## Community Development

The Company maintained a very active community development program in 2018, ensuring that all local stakeholders continued to benefit directly from operations at the mine. The Company provided \$1.25 million in support of programs targeting the key areas of health, education, local business development and public infrastructure. In addition, the Company purchased goods and services locally to the value of \$11.4 million.

Perusahaan memahami bahwa selalu ada yang perlu dilakukan untuk mengurangi risiko kecelakaan, dan sebuah program baru bernama *Critical Controls Program* yang bertujuan untuk mengatasi bahaya keselamatan utama di tempat kerja diluncurkan pada tahun 2018.

## Lingkungan Hidup

Pengelolaan dampak lingkungan hidup berperan penting pada keberhasilan jangka panjang Tambang Emas Martabe. Dalam hal ini, rekor Perusahaan yang baik tetap dipertahankan pada tahun 2018, tanpa adanya laporan insiden lingkungan hidup signifikan.

Perusahaan tetap mematuhi sepenuhnya dengan ketentuan izin yang berlaku untuk pembuangan air olahan ke Sungai Batang Toru dan kinerja terkait hal ini senantiasa dinilai oleh tim pemantau independen yang terdiri dari para perwakilan pemangku kepentingan. Universitas Sumatera Utara tetap memonitor kondisi aliran air sebagai bagian dari program Kesehatan Sungai jangka panjang.

Keamanan *Tailings Storage Facility* (TSF) di site menjadi prioritas tertinggi bagi Perusahaan, dan dalam meminimalkan risiko pada area ini, tinjauan independen tahunan ketiga terhadap TSF dilakukan oleh para pakar yang diakui secara internal di bidang ini.

Area yang tersedia untuk rehabilitasi akhir masih sangat terbatas, karena semua batuan buangan digunakan untuk kelanjutan pembangunan tanggul TSF.

## Pengembangan Masyarakat

Perusahaan mempertahankan program pengembangan masyarakat yang sangat aktif di tahun 2018, memastikan bahwa semua pemangku kepentingan lokal senantiasa mendapatkan manfaat secara langsung dari operasi tambang. Perusahaan mengeluarkan \$1,25 juta dalam menopang program-program yang menargetkan area-area penting kesehatan, pendidikan, pengembangan usaha lokal dan infrastruktur umum. Selain itu, Perusahaan membeli barang dan jasa secara lokal dengan nilai mencapai \$11,4 juta.

## Corporate Governance

In 2018, the Board of Directors fulfilled its corporate governance duties in the management of the Company. A significant change in governance occurred in December 2018 when the Board was reconstituted following transfer of majority ownership of the Company to PT Danusa Tambang Nusantara. This transition was affected smoothly with no disruption to governance functions and normal Company operations.

## Appreciation

By all important measures, the performance of the Company in 2018 was outstanding, and on behalf of the Board of Directors, I wish to express our deep appreciation to all those that supported this result. This includes the Company's employees, whose contributions were essential, and also the contractors, suppliers and other business partners that supported every aspect of our business activities. Finally, I wish to thank the Board of Commissioners and the shareholders for the support and trust extended to the Board of Directors during the year. We look forward with anticipation to another exciting and successful year for PT Agincourt Resources in 2019.

## Tata Kelola Perusahaan

Pada tahun 2018, Dewan Direksi memenuhi tugas tata kelola perusahaan dalam manajemen Perusahaan. Perubahan signifikan dalam hal tata kelola terjadi di bulan Desember 2018 ketika Dewan Direksi disusun ulang setelah pengalihan kepemilikan mayoritas Perusahaan ke PT Danusa Tambang Nusantara. Transisi ini berjalan secara lancar tanpa adanya gangguan pada fungsi tata kelola dan operasi normal Perusahaan.

## Penghargaan

Berdasarkan seluruh ukuran utama, kinerja Perusahaan di tahun 2018 terbilang luar biasa, dan atas nama Dewan Direksi, saya ingin menyampaikan penghargaan yang tulus kepada semua pihak yang mendukung hasil ini. Hal ini mencakup para karyawan Perusahaan, yang kontribusinya sangatlah penting, dan juga para kontraktor, pemasok, dan mitra bisnis lainnya yang menunjang segala aspek kegiatan bisnis. Akhir kata, saya ingin mengucapkan terima kasih kepada Dewan Komisaris dan para pemegang saham atas dukungan dan kepercayaan yang diberikan kepada Dewan Direksi sepanjang tahun 2018. Kami siap menghadapi tahun yang menantang dan meraih keberhasilan untuk PT Agincourt Resources di tahun 2019.

Jakarta, March 2018



**MULIADY SUTIO**

President Director & Managing Director  
Presiden Direktur & Managing Director

# BOARD OF DIRECTORS PROFILES

## PROFIL DIREKSI



**MULIADY SUTIO**  
**President Director & Managing Director**  
*Presiden Direktur & Managing Director*

Muliady Sutio has been appointed President Director of PT Agincourt Resources since December 2018. He holds a Bachelor's Degree in Industrial Engineering from Trisakti University in 1994. He is a certified Astra Leadership Performance Coach who started his career in PT Astra International Tbk back in 1994 as Efficiency Division Analyst and later in 1997 as co project Manager Efficiency Division. In 2000, Muliady was assigned as Team Leader Business Process Management of PT Pamapersada Nusantara, then served as a Corporate Planning and System Development Head in 2004, and the Head of Supply Management Division in 2007. Since 2013 till present he has served as Plant & Corporate Information System Director of PT Pamapersada Nusantara (PAMA). He was assigned as President Director of PT Energia Prima Nusantara to develop power plant as well as Director of PT Pama Indo Mining in 2014. He was also appointed as acting President Director of PT Unitra Persada Energia since November 2015 to present.

Muliady Sutio memegang jabatan Presiden Direktur PT Agincourt Resources sejak Desember 2018. Beliau memiliki gelar sarjana di bidang Teknik Industri dari Universitas Trisakti tahun 1994. Beliau adalah Astra Leadership Performance Coach yang memulai kariernya di PT Astra International Tbk di tahun 1994 sebagai *Efficiency Division Analyst* dan kemudian di tahun 1997 sebagai *Co Project Manager Efficiency Division*. Di tahun 2000, Muliady diangkat sebagai *Team Leader Business Process Management* PT Pamapersada Nusantara, kemudian bertugas sebagai *Corporate Planning and System Development Head* pada tahun 2004, dan *Head of Supply Management Division* pada tahun 2007. Sejak tahun 2013 hingga saat ini, beliau bertugas sebagai *Plant & Corporate Information System Director* PT Pamapersada Nusantara (PAMA). Beliau diangkat sebagai Presiden Direktur PT Energia Prima Nusantara untuk mengembangkan pembangkit listrik sekaligus sebagai Direktur PT Pama Indo Mining di tahun 2014. Beliau juga diangkat sebagai pejabat Presiden Direktur PT Unitra Persada Energia mulai tahun 2015 hingga saat ini.

# BOARD OF DIRECTORS PROFILES

## PROFIL DIREKSI



**TIM DUFFY**  
**Deputy President Director**  
Wakil Presiden Direktur

Tim Duffy joined the Company in 2009 and has served in the roles of General Manager Operations, Executive General Manager, Director, and President Director for a number of years under previous shareholders. He has recently been appointed as Vice President Director and Chief Executive Officer by the current shareholders.

Tim has over 25 years of experience in the mining industry with operational experience across a range of commodities including gold, silver, nickel, copper, uranium, and coal. He has been engaged in finance, commercial and operations roles in the resources sector and has strategic capability across the full suite of mining activities in an Asia/Pacific environment. Tim has held management roles in companies including Oxiana Limited, Xstrata Coal, MIM Holdings, and WMC Limited. Prior to joining PT Agincourt Resources he was the General Manager Finance – Asia of OZ Minerals Limited, mainly responsible for providing commercial guidance and strategic direction for Asian operations and business. He holds a Bachelor's Degree in Commerce and is a member of the AusIMM and a Fellow of CPA Australia.

Tim Duffy bergabung dengan Perusahaan tahun 2009 dan pernah menjabat sebagai *General Manager Operations, Executive General Manager, Direktur, dan Presiden Direktur* selama beberapa tahun semasa para pemegang saham sebelumnya. Beliau baru saja diangkat menjadi Wakil Presiden Direktur dan *Chief Executive Officer* oleh pemegang saham sekarang.

Tim telah berpengalaman selama 25 tahun di bidang industri pertambangan dengan pengalaman operasional di berbagai komoditas, termasuk emas, perak, nikel, tembaga, uranium, dan batubara. Beliau pernah memainkan peran dalam bidang keuangan, komersial, dan operasi pada proyek-proyek pertambangan dan kemampuan strategis di segala kegiatan pertambangan di wilayah Asia. Tim pernah memegang peran-peran manajemen di berbagai perusahaan, termasuk Oxiana Limited, Xstrata Coal, MIM Holdings, dan WMC Limited. Sebelum bergabung dengan PT Agincourt Resources, beliau bertugas sebagai *General Manager Finance – Asia OZ Minerals Limited*, yang memiliki tanggung jawab utama atas penyiapan panduan komersial dan arah strategis untuk operasi dan bisnis di Asia. Beliau memiliki gelar sarjana di bidang *Commerce* dan merupakan anggota AusIMM dan seorang *Fellow CPA Australia*.

# BOARD OF DIRECTORS PROFILES

## PROFIL DIREKSI



**ED COONEY**  
**Director of Operations**  
Direktur Operasional

Ed Cooney was appointed Deputy General Manager of Operations of PT Agincourt Resources on 14 January 2013 and subsequently appointed Director of Operations on 1 July 2015 till present. Ed holds a Bachelor of Engineering/Mining from the University of NSW and dual MBAs from the University of California Los Angeles and National University of Singapore. He is a member of the AUSIMM and has over 19 years mining industry experience including operational and technical roles in both underground and open pit operations, with commodity exposure in copper, silver, lead, zinc, coal and gold. Ed has previously worked for companies including MIM Holdings, Barrick Gold, Xstrata Zinc and prior to joining PT Agincourt Resources was Mining Manager at BHP Billiton's Cannington underground silver, lead and zinc operation in QLD, Australia.

Ed Cooney diangkat sebagai *Deputy General Manager Operations* PT Agincourt Resources pada 14 Januari 2013 dan kemudian menjabat sebagai Direktur Operasional pada 1 Juli 2015 hingga saat ini. Ed memiliki gelar *Bachelor of Engineering/Mining* dari University of NSW dan dua gelar MBA dari University of California Los Angeles dan National University of Singapore. Beliau adalah anggota AUSIMM dan memiliki pengalaman lebih dari 19 tahun di industri pertambangan, termasuk peran operasional dan teknik dalam operasi lubang tambang bawah tanah dan terbuka, dengan cakupan komoditas di bidang tembaga, perak, timah hitam, seng, batubara, dan emas. Beliau sebelumnya bekerja untuk berbagai perusahaan, termasuk MIM Holdings, Barrick Gold, Xstrata Zinc, dan sebelum bergabung dengan PT Agincourt Resources memegang jabatan *Mining Manager* di operasi tambang bawah tanah perak, timah hitam, dan zinc BHP Billiton's Cannington di QLD, Australia.

# BOARD OF DIRECTORS PROFILES

## PROFIL DIREKSI



**LINDA SIAHAAN**  
**Deputy President Director**  
Director of External Relations

Linda Siahaan has worked for PT Agincourt Resources since July 2007 and has been appointed Director of External Relations in December 2018. She served as Director of Government Relations for PT Agincourt Resources in March 2011. In May 2015 until November 2018, Linda was appointed Deputy of President Director.

Linda is responsible for establishing and maintaining relationships with all relevant stakeholders. Her responsibilities include maintaining harmonious relationships with the government of the Republic of Indonesia to ensure that PT Agincourt Resources complies with Indonesian laws and regulations. Linda began her career with Mobil Oil Indonesia. From 1997 to 2007, she worked in the External Relations department of PT Newmont Nusa Tenggara, one of the largest copper and gold mining companies in the world. She has accounting qualifications from the University of North Sumatra, as well as a diploma in communications from the Ketchum Institute of Public Relations in Fairfax, USA.

Linda Siahaan telah bekerja di PT Agincourt Resources sejak Juli 2007 dan diangkat sebagai *External Relations Director* pada Desember 2018. Beliau bertugas sebagai Direktur Hubungan Pemerintahan untuk PT Agincourt Resources pada Maret 2011. Pada Mei 2015 hingga November 2018, Linda ditugaskan sebagai Wakil Presiden Direktur.

Linda juga bertugas membangun dan menjaga hubungan baik dengan semua pemangku kepentingan terkait. Tanggung jawabnya mencakup menjaga hubungan dengan pemerintah Republik Indonesia untuk menjamin kepatuhan PT Agincourt Resources terhadap undang-undang dan peraturan di Indonesia. Linda mulai kariernya di Mobil Oil Indonesia. Dari tahun 1997 hingga 2007, Linda bekerja di departemen External Relations PT Newmont Nusa Tenggara, salah satu perusahaan emas dan tembaga terbesar di dunia. Linda memiliki kualifikasi akuntansi dari Universitas Sumatera Utara dan juga diploma bidang komunikasi dari Ketchum Institute of Public Relations di Fairfax, Amerika Serikat.

# BOARD OF DIRECTORS PROFILES

## PROFIL DIREKSI



**NOVIANDRI LUKMAN**

Director  
Direktur

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Noviandri Lukman has been appointed Director and Chief Financial Officer of PT Agincourt Resources since December 2018. He holds a Masters of Management Degree from Prasetiya Mulya Business School (2007-2009) and Bachelor of Economics Degree from Padjadjaran University. Noviandri started his career at PT United Tractors as Accounting Manager (2009-2019).

Noviandri Lukman telah menjabat sebagai Direktur dan *Chief Financial Officer* PT Agincourt Resources sejak Desember 2018. Beliau memiliki gelar *Master of Management* dari Prasetiya Mulya Business School (2007-2009) dan Sarjana Ekonomi dari Universitas Padjadjaran. Noviandri memulai kariernya di PT United Tractors sebagai Accounting Manager (2009-2019).

# BOARD OF DIRECTORS PROFILES

## PROFIL DIREKSI



**WASHINGTON TAMBUNAN**

Director  
Direktur

Washington Tambunan has been Director of PT Agincourt Resources since 2012. He has several years of experience as the Head of Mines and Energy Office of North Sumatra Province, North Sulawesi and Central Sulawesi Province, and Maluku Province from 1990 to 2009. On February 2005-June 2006, he acted as Temporary Replacement of Sub District Head of Central Tapanuli District, North Sumatra. He also became the recipient of Satya Lencana Kesetiaan Awards (an award for the public servants' loyalty) from the President of the Republic of Indonesia for his 10th, 20th, and 30th years of service.

Washington Tambunan telah menjadi Direktur PT Agincourt Resources sejak tahun 2012. Beliau memiliki pengalaman beberapa tahun sebagai Kepala Kantor Dinas Pertambangan dan Energi Provinsi Sumatera Utara, Provinsi Sulawesi Utara dan Sulawesi Tengah, dan Provinsi Maluku dari tahun 1990 hingga 2009. Dari Februari 2005 – Juni 2006, beliau bertindak sebagai Pejabat Sementara Bupati Tapanuli Tengah, Sumatera Utara. Beliau juga pernah dianugerahi Anugerah Satya Lencana Kesetiaan (suatu penghargaan untuk pengabdian pegawai negeri) dari Presiden Republik Indonesia untuk pengabdiannya selama 10 tahun, 20 tahun, dan 30 tahun.

# BOARD OF DIRECTORS PROFILES

## PROFIL DIREKSI

**RULI TANIO****Director**  
**Direktur**

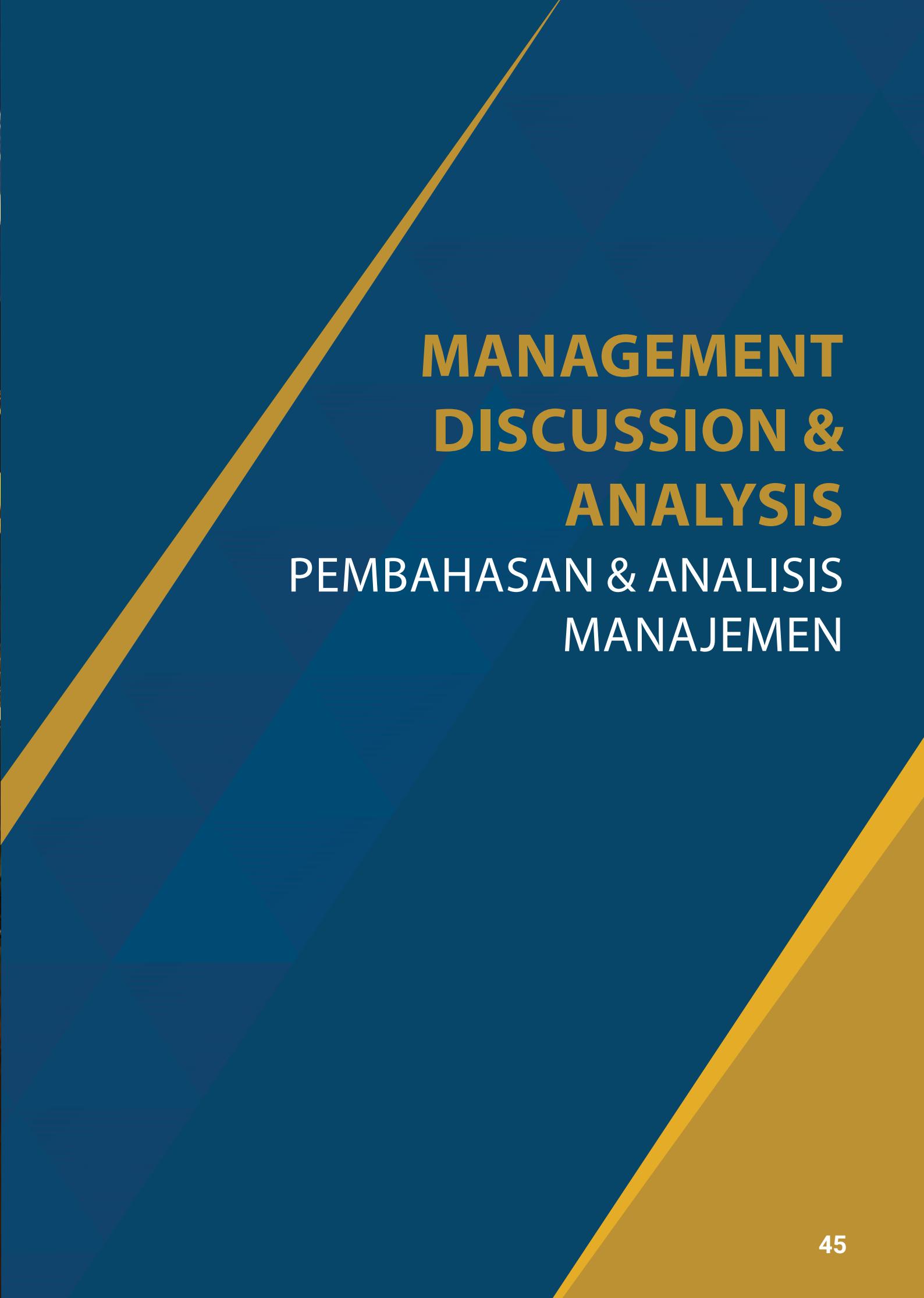
Ruli Tanio was appointed Director of PT Agincourt Resources in February 2019. He has more than a decade of experience in mining-related business with direct exposure to day-to-day engineering, operational, and financial practices. Ruli holds degrees in Industrial Engineering as well as Finance and Economics. He held several positions at PT Pamapersada Nusantara (PAMA) before being appointed Operations and Engineering Director at PT Bukit Enim Energy, a joint venture between PAMA and PT Adaro Indonesia Tbk, in 2012. Following Astra's acquisitions in the energy sector, Ruli was subsequently appointed Engineering and Operations Director in PAMA's PT Energia Prima Nusantara (2014 – present). He was also appointed Director of Bhumi Jepara Services (2016 – present), a joint venture between PT United Tractors Tbk, Sumitomo Corporation and Kansai Electric Power Co., providing operational and maintenance services to Units 5 and 6 of the 2,000-megawatt Tanjung Jati power station in Central Java.

Ruli Tanio ditunjuk sebagai Direktur di PT Agincourt Resources pada bulan Februari 2019. Ia memiliki lebih dari sepuluh tahun pengalaman dalam bisnis terkait pertambangan dengan keterlibatan langsung dalam praktik-praktik teknis, operasional, dan keuangan sehari-hari dalam bidang tersebut. Ruli memiliki gelar dalam bidang Teknik Industri serta Keuangan dan Ekonomi. Ia telah menjabat beberapa posisi di PT Pamapersada Nusantara (PAMA) sebelum ditunjuk sebagai Direktur Operasi dan Teknik di PT Bukit Enim Energy, yaitu perusahaan gabungan antara PAMA dan PT Adaro Indonesia Tbk, pada tahun 2012. Setelah akuisisi Astra di sektor energi, Ruli lalu ditunjuk sebagai Direktur Teknik dan Operasi di PT Energia Prima Nusantara milik PAMA (2014-saat ini). Ia juga ditunjuk sebagai Direktur dari Bhumi Jepara Services (2016-saat ini), yaitu perusahaan gabungan antara PT United Tractors Tbk, Sumitomo Corporation, dan Kansai Electric Power Co., yang bergerak dalam penyediaan layanan operasional dan pemeliharaan untuk Unit 5 dan 6 pembangkit listrik Tanjung Jati yang berkapasitas 2,000 megawatt di Jawa Tengah.

Night view at SAG mill.

Pemandangan malam  
hari di SAG mill.





# **MANAGEMENT DISCUSSION & ANALYSIS**

## **PEMBAHASAN & ANALISIS MANAJEMEN**

Ore being trucked from Ramba Joring pit to crusher.

Bijih dipindahkan menggunakan truk dari Pit Ramba Joring ke crusher.



# MANAGEMENT DISCUSSION & ANALYSIS

## PEMBAHASAN & ANALISIS MANAJEMEN

**2018 was another exceptional year for the Martabe Gold Mine, surpassing prior records across many key operating measures, resulting in a \$166.8 million Net Profit after Tax and an AISC of \$367 per ounce.**

**Tahun 2018 menjadi salah satu tahun yang luar biasa bagi Tambang Emas Martabe, melampaui rekor-rekor sebelumnya di banyak ukuran operasi utama, dengan menghasilkan Laba Bersih Setelah Pajak sebesar \$166,8 juta dan AISC \$367 per ounce.**

### INDUSTRY OVERVIEW

2018 was a volatile year for financial markets and gold was no exception<sup>1</sup>. Starting the year at \$1,312 per ounce<sup>2</sup>, a soft demand for physical gold and negative investor sentiment drove the gold price lower until August, where it found support around \$1,200 per ounce. From there, demand pushed the precious metal higher as geopolitical and macroeconomic risks intensified in Europe, China and the US, leading to a pull-back in emerging then developed stock markets, resulting in short-cover demand for gold.

### GAMBARAN UMUM INDUSTRI

Tahun 2018 menjadi tahun yang sangat fluktuatif bagi pasar-pasar keuangan, tidak terkecuali dengan emas<sup>1</sup>. Di awal tahun harga emas berada di \$1.312 per ounce<sup>2</sup>. Lemahnya permintaan untuk emas fisik dan sentimen negatif investor menekan harga emas sampai bulan Agustus, di mana emas bertahan di kisaran harga \$1.200 per ounce. Dari kondisi tersebut, permintaan mendorong harga logam mulia naik seiring dengan meningkatnya risiko geopolitik dan makroekonomi di Eropa, Tiongkok, dan AS, yang mengakibatkan penurunan pasar-pasar saham di negara berkembang. Hal ini kemudian diikuti negara maju, menghasilkan *short cover* untuk permintaan emas.

<sup>1</sup>Demand and supply economics: World Gold Council. Ekonomi penawaran dan permintaan: World Gold Council.

<sup>2</sup>Gold price statistics from KITCO. Statistik harga emas diambil dari KITCO.

Gold ended the year at \$1,279 per ounce or 1.07% lower over the 12 months, yet still outperformed most key global assets for the year including oil, commodities, global treasuries, the S&P 500, the NASDAQ and the Global Balanced Stock Index<sup>3</sup>. This result was underpinned by the strongest central bank demand for bullion in 50 years as a wider range of countries added 651.5 tonnes of gold to their foreign reserves for diversification and safety.

Emas di akhir tahun berada di harga \$1.279 per ounce atau turun 1,07% di sepanjang 12 bulan, namun masih mengungguli sebagian besar aset-aset global utama pada tahun tersebut termasuk minyak, barang komoditas, *global treasuries*, indeks S&P 500, NASDAQ, dan *Global Balanced Stock Index*<sup>3</sup>. Kinerja ini didukung oleh kuatnya permintaan *bullion* dari bank sentral dalam kurun waktu 50 tahun karena sejumlah negara menambahkan 651,5 ton emas ke dalam cadangan asingnya untuk diversifikasi dan keamanan.

View of Ramba Joring Pit under development.

Pemandangan  
Pit Ramba  
Joring dalam  
pengembangan .



<sup>3</sup>As of 31 December 2018 based on named indices, WTI front Future, BBG Commodities Index, New Frontier Global Balance Index, Bloomberg Barclays Global Treasury Index. Per tanggal 31 Desember 2018 berdasarkan indeks berikut, WTI front Future, BBG Commodities Index, New Frontier Global Balance Index, Bloomberg Barclays Global Treasury Index.

Overall annual demand for gold increased by four percent to 4,345 tonnes. Retail investment in gold bars and coins posted growth of four percent while both jewelry demand and technology driven consumption were stagnant. Exchange Traded Funds and similar products saw lower inflows of 68.9 tonnes, down by two-thirds compared to the prior year.

Annual gold supply firmed slightly to 4,490 tonnes, with mine production rising by one percent to a new high of 3,364 tonnes, supported by a strong production pipeline.

## OPERATIONAL REVIEW

### Overview

Operational performance of the Martabe Gold Mine was outstanding in 2018, with new production benchmarks being achieved across a majority of key operating metrics.

A total of 11.7 million tonnes of material was mined in 2018, as mining operations continued according to plan in the Purnama and Barani pits. Access and development works at Ramba Joring were completed late in the year, allowing mine production activities to commence.

An annual throughput record of 5.57 million tonnes was achieved at the processing facility. This was the result of key initiatives implemented under the Company's Martabe Improvement Program (MIP), most notably though increased utilization of the secondary crusher circuit, commissioned in 2017. The average milling throughput rate was 698 tonnes per hour, five percent above the 2017 annual average and 21% above than the original design throughput of 563 tonnes per hour. This result was achieved despite increased hardness of the ore blend processed during 2018.

Keseluruhan permintaan tahunan untuk emas meningkat sebesar empat persen menjadi 4.345 ton. Investasi ritel untuk emas batangan dan koin emas tercatat tumbuh sebesar empat persen sementara permintaan untuk perhiasan dan teknologi yang didorong konsumsi masih stagnan. *Exchange Traded Funds* dan produk-produk serupa mengalami penurunan aliran masuk 68,9 ton, turun dua pertiga dibandingkan tahun sebelumnya.

Pasokan emas tahunan sedikit menguat menjadi 4.490 ton, dengan produksi tambang yang naik satu persen ke posisi barunya sebanyak 3.364 ton, ditopang oleh jalur produksi yang kuat.

## TINJAUAN OPERASIONAL

### Gambaran Umum

Kinerja operasional Tambang Emas Martabe tercatat sangat baik di tahun 2018, dengan tolok ukur produksi baru yang tercapai di seluruh mayoritas ukuran operasi utama.

Sebanyak 11,7 juta ton material ditambang pada tahun 2018, seiring berlanjutnya operasi penambangan sesuai dengan rencana di pit Purnama dan Barani. Pekerjaan akses dan pengembangan di Ramba Joring diselesaikan di penghujung tahun tersebut, memungkinkan kegiatan produksi tambang untuk dimulai.

Fasilitas pengolahan berhasil mencapai rekor *throughput* tahunan sebanyak 5,57 juta ton; yang merupakan hasil dari inisiatif-inisiatif penting dalam *Martabe Improvement Program* (MIP) Perusahaan, terutama melalui peningkatan utilisasi *secondary crusher circuit* yang dioperasikan sejak tahun 2017. Rata-rata tingkat *milling throughput* adalah 698 ton per jam, lima persen di atas rata-rata tahunan 2017 dan 21% lebih tinggi dari desain awal *throughput* sebesar 563 ton per jam. Hasil ini tercapai meskipun kekerasan campuran bijih yang diolah selama tahun 2018 bertambah.

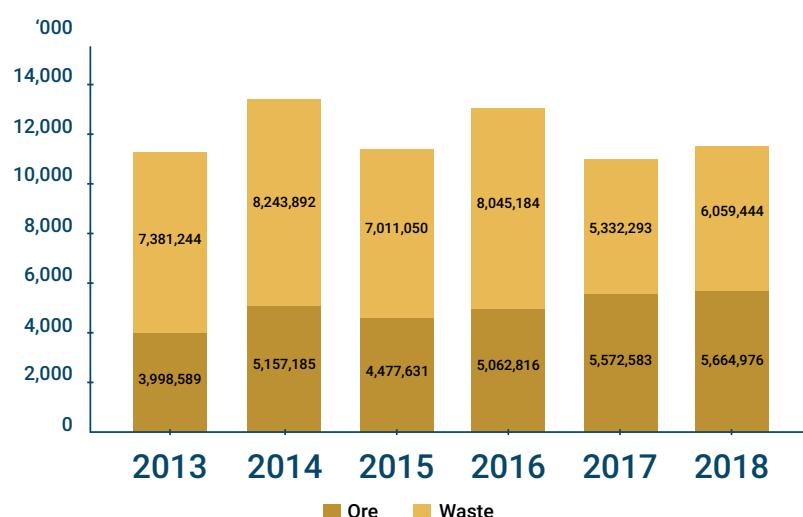
## Mining

## Penambangan

	2018	2017	
Mined Ore – Purnama (t)	<b>4,833,957</b>	4,335,583	Bijih yang ditambang – Purnama (t)
Mined Waste – Purnama (t)	<b>1,231,049</b>	1,629,759	Waste yang ditambang – Purnama (t)
Mined Ore – Barani (t)	<b>784,576</b>	1,237,000	Bijih yang ditambang – Barani (t)
Mined Waste – Barani (t)	<b>3,737,292</b>	3,641,911	Waste yang ditambang – Barani (t)
Mined Ore – Ramba Joring (t)	<b>46,433</b>	–	Bijih yang ditambang – Ramba Joring (t)
Mined Waste – Ramba Joring (t)	<b>1,091,103</b>	60,623	Waste yang ditambang – Ramba Joring (t)
Total Mined (t)	<b>11,724,420</b>	10,904,876	Ton yang ditambang (t)
Strip Ratio - Purnama	<b>0.25</b>	0.38	Nisbah kupasan - Purnama
Strip Ratio - Barani	<b>4.76</b>	2.94	Nisbah kupasan - Barani
Strip Ratio - Ramba Joring	<b>23.49</b>	–	Nisbah kupasan - Ramba Joring

## Tonnes Mined

Jumlah yang Ditambang



Total material mined in 2018 was 11.7 million tonnes, 7.5% higher than 10.9 million tonnes in 2017. Total ore mined was 5.7 million tonnes in line with 2017. Total waste mined was 6.1 million tonnes for the year. Ore delivery matched higher milling throughput rates whilst waste mining matched the TSF development schedule.

Total material yang ditambang di tahun 2018 adalah 11,7 juta ton, 7,5% lebih tinggi dibandingkan 10,9 juta ton pada tahun 2017. Total bijih yang ditambang adalah 5,7 juta ton sama seperti tahun 2017. Total waste yang ditambang pada tahun tersebut adalah 6,1 juta ton. Pengiriman bijih sesuai dengan tingkat *milling throughput* yang lebih tinggi sementara penambangan waste sesuai dengan jadwal pembangunan TSF.

Development of the expanded TSF embankment design (approved in 2017) progressed throughout 2018, with the outer-shell final embankment receiving mine overburden late in the year.

## Purnama Pit

Total material movement from the Purnama pit during 2018 was 6.1 million tonnes, similar to that mined in 2017 and in line with the Purnama development plan. The strip ratio reduced further to 0.25:1 as 'stage mining' continued in 2018, placing focus on higher value ore sources and lowering waste material mining. An interim wall will be established in the Purnama pit to confirm the geotechnical properties of the known clay breccia material, well in advance of final wall excavation.

Pembangunan desain penebalan tanggul TSF (disetujui pada tahun 2017) terus berlanjut sepanjang tahun 2018, dengan tanggul final bagian luar berfungsi untuk menerima lapisan penutup (*overburden*) di penghujung tahun.

## Pit Purnama

Total pergerakan material dari pit Purnama selama tahun 2018 adalah 6,1 juta ton, sama dengan yang ditambang pada tahun 2017 dan sesuai dengan rencana pengembangan pit Purnama. Nisbah pengupasan menurun hingga 0,25:1 seiring dengan berlanjutnya 'stage mining' di tahun 2018, memberikan fokus pada sumber bijih bernilai tinggi dan menurunkan penambangan material waste. Dinding sementara akan dibangun di pit Purnama untuk mengonfirmasikan sifat-sifat geoteknis pada material breksi lempung yang diketahui, hal ini dilakukan jauh sebelum penggalian dinding akhir.

## Barani Pit

Routine mining continued in Barani pit during 2018 with 4.5 million tonnes of material produced at a strip ratio of 4.76:1, compared to 4.9 million tonnes at a strip ratio of 2.94:1 in 2017. Barani pit remained the dominant source of waste for TSF construction over 2018, with the result that ore mined at Barani pit decreased by 37% to 0.79 million tonnes with higher grade ore being sourced from Purnama (reflected by the changes in strip ratios between the two pits). This shift also led to an increase in overall hardness of the ore processed in 2018. A 'stage-mining' plan was developed for Barani pit over the latter part of 2018; this will focus mining activity on superior value ore in high grade vein systems and lead to a lower strip ratio over time.

## Pit Barani

Penambangan rutin terus dilakukan di pit Barani selama tahun 2018 dengan 4,5 juta ton material yang dihasilkan pada nisbah pengupasan 4,76:1, dibandingkan produksi 4,9 juta ton pada nisbah pengupasan 2,94:1 di tahun 2017. Pit Barani tetap menjadi sumber terbesar waste untuk konstruksi TSF selama tahun 2018, dengan hasil bijih yang ditambang di pit Barani menurun 37% menjadi 0,79 juta ton dan bijih berkadar tinggi ditambang dari Purnama (dicerminkan dengan perubahan dalam nisbah pengupasan antara dua pit). Perubahan ini juga mengakibatkan bertambahnya secara keseluruhan kekerasan bijih yang diolah di tahun 2018. Rencana 'stage-mining' dikembangkan untuk pit Barani di penghujung tahun 2018; rencana ini akan berfokus pada kegiatan penambangan bijih bernilai lebih tinggi pada sistem urat berkadar tinggi dan menghasilkan nisbah pengupasan yang lebih rendah di sepanjang waktu.

## Ramba Joring Pit

The Ramba Joring pit was developed in two phases during 2018. The northern area of the deposit was available for normal load and haul activities early in the year. Development of access to the southern area progressed throughout 2018, with normal mining operations to commence early in 2019. Total material mined from the deposit was 1.1 million tonnes, of which four percent was ore and 96% was waste. Both ore and waste mining are planned to accelerate from this point forward now that access development has been completed.

## Pit Ramba Joring

Pit Ramba Joring dikembangkan dalam dua fase selama tahun 2018. Area utara deposit digunakan untuk kegiatan pemuatan dan pengangkutan normal di awal tahun tersebut. Pembangunan akses ke area selatan terus berlanjut di sepanjang tahun 2018, dengan operasi penambangan normal dimulai pada awal tahun 2019. Total material yang ditambang dari deposit tersebut adalah 1,1 juta ton, di mana empat persen merupakan bijih dan 96% berupa waste. Baik penambangan bijih dan waste direncanakan untuk segera dimulai setelah selesainya pembangunan akses.

## Processing

	2018	2017	
Milled (t)	<b>5,572,308</b>	5,353,388	Jumlah yang digiling (t)
Run time	<b>91.1%</b>	91.9%	Run time
Availability	<b>91.6%</b>	92.7%	Ketersediaan
Milling rate (t/h)	<b>698</b>	665	Tingkat penggilingan (t/j)
Crushed (t)	<b>5,531,640</b>	5,294,397	Jumlah yang dihancurkan (t)
Rehandle (t)	<b>818,683</b>	1,199,770	Jumlah rehandle (t)
Direct-tip (t)	<b>4,712,957</b>	4,094,627	Jumlah pemasokan langsung (t)
Direct-tip (%)	<b>85.2%</b>	77%	Pemasokan langsung (%)
Processed grade – gold (g/t)	<b>2.73</b>	2.48	Kadar Pengolahan – emas (g/t)
Processed grade – silver (g/t)	<b>23.05</b>	23.71	Kadar Pengolahan – perak (g/t)
Gold recovery	<b>84.4%</b>	83.5%	Perolehan emas
Silver recovery	<b>70.2%</b>	68.8%	Perolehan perak
Gold poured (oz)	<b>410,387</b>	355,377	Emas yang dituangkan (ounce)
Silver poured (oz)	<b>2,895,380</b>	2,808,452	Perak yang dituangkan (ounce)

The process plant set a new benchmark with 5.57 million tonnes of ore processed in 2018, surpassing the prior record of 5.3 million tonnes in 2017. Putting this result in context, the original plant design capacity was 4.5 million tonnes per annum, and this record was achieved despite a harder ore blend in 2018. The result was supported by a record average throughput of 698 tonnes per hour and a mill run time of over 91.1%, compared to 665 tonnes per hour and 91.9% respectively for 2017.

## Pengolahan

Pabrik pengolahan mengukir tolak ukur baru sebesar 5,57 juta ton bijih yang diolah pada tahun 2018, melampaui rekor sebelumnya sebesar 5,3 juta ton di tahun 2017. Prestasi tersebut dicapai dengan mengingat kapasitas awal rancang pabrik pengolahan sebesar 4,5 juta ton per tahun, dan rekor ini terwujud meskipun bertambahnya kekerasan campuran bijih di tahun 2018. Hasil ini didukung dengan rata-rata *throughput* sebanyak 698 ton per jam dan *mill run time* di atas 91,1%, dibandingkan sebelumnya 665 ton per jam dan 91,9% pada tahun 2017.

Numerous MIP projects during 2018 enabled milling capacity improvements; most significant amongst these was the increased utilisation of the new secondary crushing circuit where modifications to operating practice were implemented leading to the five percent improvement in mill throughput as compared to 2017. The Company is now focused on delivering additional projects aimed at further increasing milling capacity.

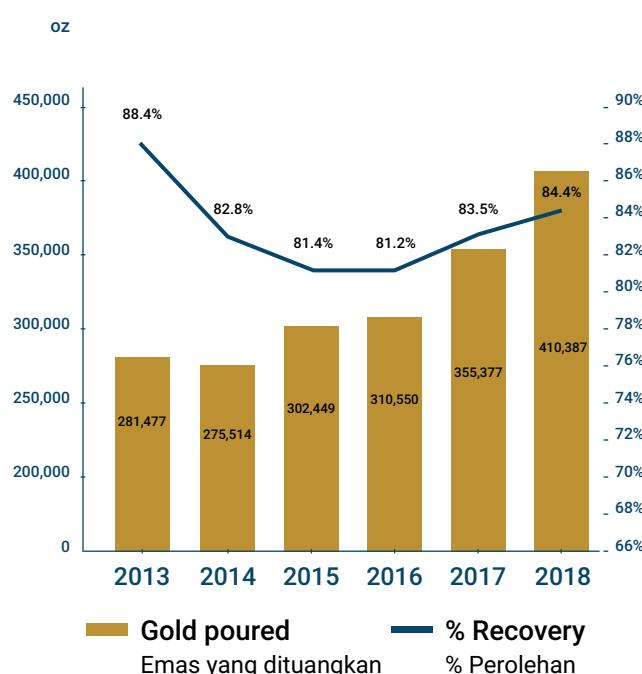
Precious metal recovery rates continued to improve in 2018, with gold recovery increasing to 84.4% from 83.5% in 2017, and silver recovery increasing to 70.2% from 68.8% in 2017. The higher gold grade assisted the higher recovery rate, as well as providing favourable mineralogy. Silver recovery continued to improve with the ongoing refinement of key reagent additions as well as a reduction in the amount of soluble silver losses in the process.

Sejumlah proyek MIP selama tahun 2018 memungkinkan adanya peningkatan dalam kapasitas penggilingan; hal paling signifikan di antaranya adalah peningkatan utilisasi *secondary crushing circuit* yang baru di mana modifikasi untuk praktik pengoperasian dilakukan sehingga menghasilkan lima persen peningkatan dalam *mill throughput* dibandingkan pada tahun 2017. Perusahaan saat ini berfokus pada pelaksanaan proyek-proyek tambahan yang lebih lanjut bertujuan untuk menambah kapasitas penggilingan.

Tingkat perolehan logam mulia terus meningkat di tahun 2018, dengan perolehan emas bertambah menjadi 84,4% dari 83,5% di tahun 2017, dan perolehan perak bertambah hingga 70,2% dari 68,8% di tahun 2017. Kenaikan kadar emas membantu tingkat perolehan yang lebih tinggi, serta memberikan mineralogi yang lebih menguntungkan. Perolehan perak terus meningkat dengan penyempurnaan secara terus-menerus pada tambahan reagent utama serta pengurangan dalam jumlah perak terlarut yang hilang dalam proses.

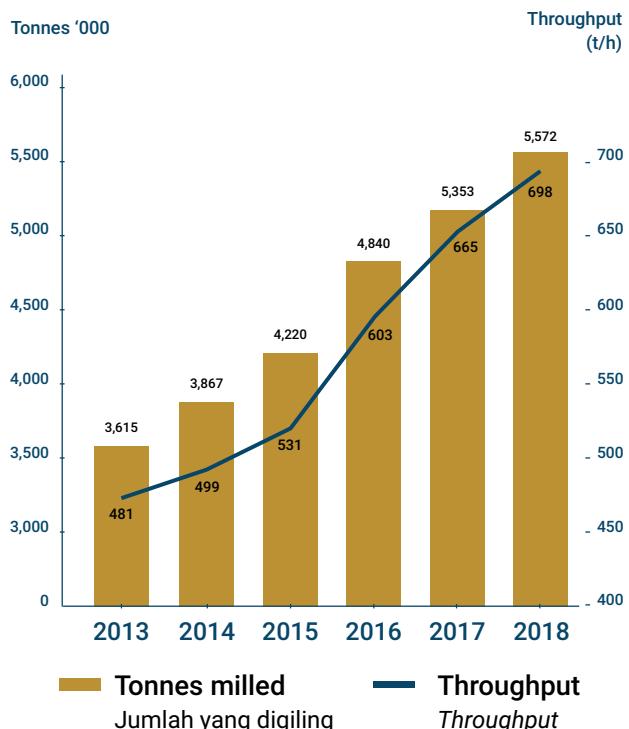
### Gold Poured and % Recovery

Emas yang Dituangkan dan % Perolehan



### Tonnes Milled and Throughput

Jumlah yang Digiling dan throughput





View of the Martabe Gold Mine process plant (ROM stockpile on the left, grinding mills in the centre, and leach tanks on the right).

Pemandangan pabrik pengolahan Tambang Emas Martabe (ROM Stockpile atau tumpukan hasil tambang terlihat di bagian kiri, pabrik pelindian di tengah, dan tangki resapan di bagian kanan).



## Refining

All dore bars produced by the Company were refined through PT. ANTAM (Persero) Tbk at the Logam Mulia refinery in Jakarta, with refined gold and silver granules exported to Singapore. Gold refined and sold in 2018 was 412,298 ounces; a new record for the Company and 17.2% above the 351,828 ounces sold in 2017. Silver refined and sold was 3.31 million ounces in 2018, a new record for the Company and significantly above 2.39 million ounces reported in 2017.

## Pemurnian

Semua batangan emas dan perak setengah murni yang diproduksi Perusahaan dimurnikan melalui PT. ANTAM (Persero) Tbk di pemurnian Logam Mulia di Jakarta, dengan butiran emas dan perak murni diekspor ke Singapura. Emas yang dimurnikan dan dijual di tahun 2018 adalah 412.298 ounce; rekor baru bagi Perusahaan dan 17,2% lebih tinggi dari 351.828 ounce yang terjual di tahun 2017. Perak yang dimurnikan dan dijual adalah 3,31 juta ounce di tahun 2018, sebuah rekor baru bagi Perusahaan dan meningkat secara signifikan dibandingkan 2,39 juta ounce yang dilaporkan pada tahun 2017.

## BUSINESS REVIEW & RESULTS

The Company posted exceptional financial results for the year 2018. A Net Profit After Tax (NPAT) of \$166.8 million was a new record for the Company, reflecting both higher sales volumes and lower costs for the 12 months. The result was 10.2% above the previous benchmark of \$151.3 million in 2017 and included \$38.4 million in extraordinary prior year taxation adjustments (2015-2017) along with \$19.6 million in additional royalty payments resulting from renegotiations to the Contract of Work (2018). The Company's NPAT Margin was 29.0%, comparable with 31.2% reported in 2017.

A volume driven sales record of \$574.2 million was achieved in 2018 as a result of improved operating performance across most key metrics. This represented an 18.5% increase over the \$484.4 million recorded for 2017. Total gold sold was a record 412,298 ounces, 17.2% above 351,828 ounces in 2017. The average realized sale price for gold was \$1,267 per ounce, comparable with the \$1,262 per ounce reported for 2017.

## TINJAUAN USAHA & HASILNYA

Perusahaan mencetak hasil keuangan yang mengagumkan selama tahun 2018. Laba Bersih Setelah Pajak (NPAT) sebesar \$166,8 juta menjadi rekor baru bagi Perusahaan, yang merefleksikan kenaikan volume penjualan lebih tinggi dan penurunan biaya selama 12 bulan. Hasilnya adalah 10,2% di atas tolok ukur sebelumnya sebesar \$151,3 juta di tahun 2017 dan termasuk \$38,4 juta sebelum penyesuaian yang luar biasa pada tahun pajak (2015-2017) serta \$19,6 juta sebagai tambahan pembayaran royalti hasil dari renegosiasi Kontrak Karya (2018). Margin NPAT Perusahaan adalah 29,0%, dibandingkan dengan 31,2% yang dilaporkan pada tahun 2017.

Rekor penjualan yang didorong volume sebesar \$574,2 juta tercapai di tahun 2018 sebagai hasil dari peningkatan kinerja operasi di hampir seluruh ukuran utama. Hal ini menunjukkan kenaikan 18,5% dibandingkan \$484,4 juta yang dibukukan selama tahun 2017. Total penjualan emas tercatat sebanyak 412.298 ounce, 17,2% lebih tinggi dibandingkan 351.828 ounce di tahun 2017. Rata-rata harga jual terealisasi untuk emas adalah \$1.267 per ounce, dibandingkan \$1.262 per ounce yang dilaporkan selama tahun 2017.

A dore pour at the Martabe Gold Mine. The mine conducts around 35 pours per month with each poured bar containing a mixture of silver and gold.

Penuangan dore di Tambang Emas Martabe, dilakukan sekitar 35 kali penuangan setiap bulannya dan menghasilkan produk batangan yang merupakan campuran emas dan perak.



Silver sales totaled \$52.0 million, or 29.1% above \$40.3 million in 2017. Sales of 3.3 million ounces were 38.4% higher than in 2017, more than offsetting the lower average realised sale price for silver of \$15.7 per ounce; 6.7% lower than \$16.8 per ounce in 2017.

Total penjualan perak sebesar \$52,0 juta, atau naik 29,1% dibandingkan \$40,3 juta di tahun 2017. Penjualan meningkat sebanyak 3,3 juta ounce atau 38,4% dibandingkan di tahun 2017, angka ini sudah melampaui penurunan rata-rata harga jual terealisasi perak sebesar \$15,7 per ounce; 6,7% lebih rendah dibandingkan \$16,8 per ounce di tahun 2017.

Cost of sales for 2018 were 5.5% lower in total than 2017 at \$205.5 million. The reduction in cost highlights the value achieved through the Martabe Improvement Program, which drives asset performance, increased efficiency and productivity, resulting in lower unit costs. Cash savings were coupled with lower Non-Cash savings from depreciation and amortisation as a result of exploration success in increasing Reserves (2017) and a consequent extension in mine life.

The above factors helped drive Gross Profit and the Gross Margin significantly higher in 2018. Gross Profit increased from \$266.9 million in 2017 to \$368.7 million in 2018, a 38.2% increase, and consequently the Gross Profit Margin increased considerably from 55.1% in 2017 to 64.2% in 2018.

EBITDA<sup>4</sup> for 2018 was \$373.8 million, an increase of 14.2% over the prior record set in 2017 of \$327.3 million. The Company's EBITDA margin was 65.1%, more than two and a half times the Global Top 40 Mining Industry average of 24%<sup>5</sup>. Income before tax was \$270.7 million for 2018; a 33.3% increase from \$203.2 million reported in 2017.

Total biaya penjualan selama tahun 2018 adalah 5,5% menurun dibandingkan di tahun 2017 yang sebesar \$205,5 juta. Penurunan dalam hal biaya menekankan nilai yang dicapai melalui *Martabe Improvement Program*, yang mendorong kinerja aset, meningkatnya efisiensi dan produktivitas, yang berdampak pada turunnya biaya unit. Penghematan kas didukung dengan penghematan non kas yang lebih rendah dari depresiasi dan amortisasi sebagai hasil dari keberhasilan eksplorasi dalam meningkatkan Cadangan (2017) dan bertambahnya umur tambang.

Faktor-faktor di atas membantu mendorong Laba Bruto dan Margin Bruto secara signifikan di tahun 2018. Laba Bruto naik dari \$266,9 juta di tahun 2017 menjadi \$368,7 juta di tahun 2018, peningkatan sebesar 38,2%, dan menghasilkan Margin Laba Bruto yang melonjak pesat dari 55,1% di tahun 2017 menjadi 64,2% di tahun 2018.

EBITDA<sup>4</sup> selama tahun 2018 adalah \$373,8 juta, kenaikan sebesar 14,2% dibandingkan rekor yang dibukukan di tahun 2017 sebesar \$327,3 juta. Margin EBITDA Perusahaan adalah 65,1%, meningkat lebih dari dua setengah kali rata-rata Industri Tambang 40 Besar yang sebesar 24%<sup>5</sup>. Pendapatan sebelum pajak selama tahun 2018 adalah \$270,7 juta; meningkat 33,3% dari \$203,2 juta seperti yang dilaporkan pada tahun 2017.

## AISC

All-in Sustaining Cost (AISC) has been widely adopted by the gold mining industry as a key performance metric for intra-industry benchmarking and performance comparison purposes. The All-in Sustaining Cost (AISC) for the year was \$367 per ounce a further 9.4% reduction from \$405 per ounce reported in 2017. Increased sales emanating from elevated production levels, coupled with lower operating costs were the primary contributing factors to achieve this record low AISC. The result places the Company well inside the top quartile globally amongst companies with a production base of more than 200,000 ounces.

## AISC

*All-in Sustaining Cost* (AISC) telah digunakan secara luas oleh industri tambang emas sebagai ukuran kinerja utama bagi tolok ukur intra industri dan berfungsi sebagai perbandingan kinerja. *All-in Sustaining Cost* (AISC) selama tahun tersebut adalah \$367 per ounce penurunan lebih jauh sebesar 9,4% dari \$405 per ounce yang dilaporkan pada tahun 2017. Peningkatan penjualan yang berasal dari naiknya tingkat produksi, ditambah dengan menurunnya biaya operasi menjadi faktor utama yang berkontribusi untuk mencapai rekor AISC yang rendah. Hasil tersebut menempatkan Perusahaan ke dalam kuartil besar dunia di antara perusahaan dengan basis produksi lebih dari 200.000 ounce.

<sup>4</sup>Earnings before interest, taxes, depreciation and amortisation. Laba sebelum pajak, pajak, depresiasi dan amortisasi.

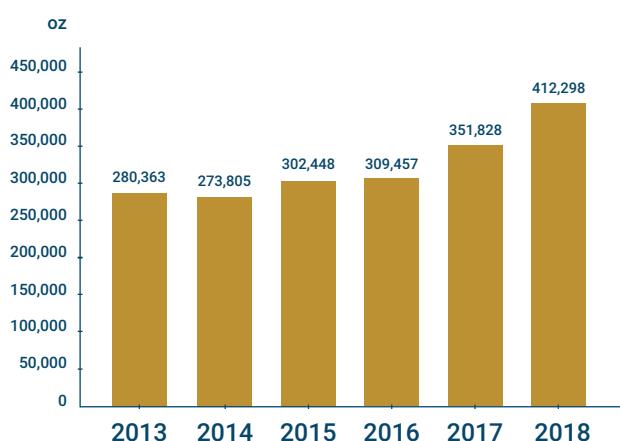
<sup>5</sup>PwC Global Mining Industry Report 2018 – Top 40 miners by global market capitalization as at 31 Dec 2017. PwC Global Mining Industry Report 2018 – Top 40 miners berdasarkan kapitalisasi pasar global per 31 Des 2017.

## Profit & Loss

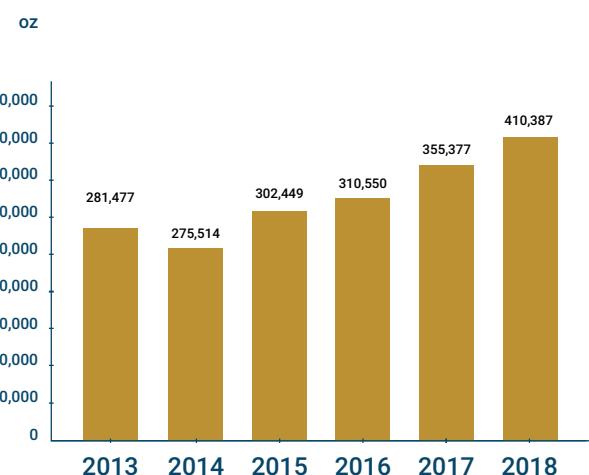
Laba Rugi

\$'000 unless otherwise stated	2018	2017	\$'000 kecuali dinyatakan lain
Revenue	<b>574,197</b>	484,438	Pendapatan
Cost of sales	(205,521)	(217,572)	Biaya penjualan
Gross profit	<b>368,676</b>	266,866	Laba kotor
EBITDA	<b>373,831</b>	327,294	EBITDA
Profit before taxation	<b>270,708</b>	203,205	Laba sebelum pajak
Income tax	<b>103,911</b>	(51,868)	Pajak penghasilan
Net profit after tax	<b>166,797</b>	151,337	Laba bersih setelah pajak
AISC (\$/oz)	<b>367</b>	405	AISC (\$/ounce)
Gold sold (oz)	<b>412,298</b>	351,828	Penjualan emas (ounce)
Silver sold (oz)	<b>3,314,673</b>	2,394,681	Penjualan perak (ounce)
Gold average selling price (\$/oz)	<b>1,266,6</b>	1,262.5	Harga jual rata-rata emas (\$/ounce)
Silver average selling price (\$/oz)	<b>15.7</b>	16.8	Harga jual rata-rata perak (\$/ounce)
Gross profit margin (%)	<b>64.2</b>	55.1	Marjin laba kotor (%)
EBITDA margin (%)	<b>65.1</b>	67.6	Marjin EBITDA (%)
Profit after tax margin (%)	<b>29.0</b>	31.2	Marjin laba setelah pajak (%)

**Gold Sold**  
Penjualan Emas



**Gold Poured**  
Emas yang Dituangkan



## Martabe Improvement Program

The MIP is the embodiment of the Company's culture of continuous improvement. This program reflects a focus on seeking improvements across all aspects of the business. Furthermore, the Company believes that one of the key mitigations to address risks of gold price volatility is through optimising asset productivity and reducing our cost structure, in addition to increasing Reserves and Resources and consequently extending mine life.

Since inception in 2013, the MIP has consistently resulted in further optimisation of our assets and reduction in costs. During 2018, 51 projects were either completed or active, and contributed \$22.8 million in value across all key business units. The primary drivers were energy supply solutions, increases in mill throughput rate, cost reduction efficiencies across processing consumables and contract renewal renegotiations.

## Martabe Improvement Program

MIP merupakan perwujudan budaya perbaikan berkelanjutan Perusahaan. Program ini mencerminkan fokus dalam mengupayakan perbaikan di seluruh aspek bisnis. Lebih lanjut, Perusahaan yakin bahwa salah satu penanggulangan utama risiko volatilitas harga emas adalah dengan mengoptimalkan produktivitas aset dan mengurangi struktur biaya, selain menambah Cadangan dan Sumber Daya dan pada gilirannya memperpanjang umur tambang.

Sejak permulaan tahun 2013, MIP secara konsisten menghasilkan optimisasi aset dan pengurangan biaya. Selama tahun 2018, 51 proyek telah diselesaikan atau berfungsi aktif, dan mengontribusikan nilai sebesar \$22,8 juta di seluruh unit bisnis utama. Penggerak utamanya adalah solusi pasokan energi, peningkatan tingkat *mill throughput*, efisiensi pengurangan biaya di seluruh barang habis pakai pengolahan, dan renegosiasi pembaruan kontrak.

## Review of Financial Position

\$'000 unless otherwise stated	2018	2017	\$'000 kecuali dinyatakan lain
Current assets	<b>71,793</b>	137,740	Aset lancar
Non-current assets	<b>638,008</b>	739,746	Aset tidak lancar
Total assets	<b>709,801</b>	877,486	Total aset
Total liabilities	<b>278,433</b>	538,644	Total liabilitas
Net assets	<b>431,368</b>	338,842	Aset bersih
Net Debt to EBITDA (x)	<b>0.31</b>	1.17	Utang bersih terhadap EBITDA (x)
Fixed assets turnover (x)	<b>0.98</b>	0.80	Perputaran aktiva tetap (x)
Return on total assets (%)	<b>23.5</b>	17.2	Tingkat pengembalian total aset (%)

The Company has further strengthened its balance sheet during 2018, through focused capital expenditures, improvements in working capital, and conversion of the refinanced Senior Facility as part of the sale of share agreement (SSA). Although total assets decreased from \$877.5 in 2017 to \$709.8 million in 2018, net assets increased by 27.3% or \$92.6 million from \$338.8 million for 2017 to \$431.4 million in 2018.

## Tinjauan Posisi Keuangan

Perusahaan lebih lanjut telah memperkuat neraca keuangannya selama tahun 2018, melalui belanja modal terfokus, perbaikan modal kerja, dan konversi pembiayaan kembali *Senior Facility* sebagai bagian dari perjanjian penjualan saham (SSA). Meskipun total aset menurun dari \$877,5 juta di tahun 2017 menjadi \$709,8 juta di tahun 2018, aset bersih meningkat 27,3% atau \$92,6 juta dari \$338,8 juta di tahun 2017 menjadi \$431,4 juta di tahun 2018.

Fixed assets turnover is a key measure of asset utilisation and performance. In 2018 the Company's fixed assets turnover was 0.98, an increase from 0.80 in 2017, reflecting the Company's success in utilising fixed assets more productively.

Gross Debt to EBITDA was 0.40, Net Debt to EBITDA was 0.31, while Gross Debt to Equity was also 0.3, providing the Company significant headroom for raising capital for future expansion and providing shareholders with flexibility to leverage the Company's balance sheet.

Return on Assets (ROA) for the year was notably stronger at 23.5% compared to 17.2% in 2017, due to the higher net profit and a decrease in the total asset base.

## **Share Sale Agreement (SSA) and Debt Restructure**

PT. Danusa Tambang Nusantara (DTN), a subsidiary of PT. United Tractors Tbk (UT Group), entered into a Share Sale Agreement (SSA) to acquire a 95.0% ownership stake in the Company. The transaction occurred on 4 December 2018.

As part of the SSA, the Company restructured its debt by entering into Parent Company loan agreements with UT Group and PT. Pamapersada Nusantara (PAMA), under which each agreed to provide loans with a maximum facility amounting to \$195 million and \$130 million, respectively. These loans bear annual interest at the three-month LIBOR interest rate plus a 2.0% margin. The loans have a final maturity date of 4 December 2023 and 27 November 2023, respectively. Principal installments and interest are payable on a quarterly basis.

Perputaran aset tetap menjadi ukuran utama utilisasi aset dan kinerja. Pada tahun 2018, rasio perputaran aktiva naik menjadi 0.98 dari 0,80 pada tahun 2017. Hal ini mencerminkan keberhasilan Perusahaan dalam memanfaatkan aset tetap agar lebih produktif.

Utang Bruto terhadap EBITDA adalah 0,40, dan Utang Bersih terhadap EBITDA sebesar 0,31, sedangkan Utang Bruto terhadap Ekuitas juga sebesar 0,3, hal ini memberikan ruang yang signifikan bagi Perusahaan untuk menambah modal guna ekspansi yang akan datang dan memberikan fleksibilitas bagi para pemegang saham untuk memanfaatkan neraca keuangan Perusahaan.

Return on Assets (ROA) selama tahun tersebut tercatat lebih solid, naik 23,5% dibandingkan 17,2% pada tahun 2017, dikarenakan laba bersih yang lebih tinggi dan penurunan total basis aset.

## **Share Sale Agreement (SSA) dan Restrukturisasi Utang**

PT. Danusa Tambang Nusantara (DTN), anak perusahaan dari PT. United Tractors Tbk (Grup UT), mengadakan Perjanjian Penjualan Saham atau *Share Sale Agreement* (SSA) untuk mengakuisisi 95,0% kepemilikan saham di Perusahaan. Transaksi tersebut dilakukan pada tanggal 4 Desember 2018.

Sebagai bagian dari SSA, Perusahaan melakukan restrukturisasi utangnya dengan mengadakan perjanjian pinjaman Perusahaan Induk bersama Grup UT dan PT. Pamapersada Nusantara (PAMA), di mana masing-masing menyetujui untuk memberikan pinjaman dengan fasilitas maksimum berjumlah \$195 juta dan \$130 juta. Suku bunga tahunan yang dikenakan untuk pinjaman-pinjaman tersebut adalah suku bunga LIBOR tiga bulan ditambah margin 2,0%. Masing-masing pinjaman memiliki jatuh tempo yang berakhir pada tanggal 4 Desember 2023 dan 27 November 2023. Angsuran pokok dan bunga dibayarkan setiap kuartal.

## Cash Flow & Liquidity

## Arus Kas & Likuiditas

\$'000	2018	2017	\$'000
Cash generated from operations	<b>404,363</b>	285,961	Kas dihasilkan dari operasi
Net cash from operation	<b>322,201</b>	231,777	Kas bersih dari kegiatan operasi
Net cash used in investing	<b>64,818</b>	(108,769)	Kas bersih untuk kegiatan investasi
Net cash used in financing	<b>(385,022)</b>	(142,720)	Kas bersih untuk kegiatan pendanaan
Net change in cash and cash equivalents	<b>1,998</b>	(19,712)	Kenaikan/(penurunan) kas dan setara
Cash and cash equivalents start-2017	<b>30,680</b>	50,392	Kas dan setara kas pada awal 2017
Cash and cash equivalents end-2017	<b>32,678</b>	30,680	Kas dan setara kas pada akhir 2017

The 2018 statement of cash flow was very positive, flowing from the exceptional operating performance in 2018. Operating cash flow before changes in working capital was \$374 million, significantly above \$326 million in 2017. Cash generated from operations was a record \$404 million, 41% above \$286 million as reported in 2017.

Laporan arus kas tahun 2018 membukukan hasil sangat positif, yang berasal dari kinerja operasi yang luar biasa di tahun 2018. Arus kas operasi sebelum perubahan modal kerja adalah \$374 juta, naik signifikan dari \$326 juta di tahun 2017. Kas yang dihasilkan dari operasi mencatat rekor sebesar \$404 juta, naik 41%, dibandingkan \$286 juta seperti yang dilaporkan pada tahun 2017.

Drilling and charging being conducted in preparation for a blast at the Barani pit.

Pengeboran dan pengisian bahan peledak untuk mempersiapkan proses peledakan di Pit Barani.



## Dividends

The Company continues to pay a regular dividend to deliver a consistent return for the shareholders. For the year 2018 the Company distributed interim dividends totaling \$74.7 million.

## Taxes Paid

The Company ensures full compliance with all laws and regulations with the relevant authorities with respect to state revenue and taxes.

## Dividen

Perusahaan terus membayar dividen secara rutin untuk memberikan imbal hasil yang konsisten bagi para pemegang saham. Selama tahun 2018, Perusahaan telah membagikan dividen interim sebesar \$74,7 juta.

## Pajak Dibayar

Perusahaan memastikan kapatuhan sepenuhnya seluruh undang-undang dan peraturan dengan otoritas yang relevan sehubungan dengan penerimaan negara dan pajak.

Payments to Governments	2018	2017	Pembayaran ke Pemerintah
Corporate income tax	87,365	54,176	Pajak penghasilan badan usaha
Withholding income tax	15,050	18,155	Pemungutan pajak
Royalties	21,300	2,657	Royalti
Land and building tax	1,004	1,008	Pajak bumi dan bangunan
Other taxes	1,680	1,447	Pajak lainnya
<b>Total</b>	<b>126,399</b>	<b>77,443</b>	<b>Total</b>

View of Barani Pit.  
Pemandangan Pit Barani.



## Contract of Work Renegotiation

On 14 March 2018, the Company and the Indonesian Government reached an agreement to sign an amendment to the Contract of Work ("CoW Amendment"). The key changes incorporated in the CoW Amendment include a reduction in the CoW area from 163,927 hectares to 130,252 hectares, adoption of prevailing rates for taxes and royalties, and an obligation to increase Indonesian ownership participation to at least 51% by 24 April 2022. Notwithstanding the Amendment, the CoW is valid until 2042, followed by two 10 year extensions, subject to conditions.

## Renegosiasi Kontrak Karya

Pada tanggal 14 Maret 2018, Perusahaan dan Pemerintah Indonesia mencapai kesepakatan untuk memandatangani perubahan Kontrak Karya ("Perubahan KK"). Perubahan-perubahan penting yang disertakan dalam Perubahan KK mencakup pengurangan area KK dari 163.927 hektare menjadi 130.252 hektare, penggunaan tarif yang berlaku untuk pajak dan royalti, dan kewajiban untuk menambah partisipasi kepemilikan dalam negeri menjadi setidaknya 51% sebelum 24 April 2022. Meskipun adanya Perubahan, KK berlaku hingga tahun 2042, diikuti dengan dua kali 10 tahun perpanjangan, dengan memperhatikan ketentuan yang ada.

Geologists Gerry Mokoginta, Ade Triyunita and Cristinnata Harianja, from the Mine Geology Department collect rock samples for grade control.

Ahli Geologi Gerry Mokoginta, Ade Triyunita dan Cristinnata Harianja dari Departemen Geologi Tambang mengumpulkan sampel batuan untuk proses pengendalian kadar batuan (grade control).



## EXPLORATION

2018 was another excellent year for exploration at Martabe, continuing on from the intensive drilling campaigns of 2016 and 2017. Twelve diamond drill rigs were operational for the majority of 2018, drilling over 85,000 meters at a total exploration cost of \$23.4 million, or \$273 per meter drilled.

Whilst there has been a slight decrease in Mineral Resources and Ore Reserves, exploration activities during 2018 resulted in considerable upgrades to the classifications of the known Mineral Resources at Purnama and Ramba Joring, providing a significant increase in confidence, from Indicated to Measured. In addition, results from Tor Uluala are encouraging with increases across Measured, Indicated, and Inferred.

Furthermore, deep drilling undertaken as part of the Underground Sulphide Study has identified some encouraging high grade mineralisation which will be further targeted in the 2019 drilling program.

Ore Reserves slightly decreased by 1.1% in 2018 to 88 million tonnes, net of current year mining depletion. Contained Gold decreased by 6.3% or 0.3 million ounces net of depletion to 4.5 million ounces and Contained Silver decreased by 7.8% or 2.8 million ounces net of depletion to 34 million ounces.

Mineral Resources decreased by 6.8% in 2018 to 204 million tonnes net of current year mining depletion. Contained Gold decreased by 10.1% or 0.9 million ounces net of depletion to 8.1 million ounces and Contained Silver decreased by 4.2% or 3.0 million ounces net of depletion to 69 million ounces.

## EKSPLORASI

Tahun 2018 menjadi tahun yang sangat baik bagi eksplorasi di Martabe, melanjutkan rangkaian pengeboran intensif dari tahun 2016 dan 2017. Dua belas *diamond drill rig* sebagian besar dioperasikan selama tahun 2018, melakukan pengeboran lebih dari 85.000 meter dan total biaya eksplorasi \$23,4 juta, atau \$273 per meter tanah yang dibor.

Meskipun adanya sedikit penurunan dalam Sumber Daya Mineral dan Cadangan Bijih, kegiatan eksplorasi selama tahun 2018 menghasilkan peningkatan yang sangat baik pada klasifikasi Sumber Daya Mineral yang diketahui di Purnama, dan Ramba Joring, memberikan keyakinan signifikan dari yang Terunjuk menjadi Terukur. Selain itu, hasil dari Tor Uluala memberikan harapan positif dengan adanya peningkatan di seluruh klasifikasi yang Terukur, Terunjuk, dan Terkira.

Lebih lanjut, pengeboran dalam yang dilakukan sebagai bagian dari Studi Sulfida Bawah Tanah telah mengidentifikasi beberapa mineralisasi berkadar tinggi yang lebih jauh akan ditargetkan ke dalam program pengeboran tahun 2019.

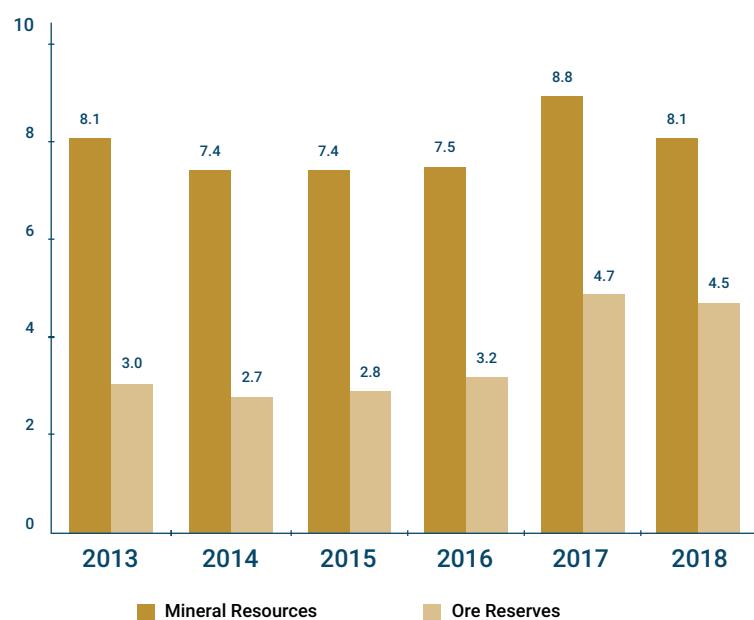
Cadangan Bijih sedikit menurun 1,1% di tahun 2018 menjadi 88 juta ton, setelah deplesi penambangan tahun yang berjalan. Emas Terkandung menurun 6,3% atau 0,3 juta ounce setelah deplesi menjadi 4,5 juta ounce dan Perak Terkandung menurun 7,8% atau 2,8 juta ounce setelah deplesi menjadi 34 juta ounce.

Sumber Daya Mineral menurun 6,8% di tahun 2018 menjadi 204 juta ton setelah deplesi penambangan tahun yang berjalan. Emas Terkandung menurun 10,1% atau 0,9 juta ounce setelah deplesi menjadi 8,1 juta ounce dan Perak Terkandung menurun 4,2% atau 3,0 juta ounce setelah deplesi menjadi 69 juta ounce.

Ore Reserves	Reserve Tonnes (Mt)	Contained Gold (Moz)	Contained Silver (Moz)
Statement as at 31 December 2018	88	4.5	34

Mineral Resources	Reserve Tonnes (Mt)	Contained Gold (Moz)	Contained Silver (Moz)
Statement as at 31 December 2018	204	8.1	69

**Mineral Resources and Ore Reserves Martabe Gold Mine (Moz)**  
Cadangan Mineral Resources dan Ore Tambang Emas Martabe (Juta Ounces)





# **HUMAN RESOURCES**

## SUMBER DAYA MANUSIA



Henny Purnamasari (PTAR TSF Manager), Aron Nasution (PTAR Technician) and Sujarwedi (McMahon JV Surveyor) conduct shear-strength testing at the TSF embankment. Shear-strength is one of a range of parameters that are routinely tested to ensure that the TSF embankment is being constructed to specification.

Henny Purnamasari (PTAR TSF Manager), Aron Nasution (Teknisi PTAR) dan Sujarwedi (Petugas Survey dari McMahon JV) melakukan pengujian kekuatan geser di tanggul TSF. Kekuatan geser adalah salah satu parameter yang diuji secara rutin guna memastikan tanggul TSF telah dibangun sesuai dengan spesifikasi.



Lasmi Siregar, Shift Operator Processing (PTAR Production Department) monitoring mill operation in the SAG mill area.

Lasmi Siregar, Shift Operator Processing (Departemen Produksi PTAR) memantau operasi pelindian di area SAG mill.



# HUMAN RESOURCES

## SUMBER DAYA MANUSIA

**The ongoing success of PT Agincourt Resources reflects the contribution of a highly capable and committed workforce. In 2018, we continued to develop our workforce and maintain our reputation as employer of choice.**

**Kesuksesan PT Agincourt Resources saat ini mencerminkan kontribusi tenaga kerja yang sangat kompeten dan berkomitmen. Pada tahun 2018 kami melanjutkan pengembangan tenaga kerja kami dan menjaga reputasi kami sebagai perusahaan pilihan.**

A modern mining operation is a complex enterprise for which business success rests on the successful integration of many activities conducted across a broad range of disciplines and functional areas. These include, for example, geology, surveying, mine planning, engineering, mining, metallurgy, maintenance, processing, information technology, human resources, public relations, accounting, finance, logistics, training and development, environmental engineering, ecology, and occupational health and safety. As for any other mining company, the ongoing business success of PTAR will therefore rest heavily on how well the Company develops and maintains its human resources.

Operasi pertambangan modern merupakan usaha yang kompleks dimana hasil bisnisnya bergantung pada keberhasilan integrasi dari berbagai kegiatan yang dilakukan di berbagai disiplin dan area fungsional. Hal tersebut mencakup, sebagai contoh, geologi, survei, perencanaan tambang, teknik, pertambangan, metalurgi, pemeliharaan, pengolahan, teknologi informasi, sumber daya manusia, hubungan masyarakat, akuntansi, keuangan, logistik, pelatihan dan pengembangan, teknik lingkungan, ekologi, dan kesehatan dan keselamatan kerja. Sebagaimana perusahaan tambang lainnya, keberhasilan bisnis PTAR yang berkelanjutan dengan demikian akan sangat bergantung pada seberapa baik Perusahaan mengembangkan dan mempertahankan kualitas sumber daya manusianya.

PTAR aims to continually improve its management of human resources in support of the following key outcomes:

- ▶ An efficient organisational structure with roles and role accountabilities matched to the needs of the business.
- ▶ A capable and motivated workforce with competencies appropriate to roles.
- ▶ Full compliance with applicable laws and regulations.

Meeting these outcomes requires the effective application of a wide range of human resource functions such as recruitment, promotion, training and development, remuneration and performance management. A summary of these aspects is presented as follows. For greater detail, refer to the Company's 2018 Sustainability Report.

PTAR bertujuan untuk terus meningkatkan manajemen sumber daya manusianya dalam mendukung hasil-hasil utama sebagai berikut:

- ▶ Struktur organisasi yang efisien dengan tanggung jawab peran dan tugas yang sesuai dengan kebutuhan bisnis.
- ▶ Tenaga kerja yang berkemampuan dan bermotivasi dengan kompetensi yang sesuai dengan perannya.
- ▶ Kepatuhan sepenuhnya terhadap peraturan dan perundang-undangan yang berlaku.

Pemenuhan terhadap hasil-hasil tersebut memerlukan penerapan sejumlah fungsi sumber daya manusia yang efektif seperti rekrutmen, promosi, pelatihan dan pengembangan, remunerasi dan manajemen kinerja. Rangkuman mengenai aspek-aspek tersebut disajikan di bawah ini. Untuk penjelasan lebih lanjut, harap mengacu pada Laporan Berkelanjutan Perusahaan Tahun 2018.

## HUMAN RESOURCES OVERVIEW

At the close of 2018, PTAR employed 814 permanent and contract employees, 779 based at the Martabe Gold Mine and 35 based in Jakarta. Also very important to PTAR were the contributions made by contractor companies. At the close of 2018, 1,833 persons were registered as employees of site-based contractor companies.

## GAMBARAN UMUM SUMBER DAYA MANUSIA

Di akhir tahun 2018, PTAR mempekerjakan 814 karyawan permanen dan kontrak, 779 orang berbasis di Tambang Emas Martabe dan 35 orang lainnya bekerja di kantor Jakarta. Satu hal yang tidak kalah pentingnya bagi PTAR adalah kontribusi yang dibuat oleh para perusahaan kontraktor. Di penghujung tahun 2018, ada 1.833 orang terdaftar sebagai karyawan perusahaan kontraktor yang berbasis di site.

## RECRUITMENT AND PROMOTION

Recruitment and promotion by the Company is based on merit, taking into account role competencies and potential for future development. Positions for recruitment are advertised internally, locally and at the national level depending on need.

## REKRUTMEN DAN PROMOSI

Rekrutmen dan promosi yang dilakukan oleh Perusahaan didasarkan pada prestasi, dengan mempertimbangkan kompetensi kerja dan potensi pengembangan selanjutnya. Posisi yang terbuka untuk rekrutmen diperlakukan secara internal maupun di tingkat lokal dan nasional tergantung pada kebutuhan.

In support of its ongoing social licence to operate, the Company is committed to providing employment opportunities for local communities, as a means of ensuring that local communities receive direct economic benefit from the operation of Martabe Gold Mine. At the close of 2018, 74% of site workforce was local hire, exceeding the target established in the Amdal Addendum of 70%.

The Company also aims to maximise employment of its workforce from within Indonesia. At the close of 2018, only 16 employees were expatriate hire, representing 1.97% of the total workforce. There were 27 National employees occupying roles at the level of manager or above, representing 82% of the total management team.

## EMPLOYEE REMUNERATION AND BENEFITS

Remuneration of Company employees includes wages, salaries and bonuses, as well as non-cash or employee benefits including; health insurance for all employees, educational assistance for children of employees, payment of premiums under the Manpower BPJS social security program, and bereavement allowances. The Company applies the following principles to employee remuneration:

- ▶ Remuneration always meets applicable Indonesian laws and regulations, especially minimum wage requirements.
- ▶ All employees are remunerated under a competency-based remuneration system based on job grade and individual work performance.
- ▶ There is no difference in remuneration packages for males and females in the same role.
- ▶ Remuneration remains competitive locally and within the Indonesian mining industry.
- ▶ Remuneration is reviewed and adjusted annually following an annual performance review process.

Dalam mendukung izin sosial untuk beroperasi, Perusahaan berkomitmen untuk menyediakan peluang kerja bagi masyarakat setempat, sebagai suatu sarana untuk memastikan bahwa masyarakat setempat menerima manfaat ekonomi langsung dari operasi Tambang Emas Martabe. Di akhir tahun 2018, 74 persen tenaga kerja site merupakan orang lokal, melampaui target 70 persen yang telah ditetapkan dalam Adendum Amdal.

Perusahaan juga bertujuan untuk memaksimalkan tenaga kerjanya dari Indonesia. Di penghujung tahun 2018, tenaga kerja asing hanya berjumlah 16 karyawan, yang merupakan 1,97% dari total tenaga kerja. Karyawan Nasional berjumlah 27 yang menempati posisi di tingkat manajer atau yang lebih tinggi, mewakili 82% dari total tim manajemen.

## REMUNERASI DAN TUNJANGAN KARYAWAN

Remunerasi karyawan Perusahaan meliputi upah, gaji dan bonus, serta manfaat non tunai atau tunjangan karyawan termasuk; asuransi kesehatan untuk seluruh karyawan, bantuan pendidikan bagi anak karyawan, pembayaran premi di bawah program jaminan sosial BPJS Ketenagakerjaan, dan santunan duka cita. Perusahaan menerapkan prinsip-prinsip berikut dalam penetapan remunerasi karyawan:

- ▶ Remunerasi senantiasa memenuhi peraturan dan perundang-undangan Indonesia yang berlaku, terutama ketentuan upah minimum.
- ▶ Seluruh karyawan diberikan remunerasi di bawah sistem remunerasi berbasis kompetensi berdasarkan *job grade* dan kinerja perorangan.
- ▶ Tidak ada perbedaan paket remunerasi bagi laki-laki dan perempuan dalam posisi yang sama.
- ▶ Remunerasi tetap bersaing secara daerah dan industri pertambangan Indonesia.
- ▶ Remunerasi ditinjau dan disesuaikan setiap tahunnya setelah dilakukan proses penilaian kinerja tahunan.



A mine production meeting held each morning at the Purnama pit lookout.

Rapat produksi tambang, diadakan setiap pagi hari di pos pemantauan Pit Purnama.



## PERFORMANCE MANAGEMENT

All Company staff undergo an annual performance review process in which performance in meeting role requirements during the year is assessed and personal targets are agreed for the coming year. In 2017, 100% of employees received reviews under this program. Additionally, all employees participate in a bonus scheme that rewards work performance. A standardised sanction system is applied as required in cases of poor work performance or breaches of company policy and procedures.

## MANAJEMEN KINERJA

Seluruh staf Perusahaan menjalani proses penilaian kinerja tahunan di mana kinerja dalam memenuhi persyaratan posisi kerja selama tahun tersebut dinilai dan target pribadi disetujui untuk tahun berikutnya. Pada tahun 2017, 100 persen karyawan menerima tinjauan di bawah program ini. Selain itu, semua karyawan berpartisipasi dalam suatu skema bonus yang diberikan untuk menghargai kinerjanya tersebut. Sebuah sistem sanksi terstandardisasi juga diterapkan sesuai kebutuhan pada kasus kinerja buruk atau pelanggaran terhadap kebijakan dan prosedur perusahaan.

## EMPLOYEE TRAINING AND DEVELOPMENT

Development of employee competency through training is key to the ongoing success of the Martabe Gold Mine. A Training & Development Department delivers site-wide training courses while job-specific training is delivered by departments. Employee competencies are managed through an online training management system.

The training delivered to employees and site contractors is of five main types:

- ▶ Health, safety and environmental.
- ▶ Personal development.
- ▶ Language skills.
- ▶ Technical skills.
- ▶ Training for licences to operate vehicles and equipment.

Safety training is critical to preventing accidents, and the company provides many types of safety training .

## PELATIHAN DAN PENGEMBANGAN KARYAWAN

Pengembangan kompetensi karyawan melalui pelatihan menjadi kunci bagi berlanjutnya keberhasilan Tambang Emas Martabe. Departemen Pelatihan dan Pengembangan memberikan pelatihan secara menyeluruh di site sedangkan pelatihan khusus terkait dengan pekerjaan spesifik diberikan oleh departemen yang bersangkutan. Kompetensi karyawan dikelola melalui sistem manajemen pelatihan *online*.

Pelatihan yang diberikan kepada para karyawan Perusahaan dan kontraktor site terdiri dari lima jenis:

- ▶ Kesehatan, keselamatan, dan lingkungan hidup.
- ▶ Pengembangan pribadi.
- ▶ Keahlian bahasa.
- ▶ Keahlian teknis.
- ▶ Pelatihan untuk mendapatkan izin pengoperasian kendaraan dan peralatan.

Pelatihan keselamatan berperan penting untuk mencegah kecelakaan, dan perusahaan menyediakan banyak jenis pelatihan keselamatan.

The Company's commitment to employee development was maintained in 2018. A total of 161 training courses were delivered by PTAR, with average hours of training for non-staff and general staff totaling 44 and 56 hours respectively. Given the importance of employee safety, a large proportion of the training delivered was safety training.

## GENDER DIVERSITY

PTAR initiated a Gender Diversity Program in 2016 based on the understanding that a diverse workforce provides a competitive advantage for any business. The Company is committed to the elimination of gender barriers to recruitment and promotion and remuneration bias in both the PTAR and site contractor workforces.

A key objective of the Gender Diversity Program is increased participation rates for women in all levels of the PTAR and site contractor workforces. A total of 552 females were employed across these groups in 2017, comprising 22% of the total workforce employed directly or indirectly by the Company. Within the PTAR workforce, at the close of 2018, 28% of all superintendents and managers were female.

In 2018, the PTAR Code of Practice Managing Pregnancy Related Work Restrictions was released. This COP establishes mandatory requirements for the management of pregnancy-related work restrictions at the mine and supports gender diversity as it provides for the protection of pregnant employees and their pregnancies from workplace hazards while still allowing most to remain working until delivery is imminent.

The Gender Diversity Program also targets the elimination of discrimination, intimidation, bullying or harassment from the workplace.

Komitmen Perusahaan untuk pengembangan karyawan tetap dipertahankan di tahun 2018. Sebanyak 161 pelatihan telah diberikan oleh PTAR, dengan rata-rata jam pelatihan bagi non staf dan staf umum masing-masing berjumlah 44 dan 56 jam. Mengingat pentingnya keselamatan karyawan, proporsi besar pelatihan yang diberikan merupakan pelatihan keselamatan.

## KEBERAGAMAN GENDER

PTAR memulai Program Keberagaman Gender di tahun 2016 berdasarkan pemahaman bahwa keberagaman tenaga kerja memberikan manfaat yang kompetitif bagi bisnis. Perusahaan berkomitmen untuk menghilangkan batasan gender dalam perekutan dan promosi serta bias remunerasi pada tenaga kerja PTAR dan kontraktor site.

Sasaran utama Program Keberagaman Gender adalah meningkatnya angka partisipasi perempuan di semua tingkatan tenaga kerja PTAR dan kontraktor site. Sebanyak 552 perempuan dipekerjakan di seluruh grup ini pada tahun 2017, yang terdiri dari 22 persen tenaga kerja dipekerjakan secara langsung atau tidak langsung oleh Perusahaan. Dalam tenaga kerja PTAR, di akhir tahun 2018, 28 persen dari seluruh superintendent dan manajer merupakan perempuan.

Pada tahun 2018, Kode Praktik PTAR tentang Mengelola Batasan Kerja Terkait Kehamilan berhasil diterbitkan. Kode Praktik ini menetapkan ketentuan-ketentuan wajib untuk pengelolaan batasan kerja terkait kehamilan di tambang dan mendukung keberagaman gender karena memberikan perlindungan bagi karyawan yang sedang hamil dari bahaya di tempat kerja sembari tetap memungkinkan mereka untuk bekerja hingga sebelum mendekati masa melahirkan.

Program Keberagaman Gender juga bertujuan untuk menghilangkan diskriminasi, intimidasi, ancaman atau pelecehan di tempat kerja.

Nursaima Hutaruk, Shift Operator Processing (PTAR Production Department) collects a sample of ore slurry from a ball mill for testing.

Nursaima Hutaruk, Shift Operator Processing (Departemen Produksi PTAR) mengumpulkan sampel ore slurry dari pelindian untuk diuji .

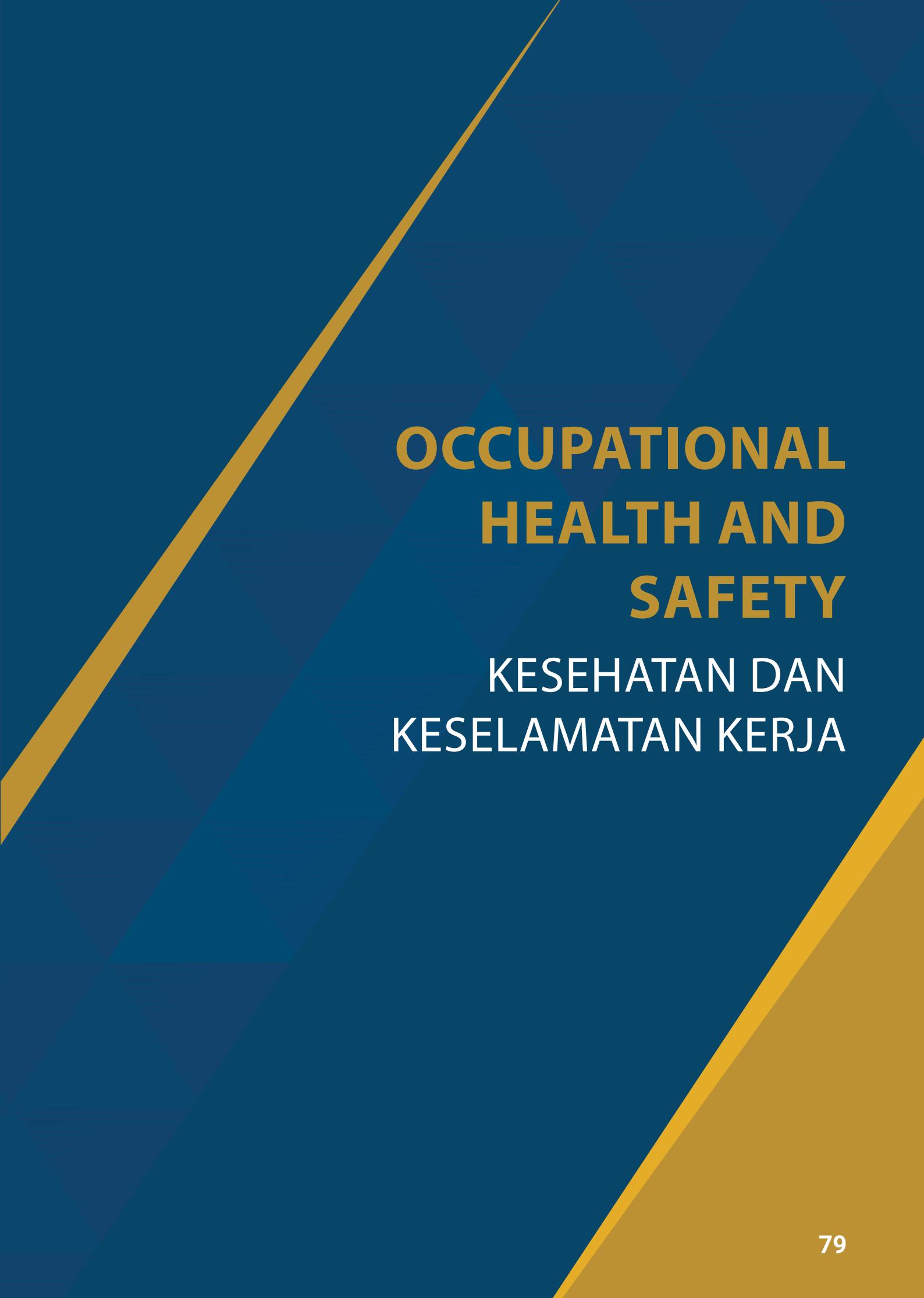


## INDUSTRIAL RELATIONS

The Company supports the operation of an employee Labor Union in accordance with Indonesian law. Meetings between Union representatives and the Company provide for constructive discussions in support of harmonious industrial relations. In 2018, there were no significant issues or disputes between the Company and the Labor Union.

## HUBUNGAN INDUSTRIAL

Perusahaan mendukung terselenggaranya Serikat Pekerja karyawan sesuai dengan undang-undang Republik Indonesia. Pertemuan antara perwakilan Serikat dan Perusahaan menyediakan ajang diskusi yang konstruktif dalam mendukung hubungan industrial yang harmonis. Pada tahun 2018, tidak ada isu signifikan atau sengketa antara Perusahaan dan Serikat Pekerja.



# **OCCUPATIONAL HEALTH AND SAFETY**

## KESEHATAN DAN KESELAMATAN KERJA

# OCCUPATIONAL HEALTH AND SAFETY

## KESEHATAN DAN KESELAMATAN KERJA

**There is no operational outcome at the Martabe Gold Mine more important than occupational health and safety. In 2018, we maintained our focus on continual reduction of safety risk, maintaining our industry-leading safety performance.**

**Tidak ada hasil operasional di Tambang Emas Martabe yang lebih penting daripada keselamatan dan kesehatan kerja. Pada tahun 2018, kami mempertahankan fokus kami pada pengurangan risiko keselamatan secara terus menerus, mempertahankan kinerja keselamatan terdepan di industri kami.**

### INTRODUCTION

There is no outcome more important for PT Agincourt Resources than worker safety, and the Company has the goal of zero harm for all employees at work. Although any accident is preventable, mining operations by their nature contain many hazards, and minimising the risk of accidents at the Martabe Gold Mine is an ongoing endeavour requiring a disciplined and consistent approach across all areas of operations. As a result, the Company has recorded industry-leading safety performance since project commencement.

### PENDAHULUAN

Tidak ada hasil yang lebih penting bagi PT. Agincourt Resources selain keselamatan pekerja, dan Perusahaan memiliki tujuan ketiadaan bahaya bagi seluruh karyawan di tempat kerja. Meskipun setiap kecelakaan dapat dicegah, sifat operasi penambangan sendiri mengandung banyak bahaya, dan meminimalkan risiko kecelakaan di Tambang Emas Martabe merupakan upaya berkelanjutan yang memerlukan pendekatan yang disiplin dan konsisten di seluruh area operasi. Sebagai hasilnya, Perusahaan sudah mencatat kinerja keselamatan kerja terdepan industri sejak permulaan proyek.

### PTAR Occupational Health and Safety Management System

To help reduce the risk of accidents to very low levels the Company has implemented an Occupational Health and Safety (OHS) Management System based on industry best practices and developed in conformance with international standards for safety management such as ISO 18001. This system has been developed based on the understanding that minimising the risk of accidents requires

### Sistem Manajemen Kesehatan dan Keselamatan PTAR

Untuk membantu mengurangi risiko kecelakaan hingga level yang sangat rendah, Perusahaan sudah menerapkan Sistem Manajemen Kesehatan dan Keselamatan Kerja (K3) berdasarkan praktik-praktik industri terbaik industri dan dikembangkan sesuai dengan standar internasional untuk manajemen keselamatan kerja seperti ISO 18001. Sistem ini telah dikembangkan dengan pemahaman bahwa meminimalkan risiko



consistent attention to three related factors; workplace condition, worker competency and worker behaviour. This system comprises an integrated set of elements including:

- ▶ OHS Policy.
- ▶ OHS Key Performance Indicators (KPIs) and targets.
- ▶ Codes of Practice.
- ▶ Standard Operating Procedures.
- ▶ An on-line system for managing incidents, investigations and corrective actions.
- ▶ Risk-based safety training programs (discussed under Human Resources).
- ▶ Audits and inspections.
- ▶ Industrial hygiene monitoring.
- ▶ Departmental and senior management safety committees.
- ▶ A monthly Health and Safety Education (HSE) Forum involving both PTAR and all site contractors.
- ▶ Safe Work Methods.

kecelakaan memerlukan perhatian konsisten pada tiga faktor terkait, yaitu kondisi tempat kerja, kompetensi pekerja, dan perilaku pekerja. Sistem ini terdiri dari serangkaian unsur terpadu yang meliputi:

- ▶ Kebijakan K3.
- ▶ Indikator Kinerja Utama atau KPI K3 beserta targetnya.
- ▶ Kode Praktik.
- ▶ Standar Operasional Prosedur.
- ▶ Sistem on-line untuk mengelola insiden, investigasi, dan tindakan perbaikan.
- ▶ Program pelatihan keselamatan kerja berbasis risiko (dibahas di bagian Sumber Daya Manusia).
- ▶ Audit dan inspeksi.
- ▶ Pemantauan higiene industri.
- ▶ Komite keselamatan kerja departemen dan manajemen senior.
- ▶ Forum *Health and Safety Education* (HSE) bulanan yang melibatkan PTAR dan seluruh kontraktor site.
- ▶ Metode Kerja Aman.

## KEY SAFETY PROGRAMS AND CONTROLS

The Safe Work Methods at the Martabe Gold Mine are designed to systematically address all significant safety hazards at the site and the known mechanisms of accident causation. Key amongst these are:

**Golden Rules.** Mandatory safety rules are 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 before being assigned to work.

**Take 5.** The simplest safety procedure in use at the Martabe Gold Mine. This comprises a checklist designed to assist workers in identifying both the hazards and the required controls for a job to be done safely.

**Job Safety and Environmental Analysis (JSEA)**  
A JSEA is conducted by a work crew before commencing a job, and entails identifying the tasks required to complete the job, the hazards associated with each task, and the required controls for each hazard.

**Permit to Work System.** A Permit to Work (PTW) system ensures the safety of workers involved in the repair or modification of machinery and equipment. A PTW is an agreement signed by both the work crew and the area supervisor, documenting their commitment to implement various safety controls.

**ASA Program.** The Active Safety Agreement (ASA) is a technique designed to address unsafe behaviour by motivating the workforce to work safely. It does this by requiring managers to spend time in the workplace actively engaged in conversations with workers about their personal safety. During an ASA, an auditor observes a person at work, and then engages the person in an open conversation in which they are encouraged to identify any risks and

## PROGRAM DAN KONTROL KESELAMATAN KERJA UTAMA

Metode Kerja Aman di Tambang Emas Martabe dirancang untuk secara sistematis mengatasi semua bahaya keselamatan kerja yang signifikan di site dan mekanisme yang diketahui mengenai penyebab kecelakaan. Hal tersebut meliputi:

**Golden Rules.** Peraturan keselamatan wajib yang dirancang untuk melindungi pekerja dari penyebab paling umum kecelakaan serius di industri pertambangan. Semua orang yang bekerja di Tambang Emas Martabe mendapat pelatihan mengenai Golden Rules ini sebelum ditugaskan untuk bekerja.

**Take 5.** Prosedur keselamatan paling sederhana yang digunakan di Tambang Emas Martabe. Prosedur ini terdiri dari daftar periksa yang dirancang untuk membantu pekerja dalam mengidentifikasi bahaya dan kendali yang diperlukan agar pekerjaan dapat diselesaikan secara aman.

**Job Safety and Environmental Analysis (JSEA)**  
JSEA dilakukan oleh seorang pekerja sebelum memulai sebuah pekerjaan, dan meliputi identifikasi tugas-tugas yang harus dilakukan demi menyelesaikan pekerjaan, bahaya terkait setiap tugas, dan kontrol yang diperlukan untuk setiap bahaya yang ada.

**Permit to Work System.** Sistem Izin untuk Bekerja (PTW) memastikan keselamatan pekerja yang terlibat dalam perbaikan atau modifikasi mesin dan peralatan. Izin untuk bekerja merupakan kesepakatan yang ditandatangani oleh kru kerja dan supervisor area, sebagai komitmen untuk menerapkan berbagai macam pengendalian keselamatan.

**Program ASA.** Kesepakatan Perilaku Keselamatan Kerja Aktif atau *Active Safety Agreement* (ASA) merupakan teknik yang dirancang untuk mengatasi perilaku tidak aman dengan memotivasi tenaga kerja untuk bekerja secara aman. Hal ini dilakukan dengan mewajibkan manajer untuk meluangkan waktu di tempat kerja agar terlibat secara aktif dalam percakapan dengan para pekerja mengenai keselamatan kerja pribadi mereka. Selama melakukan ASA, pertama-

the appropriate controls. Participation in this program is mandatory for the PTAR management team. During 2014, a total of 686 Active Safety Agreements were conducted.

tama auditor mengamati seseorang di tempat kerja, dan kemudian melibatkan orang tersebut dalam percakapan terbuka di mana mereka terdorong untuk mengidentifikasi risiko dan kontrol yang sesuai. Partisipasi dalam program ini bersifat wajib bagi tim manajemen PTAR. Selama tahun 2014, total 686 ASA telah dilakukan.

## SAFETY MANAGEMENT IMPROVEMENT IN 2018

Two significant safety management initiatives were introduced by the Company in 2018:

**Safety Refresher Training.** In recognition that skill and knowledge can fade over time, and that safety procedures from time to time are updated and improved, a requirement for safety refresher training was introduced for all PTAR and contractor employees. All employees must now undergo HSE induction annually, and critical safety competencies, such as Work at Height and Basic Permit to Work, must now be refreshed and assessed at three-yearly intervals.

**Critical Control Safety Program.** This program addresses the implementation of “critical controls” for safety, being those controls verifiable in the workplace that will directly prevent serious accidents. The program specifically addresses the accountability of operational supervisors in ensuring compliance with these controls in day-to-day work, through the completion of critical control checklists.

## PENINGKATAN MANAJEMEN KESELAMATAN KERJA TAHUN 2018

Dua inisiatif manajemen keselamatan kerja yang signifikan diperkenalkan oleh Perusahaan pada tahun 2018:

**Safety Refresher Training.** Mengingat bahwa keahlian dan pengetahuan dapat pudar seiring berjalaninya waktu, dan bahwa prosedur keselamatan kerja diperbarui dan ditingkatkan dari waktu ke waktu, kebutuhan untuk pelatihan ini diperkenalkan kepada seluruh karyawan PTAR dan kontraktor. Seluruh karyawan sekarang harus mengikuti induksi HSE tahunan, dan kompetensi keselamatan kerja kritis, seperti Bekerja di Ketinggian dan Izin Kerja Dasar yang saat ini harus diberikan penyegaran dan dinilai setiap jangka waktu tiga tahun.

**Critical Control Safety Program.** Program ini membahas penerapan “kontrol kritis” untuk keselamatan kerja, kontrol tersebut dapat diverifikasi di tempat kerja yang akan secara langsung mencegah kecelakaan serius. Program tersebut secara khusus membahas pertanggungjawaban supervisor operasional dalam memastikan kepatuhan pada kontrol kritis ini dalam pekerjaan sehari-hari, melalui pengisian daftar periksa kontrol kritis.

## 2018 SAFETY MANAGEMENT PERFORMANCE

In 2018 the safety performance at the Martabe Gold Mine remained excellent, comparable with the best results seen across the mining industry.

## KINERJA MANAJEMEN KESELAMATAN KERJA TAHUN 2018

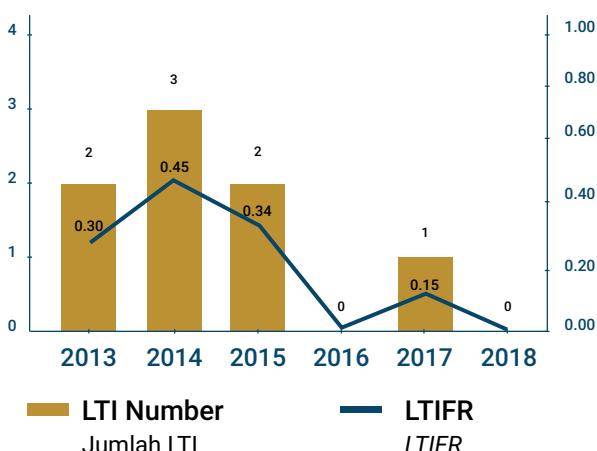
Pada tahun 2018, kinerja keselamatan kerja di Tambang Emas Martabe tetap luar biasa, dibandingkan dengan hasil terbaik yang terlihat di industri pertambangan.

A key safety performance indicator in the mining industry is Lost-time Injury Frequency Rate (LTIFR), being the ratio of lost-time injuries per one million man-hours, calculated as a 12-month rolling average. In 2018, there were zero Lost Time Injuries, yielding a Lost Time Injury Frequency Rate (LTIFR) of zero also. This is an outstanding result, particularly given that 73% of the employees at the Martabe Gold Mine were hired locally and typically commenced work at the site with no prior experience of work in an industrial environment.

Indikator kinerja keselamatan kerja utama dalam industri pertambangan adalah Kekerapan Kehilangan Waktu Kerja atau *Lost-time Injury Frequency Rate* (LTIFR), rasio cedera yang mengakibatkan kehilangan waktu kerja per satu juta jam kerja per pekerja, yang dihitung sebagai rata-rata selama 12 bulan berjalan. Pada tahun 2018, tidak ada cedera yang mengakibatkan Kehilangan Waktu Kerja (LTI), hal ini menghasilkan LTIFR yang juga nihil. Pencapaian ini merupakan hasil yang mengagumkan, terutama dengan mengingat 73% karyawan di Tambang Emas Martabe berasal dari penduduk local, yang pada umumnya tidak memiliki pengalaman kerja di lingkungan industri sebelumnya.

### Total Lost Time Injuries (LTI) & Lost Time Injury Frequency Rate (LTIFR)

Total Kehilangan Waktu Kerja (LTI) & Kekerapan Kehilangan Waktu Kerja (LTIFR)



The Company recognises that lost time accident rate is not a complete measure of safety risk, particularly with regard to very serious accidents that typically occur only rarely. Safety management performance at the Martabe Gold Mine is therefore measured by means of a balanced set of ten key performance indicators (KPIs) measuring both incident rates and safety management effort. In 2018, a site aggregate safety KPI score of 95% was achieved. This

Perusahaan mengakui bahwa angka kehilangan waktu kerja akibat kecelakaan bukan merupakan ukuran sempurna untuk risiko keselamatan kerja, khususnya yang terkait dengan kecelakaan sangat serius yang biasanya sangat jarang terjadi. Oleh karena itu, kinerja manajemen keselamatan kerja di Tambang Emas Martabe diukur dengan menggunakan sepuluh indikator kinerja utama (KPIs) yang mengukur tingkat insiden dan upaya manajemen keselamatan kerja. Pada tahun 2018, tercapai skor KPI keselamatan kerja agregat site sebesar 95%. Skor ini mencerminkan tingkat

score reflected a very high level of compliance with controls aimed at minimising the risk of incidents, including:

- ▶ Timely implementation of incident investigations and associated corrective actions to minimise the risk of incident reoccurrence.
- ▶ Monthly Departmental HSE Committee meetings.
- ▶ Mandatory safety training.
- ▶ Maintaining workplaces in good condition.
- ▶ Participation of site management in the Active Safety Agreement (ASA) program.

While the results for safety in 2018 were excellent, the Company will continue to work to reduce safety risk at the Martabe Gold Mine in 2019. For more detail on the management of safety at the Martabe Gold Mine, please refer to the Company's annual Sustainability Reports.

kepatuhan sangat tinggi dengan kontrol yang bertujuan meminimalkan risiko insiden, termasuk:

- ▶ Pelaksanaan investigasi insiden secara tepat waktu beserta tindakan perbaikannya untuk meminimalkan risiko berulangnya insiden.
- ▶ Pertemuan HSE Departemen Bulanan.
- ▶ Pelatihan keselamatan wajib.
- ▶ Menjaga tempat kerja dalam kondisi baik.
- ▶ Partisipasi manajemen site dalam program *Active Safety Agreement (ASA)*.

Meskipun hasil keselamatan kerja yang dicapai di tahun 2018 terbilang luar biasa, Perusahaan akan terus berupaya untuk mengurangi risiko keselamatan kerja di Tambang Emas Martabe pada tahun 2019. Untuk informasi lebih jelas mengenai manajemen keselamatan kerja di Tambang Emas Martabe, silakan melihat Laporan Keberlanjutan Tahunan Perusahaan.

Junaedi (Rebuild Fitter from Maintenance Department) unpacking one of production tools at Lowland Workshop.

Junaedi (*Rebuild Fitter*  
dari Departemen  
Pemeliharaan)  
membongkar salah  
satu peralatan  
produksi di  
Bengkel  
Lowland.





# **GOOD CORPORATE GOVERNANCE**

## TATA KELOLA PERUSAHAAN YANG BAIK

# GOOD CORPORATE GOVERNANCE

## TATA KELOLA PERUSAHAAN YANG BAIK

**PT Agincourt Resources is committed to the implementation of good corporate governance in order to properly meet the interests of its owners and other stakeholders.**

**PT Agincourt Resources berkomitmen untuk menerapkan tata kelola perusahaan yang baik dalam rangka memenuhi kepentingan para pemilik dan pemangku kepentingannya.**

### INTRODUCTION

Corporate governance is the system of rules, procedures and processes by which the activities of a Company are directed and controlled. "Good corporate governance" (GCG) is key to ensuring the integrity, efficiency and long-term business success of a company. PT. Agincourt Resources is committed to the implementation of good corporate governance in order to properly meet the interests of its owners, and also those of its other important stakeholders, such as local communities, business partners, employees and government.

This section provides an overview of the PTAR corporate governance framework, operational controls for GCG, and key activities and outcomes recorded for 2018.

### PENDAHULUAN

Tata kelola perusahaan merupakan sebuah sistem aturan, prosedur, dan proses di mana kegiatan suatu Perusahaan diarahkan dan dikendalikan, dan "Tata Kelola Perusahaan yang Baik" adalah kunci dalam memastikan integritas, efisiensi, dan keberhasilan bisnis jangka panjang suatu perusahaan. PT. Agincourt Resources berkomitmen untuk melaksanakan tata kelola perusahaan yang baik guna memenuhi kepentingan para pemilik dan para pemangku kepentingan lain dengan sepantasnya, seperti masyarakat setempat, mitra bisnis, karyawan, dan pemerintah.

Bagian ini menjelaskan garis besar atas kerangka kerja tata kelola perusahaan PTAR, kendali operasional untuk tata kelola perusahaan, serta kegiatan dan hasil utama yang tercatat pada tahun 2018.

## COMPANY GOALS AND OBJECTIVES

In developing its corporate governance framework, the Company has taken into account a number of important legal references, including Indonesian Law number 40/2007 on Limited Liability Companies, regulations under the Indonesian Financial Services Authority, the Company's Articles of Association, and obligations under the PTAR Contract of Work.

Aside from meeting legal requirements, the Company aims to conduct its business activities in accordance with its core values: *Growth, Respect, Excellence, Action and Transparency*. These core values are expressed through application of the following principles of good corporate governance:

**Transparency** – ensuring accurate, balanced and timely communication of Company information to stakeholders so that they remain properly informed.

**Accountability** – ensuring that the roles and accountabilities of all employees are clearly defined and communicated and that these are met in practice.

**Responsibility** – ensuring that Company activities comply with relevant laws, regulations and industry best practice.

**Independence** – preventing conflicts of interest and improper decision-making due to pressure from internal or external parties.

**Fairness** – ensuring the protection of the rights of stakeholders and their fair treatment in all dealings.

## SASARAN DAN TUJUAN PERUSAHAAN

Dalam mengembangkan kerangka kerja tata kelola perusahaan, Perusahaan telah mempertimbangkan sejumlah acuan hukum penting, termasuk Undang-Undang No. 40/2007 tentang Perseroan Terbatas, peraturan-peraturan yang ditentukan oleh Otoritas Jasa Keuangan, Anggaran Dasar Perusahaan, dan kewajiban-kewajiban yang berada di bawah Kontrak Karya PTAR.

Selain pemenuhan terhadap ketentuan-ketentuan hukum, Perusahaan juga bertujuan untuk melakukan kegiatan bisnisnya sesuai dengan nilai-nilai utama perusahaan, yaitu *Growth* (Pertumbuhan), *Respect* (Penghargaan), *Excellence* (Keunggulan), *Action* (Aksi Nyata), dan *Transparency* (Transparansi). Nilai-nilai utama tersebut diwujudkan melalui penerapan prinsip-prinsip tata kelola perusahaan yang baik sebagai berikut:

**Transparansi** – memastikan informasi Perusahaan yang akurat, seimbang dan tepat waktu kepada para pemangku kepentingan sehingga pihak-pihak tersebut senantiasa mendapatkan informasi yang mereka butuhkan.

**Akuntabilitas** – memastikan bahwa peran dan tanggung jawab seluruh karyawan ditetapkan dan dikomunikasikan secara jelas, serta memastikan bahwa peran dan tanggung jawab tersebut dilaksanakan.

**Tanggung Jawab** – memastikan bahwa Perusahaan memenuhi undang-undang, peraturan, dan praktik industri terbaik yang relevan.

**Independensi** – mencegah benturan kepentingan dan pengambilan keputusan yang tidak sesuai karena adanya tekanan dari pihak-pihak internal atau eksternal.

**Kewajaran** – memastikan perlindungan dan perlakuan yang adil dan setara atas hak-hak pemangku kepentingan dalam segala urusan.

## PTAR CORPORATE GOVERNANCE FRAMEWORK

The PTAR corporate governance framework comprises a hierarchy of governance bodies with defined functions and accountabilities with regards to implementation of corporate governance. Overarching control of the Company is implemented through the General Meeting of Shareholders. A Board of Directors is accountable for operational control, with oversight provided by a separate Board of Commissioners. The running of the Company is delegated to a management team led by the President Director, with divisional heads responsible for different aspects of the business, and managers responsible for operations in various Departments.

The operation of these governance bodies is directed towards the achievement of the following key outcomes:

- ▶ Maximising corporate value and return to shareholders.
- ▶ Protection of Company assets.
- ▶ Maximising opportunities for business growth.
- ▶ Management of enterprise risk.
- ▶ Ongoing improvement of operational performance.
- ▶ Legal compliance.
- ▶ Alignment with agreed industry standards and codes.
- ▶ Implementation of the principles of sustainable development in regards to economic, social and environmental performance.
- ▶ Protection of employee welfare and safety.
- ▶ Maintaining positive and open relationships with stakeholders, especially local communities.
- ▶ Ethical conduct in all aspects of the business.

## KERANGKA KERJA TATA KELOLA PERUSAHAAN PTAR

Kerangka kerja tata kelola perusahaan PTAR meliputi suatu hierarki badan tata kelola dengan fungsi tanggung jawab yang ditetapkan terkait pelaksanaan tata kelola perusahaan. Lingkup kendali Perusahaan diimplementasikan melalui Rapat Umum Pemegang Saham. Kendali operasional menjadi tanggung jawab Dewan Direksi, dengan pengawasan yang dilakukan oleh Dewan Komisaris secara terpisah. Jalannya Perusahaan didelegasikan kepada tim manajemen yang dipimpin oleh Presiden Direktur, dengan para kepala divisi yang bertanggung jawab untuk aspek-aspek bisnis yang berbeda, serta para manajer yang bertanggung jawab untuk operasi di berbagai macam Departemen.

Pelaksanaan badan tata kelola tersebut diarahkan menuju pencapaian hasil-hasil utama berikut:

- ▶ Memaksimalkan nilai perusahaan dan imbal hasil kepada para pemegang saham.
- ▶ Perlindungan aset Perusahaan.
- ▶ Memaksimalkan peluang untuk pertumbuhan bisnis.
- ▶ Manajemen risiko perusahaan.
- ▶ Perbaikan kinerja operasional secara terus-menerus.
- ▶ Kepatuhan hukum.
- ▶ Penyelarasan dengan standar dan peraturan industri yang telah disepakati.
- ▶ Pelaksanaan prinsip pembangunan berkelanjutan berkenaan dengan kinerja ekonomi, sosial, dan lingkungan hidup.
- ▶ Perlindungan kesejahteraan dan keselamatan karyawan.
- ▶ Mempertahankan hubungan yang positif dan terbuka dengan para pemangku kepentingan, terutama masyarakat setempat.
- ▶ Perilaku etis di seluruh aspek bisnis.

The performance of the Company in meeting these objectives is regularly reviewed at Shareholder and Board level based on Company reporting and other sources of information, such as reviews by an Audit Committee and independent auditing of financial statements.

The composition, function and regulation of the Company's key governance bodies are described in the following section, together with a summary of their activities in 2018.

## GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the highest decision-making body of the Company, with rights to appoint and dismiss Board members, declare dividends and make changes to the Company Articles of Association. An Annual General Meeting of Shareholders must be held each year. An Extraordinary General Meeting of Shareholders may be held at any time based on a request by one or more shareholders representing at least 10% of the Company's subscribed capital, or on request by the Board of Commissioners.

In 2018, one Annual General Meeting of Shareholders and two Extraordinary General Meetings of Shareholders were held.

Key resolutions of the Extraordinary General Meetings of Shareholders were in regards to (a) transfer of ownership of 95% of the share value of the Company from ARS to PT. Danusa Tambang Nusantara, and (b) the associated reconstitution of membership of the Board of Commissioners and Board of Directors (as detailed in the table on page 97).

Kinerja Perusahaan dalam memenuhi tujuan-tujuan tersebut ditinjau secara rutin di tingkat Pemegang Saham dan Dewan Perusahaan berdasarkan pelaporan Perusahaan dan sumber informasi lainnya seperti tinjauan oleh Komite Audit dan audit independen terhadap laporan keuangan.

Susunan, fungsi dan peraturan organ tata kelola utama Perusahaan dijelaskan dalam bagian berikut, bersama dengan ringkasan kegiatan-kegiatannya pada tahun 2018.

## RAPAT UMUM PEMEGANG SAHAM

Rapat Umum Pemegang Saham merupakan badan pengambil keputusan tertinggi Perusahaan, dengan hak untuk mengangkat dan memberhentikan anggota Dewan Perusahaan, menetapkan dividen, dan mengubah Anggaran Dasar Perusahaan. Rapat Umum Pemegang Saham Tahunan wajib diselenggarakan setiap tahunnya. Rapat Umum Pemegang Saham Luar Biasa dapat diadakan setiap saat sesuai dengan permintaan dari salah satu atau lebih pemegang saham yang mewakili setidaknya 10% dari modal yang ditempatkan Perusahaan, atau berdasarkan permintaan Dewan Komisaris.

Pada tahun 2018, diadakan satu Rapat Umum Pemegang Saham dan dua Rapat Umum Pemegang Saham Luar Biasa.

Keputusan utama Rapat Umum Pemegang Saham Luar Biasa adalah sehubungan dengan (a) pengalihan kepemilikan saham sebesar 95% dari ARS ke PT. Danusa Tambang Nusantara, serta (b) pemilihan terkait anggota Dewan Komisaris dan Dewan Direksi (sebagaimana tercantum dalam tabel di halaman 97).

## BOARD OF COMMISSIONERS

Commissioners are appointed for a term of office by the General Meeting of Shareholders. The duties of the Board of Commissioners are: to oversee the actions of the Board of Directors and offer advice to the same, to give approvals for certain actions, to approve the yearly business plan, and to represent the interests of shareholders. The members of the Board of Commissioners are invited to attend all meetings of the Board of Directors, and receive regular reports from the same.

The composition of the Board of Commissioners conforms to Company Law and the PT. Agincourt Resources' Articles of Association. During 2018, the Board of Commissioners participated in the Annual General Meeting of Shareholders and the two Extraordinary General Meetings of Shareholders.

Total remuneration for all members of the Board of Commissioners is as approved by the Annual General Meeting of Shareholders.

## BOARD OF DIRECTORS

Members of the Board of Directors are appointed for a term of office by the General Meeting of Shareholders. The core duties of the Board of Directors are:

- ▶ To lead and manage the Company's business in accordance with stated goals and policies.
- ▶ To improve the efficiency and effectiveness of the Company and maximise return on investment for shareholders.
- ▶ To protect and manage Company assets.
- ▶ To set out the annual business objectives, including an annual budget, for approval by the Board of Commissioners prior to the start of the next financial year.
- ▶ To ensure legal compliance across all business activities.

## DEWAN KOMISARIS

Para Komisaris diangkat selama satu masa jabatan oleh Rapat Umum Pemegang Saham. Tugas Dewan Komisaris adalah mengawasi segala tindakan yang dilakukan Dewan Direksi dan memberikan saran terhadap tindakan-tindakan tersebut, memberikan persetujuan untuk tindakan tertentu, menyetujui rencana bisnis tahunan, dan mewakili kepentingan para pemegang saham. Para anggota Dewan Komisaris diundang untuk menghadiri semua rapat Dewan Direksi, dan menerima laporan rutin dari Dewan Direksi.

Susunan Dewan Komisaris disesuaikan dengan Undang-Undang Perseroan Terbatas dan Anggaran Dasar PT. Agincourt Resources. Selama tahun 2018, Dewan Komisaris berpartisipasi dalam Rapat Umum Pemegang Saham Tahunan dan dua Rapat Umum Pemegang Saham Luar Biasa.

Total remunerasi untuk seluruh anggota Dewan Komisaris adalah sebagaimana yang telah disetujui oleh Rapat Umum Pemegang Saham Tahunan.

## DEWAN DIREKSI

Para anggota Dewan Direksi diangkat selama satu masa jabatan oleh Rapat Umum Pemegang Saham. Tugas utama Dewan Direksi adalah:

- ▶ Memimpin dan mengelola bisnis Perusahaan sesuai dengan tujuan dan kebijakan yang ditetapkan.
- ▶ Meningkatkan efisiensi serta efektivitas Perusahaan dan memaksimalkan imbal hasil investasi para pemegang saham.
- ▶ Melindungi dan mengelola aset Perusahaan.
- ▶ Mengatur tujuan bisnis tahunan, termasuk anggaran tahunan, untuk mendapatkan persetujuan Dewan Komisaris sebelum dimulainya tahun keuangan berikutnya.
- ▶ Memastikan kepatuhan hukum di seluruh kegiatan bisnis.

- ▶ To implement agreed corporate social responsibility outcomes.
- ▶ To manage enterprise risk.

The composition of the Board of Directors conforms to the Company Law and the Company's Articles of Association. Total remuneration for all members of the Board of Directors is as approved by the Annual General Meeting of Shareholders.

During 2018, the Board of Directors participated in the Annual General Meeting of Shareholders and the two Extraordinary General Meetings of Shareholders.

## AUDIT COMMITTEE

The Audit Committee provides professional opinion to the Board of Commissioners on matters of relevance to Company operations, identifies matters that require the attention of the Board of Commissioners, and carries out other tasks as assigned by the same. Specifically, the Audit Committee reviews interim and year-end financial reports, monitors the Company's internal audit function and management of enterprise risk, and, as directed, conducts reviews of operational functions within the Company.

During 2018 the Audit Committee held two meetings.

## REMUNERATION COMMITTEE

The Remuneration Committee is responsible for approving the remuneration of the Board of Directors, and the direct reports of the President Director. The Committee also reviews and approves the recommendations for the Company's annual remuneration review. During 2018, the Remuneration Committee held one meeting.

- ▶ Melaksanakan hasil tanggung jawab sosial perusahaan yang disetujui.
- ▶ Mengelola risiko perusahaan.

Susunan Dewan Direksi disesuaikan dengan Undang-Undang Perseroan Terbatas dan Anggaran Dasar Perusahaan. Total remunerasi untuk seluruh anggota Dewan Direksi adalah sebagaimana yang telah disetujui oleh Rapat Umum Pemegang Saham Tahunan.

Selama tahun 2018, Dewan Direksi berpartisipasi dalam Rapat Umum Pemegang Saham Tahunan dan dua Rapat Umum Pemegang Saham Luar Biasa.

## KOMITE AUDIT

Komite Audit memberikan pendapat profesional kepada Dewan Komisaris mengenai hal-hal yang berkaitan dengan operasi Perusahaan, mengidentifikasi hal-hal yang membutuhkan perhatian Dewan Komisaris, dan melaksanakan tugas lain sebagaimana ditentukan oleh Dewan Komisaris. Secara spesifik, Komite Audit meninjau laporan keuangan interim dan akhir tahun, memonitor fungsi audit internal Perusahaan dan manajemen risiko perusahaan, dan melakukan tinjauan fungsi operasional di dalam Perusahaan sesuai arahan yang diberikan.

Selama tahun 2018, Komite Audit mengadakan dua kali rapat.

## KOMITE REMUNERASI

Komite Remunerasi bertanggung jawab untuk menyetujui remunerasi Dewan Direksi, dan laporan langsung Presiden Direktur. Komite ini juga meninjau dan menyetujui rekomendasi untuk peninjauan remunerasi tahunan Perusahaan. Selama tahun 2018, Komite Remunerasi mengadakan satu kali rapat.

## INTERNAL AUDIT FUNCTION

The Internal Audit Function is responsible for overseeing and coordinating the Company's internal audit program as well as facilitating related external audits. The Head of the Internal Audit Function reports to the Audit Committee and implements a risk-based annual internal audit plan as approved by the same. The scope of the internal audit plan includes the Company's business processes, enterprise risk management and the implementation of good corporate governance. Six audits were completed in 2018.

## RESOURCES AND RESERVES GOVERNANCE COMMITTEE

The purpose of this governance committee is to satisfy the Board of Directors and Board of Commissioners that Resources and Reserves have been developed in line with the JORC<sup>1</sup> code and the Company Resources and Reserves Policy. It ensures that all Resources and Reserves activities are completed with consistency, rigour, and to the highest technical standards. Two meetings were held during 2018.

## OPERATIONAL CONTROLS FOR GOOD CORPORATE GOVERNANCE

In addition to the aforementioned governance bodies and appointments, the Company's business decisions and activities are regulated in accordance with good corporate governance by means of a system of operational controls, generally approved at the shareholder and board level. This system includes:

- ▶ Company Articles of Association.
- ▶ Resolutions from General Meetings of Shareholders.

## FUNGSI AUDIT INTERNAL

Fungsi Audit Internal bertanggung jawab untuk mengawasi dan mengoordinasikan program audit internal Perusahaan serta memfasilitasi audit eksternal terkait. Kepala Fungsi Audit Internal melapor kepada Komite Audit dan melaksanakan rencana audit internal tahunan berbasis risiko sebagaimana disetujui oleh Komite Audit. Ruang lingkup rencana audit internal mencakup proses bisnis Perusahaan, manajemen risiko perusahaan, dan pelaksanaan tata kelola perusahaan yang baik. Sebanyak enam kegiatan audit sudah diselesaikan pada tahun 2018.

## KOMITE TATA KELOLA SUMBER DAYA DAN CADANGAN

Tujuan dari komite tata kelola ini adalah untuk meyakinkan Dewan Direksi dan Dewan Komisaris bahwa Sumber Daya dan Cadangan telah dikembangkan sesuai dengan aturan JORC<sup>1</sup> dan Kebijakan Sumber Daya dan Cadangan Perusahaan. Komite ini mengawasi semua kegiatan Sumber Daya dan Cadangan agar dilaksanakan secara konsisten, teliti, dan sesuai dengan standar teknis tertinggi. Dua pertemuan dilaksanakan pada tahun 2018.

## KONTROL OPERASIONAL UNTUK TATA KELOLA PERUSAHAAN YANG BAIK

Selain badan dan jabatan tata kelola yang telah disebutkan sebelumnya, keputusan dan kegiatan bisnis Perusahaan juga sesuai dengan tata kelola perusahaan yang baik melalui sebuah sistem kontrol operasional, yang secara umum disetujui pada tingkat pemegang saham dan dewan Perusahaan. Sistem ini meliputi:

- ▶ Anggaran Dasar Perusahaan.
- ▶ Keputusan Rapat Umum Pemegang Saham.

<sup>1</sup>The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves / Standar Australia untuk Pelaporan Hasil Eksplorasi, Sumber Daya Mineral dan Cadangan Bijih

- ▶ Company Policies and Codes of Practice.
- ▶ A Code of Ethics and Business Conduct.
- ▶ A Delegation of Authority Manual.
- ▶ Annual Business Plans.
- ▶ Job Descriptions.

- ▶ Kebijakan Perusahaan dan Kode Praktik.
- ▶ Kode Etik dan Perilaku Usaha.
- ▶ Panduan Delegasi Kewenangan.
- ▶ Rencana Bisnis Tahunan.
- ▶ Deskripsi Jabatan.

## OTHER CORPORATE GOVERNANCE ASPECTS

### Public Accountant

The Company's financial statements for the year ended 31 December 2018 were audited by the accounting firm Tanudiredja, Wibisana, Rintis & Rekan (in association with Pricewaterhouse Coopers). The audit fee for this year was \$86,320 (excluding tax and expenses).

### Legal Cases

In 2018, the Company had no involvement in any legal cases.

### Enterprise Risk Management

PTAR has implemented an enterprise risk management program since 2014. Annual enterprise risk assessment workshops are held to identify and rank risks that are material to the achievement of business outcomes. Risks are assessed against safety, environmental, community, government, reputational, financial and compliance-related consequences. The highest risks identified by this process are addressed by means of risk management plans with progress reported to the management team in the form of risk management scorecards. The 2018 Enterprise Risk Workshop was held on 24 October 2018, and included participation by the President Director, two directors, and two members of the senior management team.

## ASPEK TATA KELOLA PERUSAHAAN LAINNYA

### Akuntan Publik

Laporan keuangan Perusahaan untuk tahun yang berakhir pada 31 Desember 2018 diaudit oleh kantor akuntan Tanudiredja, Wibisana, Rintis & Rekan (bekerja sama dengan Pricewaterhouse Coopers). Biaya audit untuk tahun tersebut adalah \$86.320 (tidak termasuk pajak dan pengeluaran).

### Kasus Hukum

Pada tahun 2018, Perusahaan tidak terlibat dalam kasus hukum apa pun.

### Manajemen Risiko Perusahaan

PTAR telah melaksanakan program manajemen risiko perusahaan sejak tahun 2014. Lokakarya penilaian risiko perusahaan tahunan diadakan secara rutin untuk mengidentifikasi dan menyusun tingkatan risiko yang bersifat material terhadap pencapaian hasil bisnis. Risiko dinilai berdasarkan akibat-akibat yang terkait dengan keselamatan, lingkungan, masyarakat, pemerintah, reputasi, keuangan, dan kepatuhan. Risiko tertinggi yang teridentifikasi melalui proses ini kemudian ditangani melalui rencana manajemen risiko yang perkembangannya dilaporkan kepada tim manajemen dalam bentuk risk management scorecard. Pada tahun 2018, *Enterprise Risk Workshop* diselenggarakan pada tanggal 24 Oktober 2018, dan turut dihadiri oleh Presiden Direktur, dua direktur, dan dua anggota dari tim manajemen senior.

## EXTERNAL COMMUNICATIONS

Information about the Company can be found on the website: [www.agincourtresources.com](http://www.agincourtresources.com). The Company can also be reached at:

PT. Agincourt Resources  
Pondok Indah Office Tower, Suite 1201  
Jl. Sultan Iskandar Muda Kav V-TA Pondok Indah  
Jakarta 12310, Indonesia  
Phone: +62-21 7592 2808

## KOMUNIKASI EKSTERNAL

Informasi mengenai Perusahaan dapat ditemukan di situs web: [www.agincourtresources.com](http://www.agincourtresources.com). Selain itu, Perusahaan juga dapat dihubungi melalui:

PT. Agincourt Resources  
Pondok Indah Office Tower, Suite 1201  
Jl. Sultan Iskandar Muda Kav V-TA Pondok Indah  
Jakarta 12310, Indonesia  
Phone: +62-21 7592 2808

Syafri Putra (Drill & Blast Engineer), Intan Nurhidayatin (Geotechnical Engineer) and Agus Salim Tri Utama (Survey Superintendent) at a mine planning meeting.

Syafri Putra (*Drill & Blast Engineer*), Intan Nurhidayatin (*Geotechnical Engineer*) dan Agus Salim Tri Utama (*Survey Superintendent*) sedang melakukan rapat perencanaan tambang.

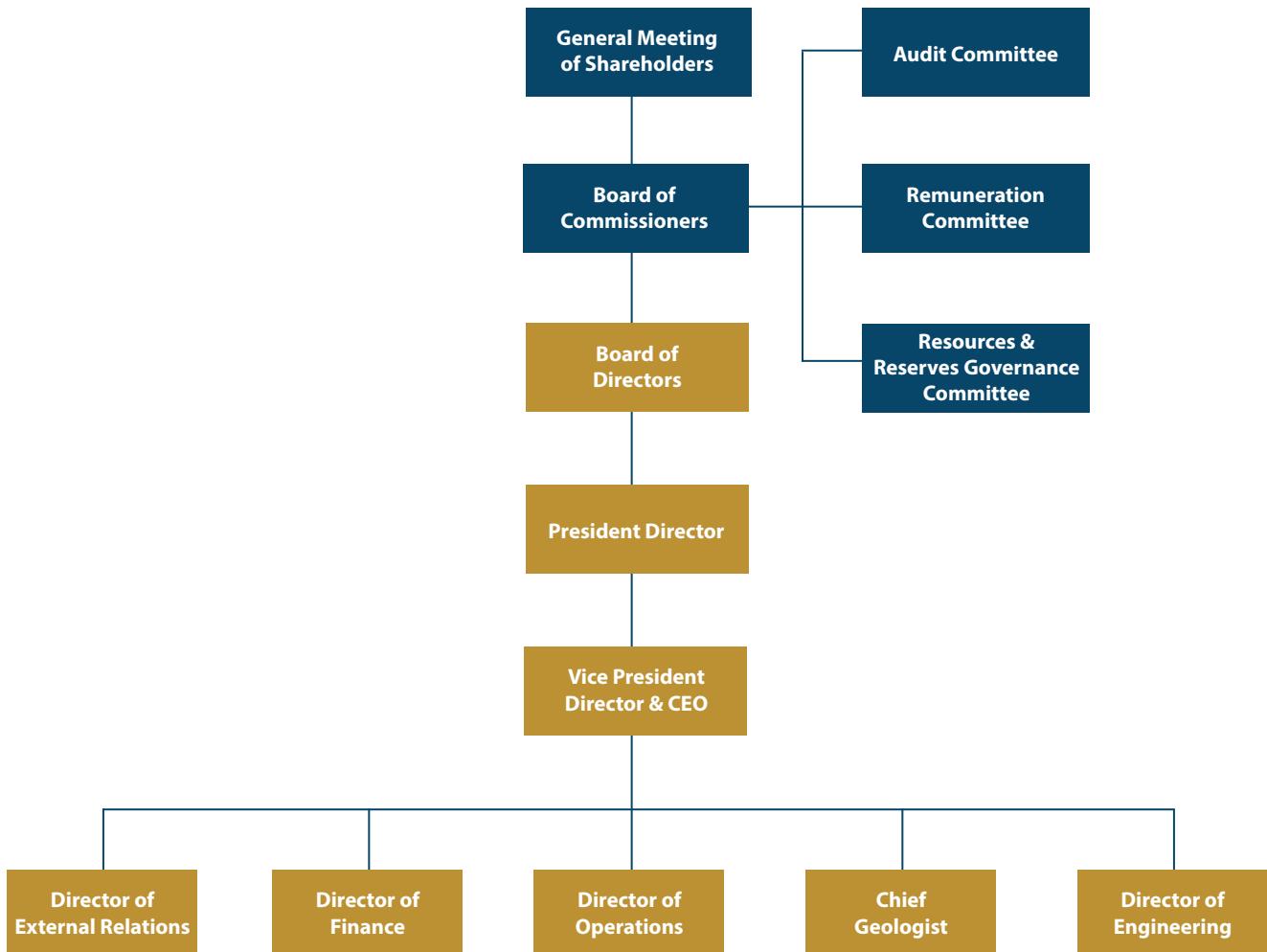


**Composition of PTAR Boards and Executive Committees 2018\***  
**Susunan Dewan Direksi, Komisaris, dan Komite Eksekutif PTAR Tahun 2018\***

<b>Body</b>	<b>January – November 2018</b>	<b>December 2018</b>
<b>Organ</b>	<b>Januari – November 2018</b>	<b>Desember 2018</b>
<b>Board of Commissioners</b>	Mr. Owen Hegarty (President <i>Commissioner/Presiden Komisaris</i> ) Mr. Antony Manini Mr. Anwar Nasution Mr. Ashish Gupta Mr. Benjamin Encarnacion Mr. Jason Chang Mr. Noke Kiroyan	Mr. Franciscus Kesuma (President <i>Commissioner/Presiden Komisaris</i> ) Mr. Anwar Nasution Mr. Ari Sutrisno Mr. Edhie Sarwono Mr. Iwan Hadiantoro
<b>Board of Directors</b>	Mr. Tim Duffy (President Director/ <i>Presiden Direktur</i> ) Mr. Ed Cooney Mrs. Linda Siahaan Mr. Navin Sonthalia Mr. Peter Chambers Mr. Washington Tambunan	Mr. Muliady Sutio (President Director/ <i>Presiden Direktur</i> ) Mr. Tim Duffy (Vice President Director <i>/Wakil Presiden Direktur</i> ) Mr. Ed Cooney Mrs. Linda Siahaan Mr. Noviandri Hakim Mr. Washington Tambunan
<b>Executive Committee</b>	Mr. Owen Hegarty Mr. Tim Duffy Mr. Antony Manini Mr. Ashish Gupta Mr. Benjamin Encarnacion Mr. Jason Chang Mr. Peter Chambers	Mr. Franciscus Kesuma Mr. Muliady Sutio Mr. Tim Duffy Mr. Noviandri Hakim Mr. Ruli Tanio
<b>Audit Committee</b>	Mr. Owen Hegarty Mr. Tim Duffy Mr. Benjamin Encarnacion Mr. Jason Chang Mr. Peter Chambers	Mr. Franciscus Kesuma Mr. Muliady Sutio Mr. Tim Duffy Mr. Noviandri Hakim
<b>Resources &amp; Reserves</b>	Mr. Owen Hegarty	Mr. Franciscus Kesuma
<b>Governance Committee</b>	Mr. Antony Manini	Mr. Muliady Sutio
Komite Tata Kelola Sumber Daya & Cadangan	Mr. John Stover Mr. Peter Chambers Mr. Tim Duffy Mr. Shawn Crispin	Mr. Tim Duffy Mr. Ed Cooney Mr. Ruli Tanio Mr. Steve Carty
<b>Remuneration Committee</b>	Mr. Owen Hegarty Mr. Tim Duffy Mr. Benjamin Encarnacion Mr. Jason Chang Mr. Peter Chambers	Mr. Franciscus Kesuma Mr. Muliady Sutio Mr. Tim Duffy

\*In December 2018, following transfer of ownership of 95% of the share value of the Company from ARS to PT. Danusa Tambang Nusantara, memberships of the Board of Commissioners and Board of Directors were reconstituted as shown based on a resolution of the first 2018 Extraordinary General Meeting of Shareholders on 3 September 2018. Pada bulan Desember 2018, setelah dialihkannya kepemilikan sebesar 95% nilai saham Perusahaan dari ARS ke PT. Danusa Tambang Nusantara, anggota-anggota Dewan Komisaris dan Dewan Direksi disusun kembali sebagaimana diperlihatkan berdasarkan keputusan Rapat Umum Pemegang Saham Luar Biasa Pertama Tahun 2018 pada tanggal 3 September 2018.

## KEY ELEMENTS OF PTAR CORPORATE GOVERNANCE FRAMEWORK ELEMEN UTAMA KERANGKA TATA KELOLA





# **CORPORATE SOCIAL RESPONSIBILITY**

## TANGGUNG JAWAB SOSIAL PERUSAHAAN



A photograph showing a man in a red conical hat and a dark plaid shirt standing in a lush green rice field. He is holding a large bunch of harvested rice in his right hand. In the background, another person's arm and hand are visible, also holding harvested rice. The foreground is filled with the golden-yellow rice plants.

Ilham Hutabarat (local farmer group), Dedy Sianturi (PTAR Community Development Officer), and Iman Saleh Siregar (Leader of Permata Sialasapaggul Cooperative) harvesting rice at Sipenggeng Village.

Ilham Hutabarat (kelompok petani lokal), Dedy Sianturi (PTAR *Community Development Officer*), dan Iman Saleh Siregar (Ketua Koperasi Permata Sialasapaggul) sedang memanen padi di Desa Sipenggeng.

# CORPORATE SOCIAL RESPONSIBILITY

## TANGGUNG JAWAB SOSIAL PERUSAHAAN

Since project commencement PT Agincourt Resources has conducted its activities in line with the principles of corporate social responsibility, recognising that our social licence to operate is key to our ongoing business success.

Sejak dimulainya proyek, PT Agincourt Resources telah melaksanakan kegiatannya sesuai dengan prinsip tanggung jawab sosial perusahaan, mengakui bahwa izin sosial kami untuk beroperasi merupakan kunci kesuksesan bisnis kami saat ini.

### OVERVIEW

The long-term success of PT Agincourt Resources will rest on the support and trust of communities in which it operates. This acceptance will depend on how well the Company manages a range of outcomes of importance to its local stakeholders, including employee safety, protection of the environment and the provision of social benefits.

Management of employee safety and the provision of employment opportunities for local communities have been documented in preceding sections of this report. The following sections provide an overview of the Company's progress in managing the environmental and community relations aspects of its activities in 2018. The implementation of corporate social responsibility and sustainable development by the Company is documented in greater detail in the Company's 2018 Sustainability Report.

### GAMBARAN UMUM

Keberhasilan jangka panjang PT Agincourt Resources akan bergantung pada dukungan dan kepercayaan masyarakat dimana Perusahaan beroperasi. Penerimaan masyarakat ini akan bergantung pada seberapa baik Perusahaan mengelola berbagai faktor yang penting bagi para pemangku kepentingan lokal, termasuk keselamatan karyawan, perlindungan lingkungan, dan penyediaan manfaat sosial.

Manajemen keselamatan karyawan dan penyediaan kesempatan kerja bagi masyarakat setempat telah didokumentasikan pada bagian-bagian awal laporan ini. Bagian-bagian selanjutnya menyajikan gambaran umum tentang kemajuan Perusahaan dalam mengelola aspek lingkungan hidup dan hubungan masyarakat di dalam seluruh kegiatannya di tahun 2018. Pelaksanaan tanggung jawab sosial perusahaan dan pembangunan berkelanjutan oleh Perusahaan didokumentasikan secara lebih jelas dalam Laporan Berkelanjutan Perusahaan Tahun 2018.

# COMMUNITY DEVELOPMENT

## PEMBERDAYAAN MASYARAKAT

**PT Agincourt Resources has actively supported community development in the area around Martabe Gold Mine since project commencement to ensure that local communities directly benefit from our presence.**

**PT Agincourt Resources telah secara aktif mendukung pengembangan masyarakat di area sekitar Tambang Emas Martabe sejak proyek dimulai untuk memastikan masyarakat setempat merasakan secara langsung manfaat kehadiran kami.**

### COMMUNITY DEVELOPMENT OVERVIEW

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>1</sup>. Sustainable community development programs are those that contribute to the community's long-term development needs and priorities and ensure a fairer distribution of the costs, benefits, risks and responsibilities associated with mining activities<sup>1</sup>.

PT Agincourt Resources supports sustainable community development in the area around the Martabe Gold Mine as a way of ensuring that all local communities potentially impacted by operations at the mine also receive benefits. This support is focused on 15 villages local to the mine categorised as Directly Affected Villages (DAVs), although some programs provide benefits regionally.

### GAMBARAN UMUM PENGEMBANGAN MASYARAKAT

Pengembangan masyarakat merupakan sebuah proses untuk meningkatkan kekuatan dan efektivitas masyarakat, memperbaiki kualitas hidup masyarakat dan memungkinkan masyarakat untuk berpartisipasi dalam pengambilan keputusan dalam mencapai kendali yang lebih besar atas kehidupannya dalam jangka panjang<sup>1</sup>. Program pengembangan masyarakat yang berkelanjutan adalah program yang memberikan kontribusi terhadap kebutuhan dan prioritas pengembangan jangka panjang masyarakat serta memastikan pembagian biaya, manfaat, risiko dan tanggung jawab yang lebih adil terkait dengan kegiatan tambang<sup>1</sup>.

PT Agincourt Resources telah mendukung pengembangan masyarakat yang berkelanjutan di area sekitar Tambang Emas Martabe sebagai suatu sarana untuk memastikan bahwa semua masyarakat setempat yang berpotensi terkena dampak operasi tambang juga menerima manfaatnya. Dukungan ini berfokus pada 15 desa setempat di sekitar tambang yang dikategorikan sebagai Desa Lingkar Tambang atau *Directly Affected Villages* (DAVs), meskipun beberapa program memberikan manfaat lebih luas ke daerah.

<sup>1</sup>International Council of Metals and Mining (2015)

The PTAR Community Management Plan (CMP) released in 2016 provides a framework for the delivery of community development programs by PTAR up to 2022. The CMP takes into account various sources of information including local community needs, infrastructure assessments, risk assessments and local government development plans, and also references a range of international guidelines such as the United Nations' Sustainable Development Goals. Based on this information, the CMP targets five main areas for community development support over the five-year period; health, education, local business and economic development, public infrastructure, and community relations.

Rencana bernama *Community Management Plan* (CMP) PTAR yang diluncurkan pada tahun 2016 menyediakan suatu kerangka kerja untuk pelaksanaan program pengembangan masyarakat oleh PTAR hingga tahun 2022. CMP mempertimbangkan berbagai macam sumber informasi termasuk kebutuhan masyarakat setempat, penilaian infrastruktur, penilaian risiko, dan rencana pengembangan pemerintah daerah, serta mengacu pada sejumlah pedoman internasional seperti Tujuan Pembangunan Berkelanjutan PBB. Berdasarkan informasi tersebut, CMP menargetkan lima bidang utama bagi dukungan pengembangan masyarakat selama jangka waktu lima tahun, yaitu kesehatan, pendidikan, usaha lokal dan pembangunan ekonomi, infrastruktur umum, dan hubungan masyarakat.

## 2018 PROGRAM OUTCOMES

In 2018, PTAR spent \$1.25 million on programs in support of the CMP. This was in addition to dividends paid to the regency and provincial governments. This assistance was focused on the continuation of existing programs, summarised as follows:

### Health

- ▶ Continuation of support for a free cataract surgery program for local people in partnership with A New Vision and the District Military Area Command. A total of 7,131 people have received surgery under this program since commencement in 2011.
- ▶ Visits to villages for the delivery of free health services such as infant health checks, pregnancy examinations, and treatment of common diseases.
- ▶ Provision of gymnastics classes for the elderly in local villages.
- ▶ Monthly visits by staff to village Health Care Clinics (Posyandu) to provide supplies and assist in delivery of services.
- ▶ Support for Tuberculosis Program community volunteers and a person

## HASIL PROGRAM 2018

Pada tahun 2018, PT. Agincourt Resources mengeluarkan \$1,25 juta untuk program-program yang mendukung pelaksanaan CMP. Hal ini merupakan tambahan selain dividen yang dibayarkan kepada pemerintah kabupaten dan provinsi. Dukungan ini difokuskan pada kelanjutan program yang sudah berjalan, yang dirangkum sebagai berikut:

### Kesehatan

- ▶ Kelanjutan dukungan program operasi katarak gratis bagi masyarakat setempat bekerja sama dengan A New Vision dan Komando Distrik Militer. Sebanyak 7.131 orang telah menjalani operasi secara cuma-cuma sejak dimulainya program ini di tahun 2011.
- ▶ Kunjungan ke desa-desa untuk memberikan cek kesehatan gratis seperti pemeriksaan kesehatan bayi, pemeriksaan kehamilan, dan pengobatan penyakit umum.
- ▶ Penyelengaraan kelas senam bagi para manula di desa-desa setempat.
- ▶ Kunjungan bulanan oleh staf Pos Pelayanan Terpadu (Posyandu) desa untuk memberikan pengobatan dan membantu pelayanan.
- ▶ Dukungan untuk para relawan masyarakat

recovering from tuberculosis.

- ▶ Support for malnutrition recovery treatment for an infant .
- ▶ Training for 35 government health staff in General Emergency Life Support.
- ▶ A Healthy School Competition involving kindergartens, elementary schools and high schools.
- ▶ Support for Global Handwashing Day including delivery of coaching in clean and healthy living at some schools and the provision of handwashing facilities.
- ▶ Commemoration of World AIDS Day in collaboration with the District Health Office of South Tapanuli.
- ▶ Continuation of a Healthy Teenagers Development Program.

pada Program Tuberkulosis dan penyembuhan bagi penderita tuberkulosis.

- ▶ Bantuan perbaikan gizi buruk pada bayi.
- ▶ Pelatihan bagi 35 staf kesehatan pemerintah dalam penanganan kasus gawat darurat (*General Emergency Life Support*).
- ▶ Lomba Sekolah Sehat yang melibatkan taman kanak-kanak, sekolah dasar, dan sekolah menengah atas.
- ▶ Dukungan Hari Cuci Tangan Dunia termasuk bimbingan untuk hidup bersih dan sehat di beberapa sekolah dan penyerahan fasilitas cuci tangan.
- ▶ Peringatan Hari AIDS Dunia bekerja sama dengan Dinas Kesehatan Kabupaten Tapanuli Selatan.
- ▶ Kelanjutan Program Remaja Sehat.



Local children improve their reading skills at Mawar, a library in Batangtoru established and supported under the PTAR community development program.

Anak-anak masyarakat setempat meningkatkan kemampuan bacanya di taman baca Mawar di Batangtoru yang didirikan dan didukung oleh program pengembangan masyarakat PTAR.



## Education

- ▶ Continued support for community “reading gardens” in 14 villages.
- ▶ Donation of 829 books to a library at Sopo Daganak (a large community amphitheater in Batangtoru constructed with support from PTAR).
- ▶ Delivery of capacity-building training for local school headmasters.
- ▶ Funding of activities in support of World Environment Day, such as the planting of a thousand trees in one village.

## Pendidikan

- ▶ Kelanjutan dukungan bagi “taman bacaan” masyarakat di 14 desa.
- ▶ Donasi sebanyak 829 buku kepada perpustakaan di Sopo Daganak (sebuah gedung serbaguna besar masyarakat di Batangtoru, dibangun dengan bantuan dari PTAR).
- ▶ Peningkatan kapasitas bagi para kepala sekolah setempat.
- ▶ Pendanaan untuk kegiatan-kegiatan dalam mendukung Hari Lingkungan Hidup Dunia, seperti penanaman seribu pohon di satu desa.

- ▶ Provision of 50 scholarships for local children under the ongoing Martabe Prestasi scholarship program.
- ▶ Donation of computers to several schools.
- ▶ Continuation of support for a government school improvement program.
- ▶ Support for a Kartini Day celebration involving participation by approximately 600 girls and women.
- ▶ Delivery of capacity-building training for members of the Martabe Consultative Committee (LKMM).

- ▶ Pemberian 50 beasiswa bagi anak-anak setempat di bawah program beasiswa Martabe Prestasi.
- ▶ Pemberian komputer ke beberapa sekolah.
- ▶ Kelanjutan dukungan untuk program perbaikan sekolah pemerintah.
- ▶ Dukungan untuk peringatan Hari Kartini yang melibatkan sekitar 600 anak perempuan dan wanita.
- ▶ Penyelenggaraan pelatihan peningkatan kapasitas bagi para anggota Lembaga Konsultasi Masyarakat Martabe (LKMM).

## Local Business Development

- ▶ Procurement of local goods and services to the value of \$11.42 million.
- ▶ Financial management training for local suppliers and contractors.
- ▶ Support for the establishment of five new village cooperatives including training for their managers.
- ▶ Support for the production of various crops and fruits, and horticulture demonstration plots in various local villages.
- ▶ Support for paddy breeding and cultivation projects.
- ▶ Support for fish farming in various local villages.

## Pengembangan Usaha Lokal

- ▶ Pengadaan barang dan jasa lokal dengan nilai \$11,42 juta.
- ▶ Pelatihan manajemen keuangan bagi para pemasok dan kontraktor lokal.
- ▶ Bantuan untuk pendirian lima koperasi desa baru termasuk pelatihan bagi para pengelolanya.
- ▶ Bantuan untuk produksi berbagai macam tanaman panen dan buah-buahan serta plot demonstrasi hortikultura di beberapa desa setempat.
- ▶ Bantuan untuk proyek pembibitan dan penanaman padi.
- ▶ Bantuan untuk peternakan ikan di beberapa desa setempat.

## Public Infrastructure

A total of 23 public infrastructure projects were supported by PTAR in 2018, including:

- ▶ Construction and renovation of public bathrooms in various villages.
- ▶ Renovation of puskesmas (public health clinics) in various villages.
- ▶ Construction of clean water facilities in two villages.
- ▶ Repair of the Pulo Godang hanging bridge.

## Infrastruktur Umum

Sebanyak 23 proyek infrastruktur umum telah menerima bantuan dari PTAR di tahun 2018, termasuk:

- ▶ Pembangunan dan perbaikan kamar mandi umum di beberapa desa.
- ▶ Perbaikan Puskesmas di beberapa desa.
- ▶ Pembangunan fasilitas air bersih di dua desa.
- ▶ Perbaikan jembatan gantung Pulo Godang.

- ▶ Village road improvements.
- ▶ A rice processing facility.
- ▶ Mosque and church renovations.
- ▶ Construction of an office for local government use in Batangtoru.
- ▶ Perbaikan jalan desa.
- ▶ Fasilitas pengolahan padi.
- ▶ Perbaikan masjid dan gereja.
- ▶ Pembangunan kantor untuk pemerintah kecamatan di Batangtoru.

A local religious group participates in an event to commemorate Islamic New Year in Muara Batangtoru.

Kelompok agama setempat berpartisipasi dalam sebuah acara perayaan Tahun Baru Islam di Batangtoru.



## COMMUNITY RELATIONS

- ▶ Providing site tours to 1,077 people to explain operational aspects such as water management.
- ▶ Emergency assistance for flood affected communities.
- ▶ Distribution of food packages and other supplies to 1,092 elderly people at the end of Ramadhan.

## HUBUNGAN MASYARAKAT

- ▶ Kunjungan ke tambang kepada lebih dari 1.077 orang untuk menjelaskan aspek operasional seperti pengelolaan air.
- ▶ Bantuan darurat bagi para masyarakat yang terkena bencana banjir.
- ▶ Pembagian paket sembako dan kebutuhan lainnya kepada 1.092 manula di akhir Ramadhan.



Local youth attend a Ramadhan Festival sponsored by the company at Sopo Daganak in 2018. The amphitheatre in Batangtoru was built with the support of PTAR.

Pemuda setempat menghadiri Festival Bulan Ramadhan yang disponsori oleh perusahaan di Sopo Daganak pada tahun 2018. Gedung serbaguna di Batangtoru ini juga didirikan dengan bantuan dari PTAR.

# ENVIRONMENT LINGKUNGAN

**The Martabe Gold Mine is surrounded by forest, waterways, agriculture and settlements, and the highest standard of environmental management at site is essential for protecting natural values and maintaining our social licence to operate.**

**Tambang Emas Martabe dikelilingi oleh hutan, perairan, pertanian dan pemukiman, dan standar tertinggi manajemen lingkungan di site sangat penting untuk menjaga nilai alam dan mempertahankan izin sosial kami untuk beroperasi.**

## INTRODUCTION

Protection of the environment from impacts due to operations at the Martabe Gold Mine and from Company exploration activity in surrounding areas is a key focus of the site management team.

The goals for environmental management at the site are summarised as follows:

- ▶ Protection of downstream waters.
- ▶ Safe disposal of tailings and waste rock.
- ▶ Safe disposal of hazardous wastes.
- ▶ Avoidance of chemical spills.
- ▶ Minimisation of unnecessary clearing, and rehabilitation of disturbed areas to native forest or other sustainable land uses.
- ▶ Protection of biodiversity.
- ▶ Compliance with all applicable environmental legislation and operating permits.

## PENDAHULUAN

Perlindungan lingkungan dari dampak akibat operasi di Tambang Emas Martabe dan kegiatan eksplorasi Perusahaan di area sekitar menjadi fokus utama tim manajemen site.

Tujuan pengelolaan lingkungan hidup di site dirangkum sebagai berikut:

- ▶ Perlindungan perairan hilir.
- ▶ Penempatan *tailings* dan batuan buangan secara aman.
- ▶ Pembuangan limbah berbahaya secara aman.
- ▶ Pencegahan tumpahan bahan kimia.
- ▶ Meminimalkan pembukaan lahan yang tidak perlu, dan rehabilitasi area yang terganggu pada hutan alam atau penggunaan lahan berkelanjutan lainnya.
- ▶ Perlindungan keanekaragaman hayati.
- ▶ Kepatuhan dengan seluruh perundangan dan perizinan lingkungan hidup yang berlaku.

The environmental performance of the Martabe Gold Mine in 2018 maintained the high standards established in preceding years. What follows is an overview of the significant environmental aspects at the site and the results achieved in managing these during the year.

## PROTECTION OF DOWNSTREAM WATERS

Rainfall at the Martabe site is notably high, averaging 4,553 mm per year. Management of surface water is therefore an important activity at the site. Due to this high rainfall, the site has a net positive water balance, meaning that rainwater tends to accumulate in the Tailings Storage Facility (TSF) and associated water management structures. In order to maintain adequate freeboard at the TSF, excess water must be released to the nearby Batang Toru River. Prior to being released from the site, this water is treated in a Water Polishing Plant (WPP) to remove all potential contaminants. This activity is very closely controlled by the Company to ensure there are no impacts on downstream water quality.

Discharge from the site to the Batang Toru River is fully permitted under Indonesian law. In 2018, discharge remained fully compliant with discharge limits, maintaining an unbroken record of permit compliance since commencement of operations. For the sixth consecutive year, a monitoring team established by Decision of the Governor of North Sumatra provided independent verification of this result. The University of North Sumatra continued to monitor the condition of streams and rivers surrounding the site under a River Health Monitoring Program established in 2014. The results of this monitoring showed no significant environmental impact on the river due to mine discharge.

Kinerja lingkungan hidup Tambang Emas Martabe pada tahun 2018 tetap mempertahankan standar tinggi yang telah dibangun di tahun-tahun sebelumnya. Berikut ini disajikan gambaran umum tentang aspek lingkungan yang signifikan di site beserta pencapaian yang diraih dalam pengelolaan aspek tersebut pada tahun ini.

## PERLINDUNGAN PERAIRAN HILIR

Curah hujan di site Martabe tercatat cukup tinggi, berkisar 4.553 mm per tahun. Karena itu, pengelolaan air permukaan merupakan kegiatan penting di site. Dikarenakan curah hujan yang tinggi, site memiliki neraca air positif bersih, artinya air hujan cenderung berakumulasi di Tailings Storage Facility (TSF) dan fasilitas pengelolaan air terkait. Untuk mempertahankan freeboard (area bebas) yang memadai di TSF, kelebihan air harus dibuang ke Sungai Batang Toru yang berada di dekatnya. Sebelum dibuang dari site, kelebihan air diolah di Instalasi Pemurnian Air atau Water Polishing Plant (WPP) untuk menghilangkan semua potensi kontaminan. Kegiatan ini dikontrol secara ketat oleh Perusahaan dalam memastikan tidak ada dampak pada kualitas air hilir.

Pembuangan air dari site ke Sungai Batang Toru diizinkan sepenuhnya berdasarkan Undang-Undang Indonesia. Pada tahun 2018, kegiatan pembuangan sepenuhnya patuh terhadap batas-batas pembuangan, mempertahankan rekam kepatuhan terhadap izin yang tidak terpecahkan sejak dimulainya operasi. Selama enam tahun berturut-turut, sebuah tim pemantau dibentuk berdasarkan Surat Keputusan Gubernur Sumatera Utara yang menetapkan verifikasi independen atas hasil pemantauan. Universitas Sumatera Utara terus memonitor kondisi arus dan sungai yang ada di sekitar site di bawah Program Pemantauan Kesehatan Sungai yang dibentuk di tahun 2014. Hasil pemantauan ini menunjukkan tidak ada dampak lingkungan hidup yang signifikan pada sungai akibat pembuangan air olahan dari tambang.

Two PTAR Environment Department staff take a water sample at the point where treated water from the Water Polishing Plant (WPP) enters the Batang Toru River. Daily sampling at this point is an important element of the quality control system applied to the discharge of treated water from site.

Dua orang staf Departemen Lingkungan Hidup PTAR mengambil sampel air pada titik dimana air olahan dari Water Polishing Plant (WPP) memasuki Sungai Batang Toru. Pengambilan sampel harian pada titik ini merupakan bagian penting dari sistem kontrol kualitas air yang dibuang dari site.



## SAFE DISPOSAL OF TAILINGS

All tailings at the Martabe Gold Mine are disposed of in a Tailings Storage Facility (TSF). The Safety of the TSF is the Company's highest priority and a comprehensive range of measures has been applied in line with industry leading practice to minimise TSF risk. To summarise these:

- ▶ The TSF was designed by an internationally-recognised geotechnical consultancy with wide experience of TSF design and construction.
- ▶ The embankment is constructed by the "downstream lifting" method, comprising carefully designed zones of compacted rock, clay and sand. This approach is fundamentally more safe than the "upstream lifting" method of construction employed at some sites (see below).
- ▶ The design complies with safety criteria specified by the International Committee on Large Dams (ICOLD), and has been reviewed and approved by the Indonesian Dam Safety Committee.

## PEMBUANGAN TAILINGS SECARA AMAN

Semua tailings di Tambang Emas Martabe ditempatkan di *Tailings Storage Facility* (TSF). Keamanan TSF menjadi prioritas tertinggi Perusahaan dan sejumlah langkah komprehensif telah diterapkan sesuai dengan praktik industri terkini untuk meminimalkan risiko TSF. Berikut penjelasan secara ringkas:

- ▶ TSF dirancang oleh konsultan geoteknis yang diakui secara internasional dengan pengalaman luas dalam desain dan pembangunan TSF.
- ▶ Tanggul dibangun dengan metode "pengangkatan hilir", yang terdiri dari zona yang dirancang secara cermat berisi batuan yang dipadatkan, lempung, dan pasir. Pendekatan ini secara fundamental lebih aman dari metode pembangunan "pengangkatan hulu" yang digunakan di beberapa site (lihat di bawah).
- ▶ Desain TSF memenuhi kriteria keamanan yang ditentukan oleh International Committee on Large Dams (ICOLD), serta telah ditinjau dan disetujui oleh Komite Keamanan Bendungan Indonesia.

- ▶ Great care is taken in construction of the embankment, with an ongoing quality assurance and quality control (QA/QC) program.
- ▶ Excess water in the TSF is quickly removed by pumping to the WPP.
- ▶ Tailings are discharged in a manner that maximises tailings beach consolidation and strength.
- ▶ An extensive condition monitoring program is in place recording relevant operating, engineering, stability, and environmental data.
- ▶ A TSF Safety Steering Committee chaired by the PTAR CEO regularly reviews TSF safety status and directs ongoing risk reduction initiatives.
- ▶ An annual independent review of the safety of the facility is conducted by highly experienced TSF experts.

In 2018, a total of 5.57 million tonnes of tailings was placed in the TSF without incident and in accordance with requirements laid out in PTAR Code of Practice *Safe Tailings Placement*. Water held in the decant pond was consistently held to a minimum despite almost 5.0 meters of rainfall over the year, and this result, together with careful deposition practices, maintained very good tailings beach conditions.

TSF risk reduction initiatives implemented in 2018 included:

- ▶ Implementation of a third annual independent TSF safety review.
- ▶ Ongoing implementation of recommendations arising from the 2017 TSF safety review.
- ▶ Installation of additional instrumentation to monitor embankment condition, including the first “strong motion analysers” to allow monitoring and recording of ground movement during earthquake events.

- ▶ Pembangunan tanggul dilakukan dengan perhatian yang besar, dengan adanya program penilaian kualitas dan kontrol kualitas (QA/QC).
- ▶ Kelebihan air di TSF dialihkan secepatnya melalui pemompaan ke WPP.
- ▶ *Tailings* dibuang dengan cara yang memaksimalkan konsolidasi dan kekuatan pantai tailings.
- ▶ Program pemantauan kondisi secara luas dilakukan dengan mencatat data pengoperasian, rekayasa, stabilitas, dan lingkungan hidup yang relevan.
- ▶ Komite Pengendali Keamanan TSF yang dipimpin oleh CEO PTAR meninjau secara rutin status TSF dan mengarahkan inisiatif pengurangan risiko secara terus-menerus.
- ▶ Tinjauan independen tahunan mengenai keamanan fasilitas dilakukan oleh para pakar TSF yang sangat berpengalaman.

Pada tahun 2018, total sebanyak 5,57 juta ton *tailings* ditempatkan di TSF tanpa adanya insiden dan sesuai dengan ketentuan yang ditetapkan dalam Kode Praktik *Penempatan Aman Tailings*. Air yang ditampung di kolam tuang secara konsisten dijaga pada batas minimum meskipun pada tahun tersebut curah hujan hampir mencapai 5,0 meter. Hasil ini, disertai praktik pengendapan yang cermat, turut mempertahankan kondisi pantai *tailings* yang sangat baik.

Inisiatif pengurangan risiko TSF yang dilaksanakan pada tahun 2018 mencakup:

- ▶ Pelaksanaan tinjauan keamanan TSF independen tahunan yang ketiga.
- ▶ Pelaksanaan rekomendasi yang muncul dari tinjauan keamanan TSF tahun 2017.
- ▶ Pemasangan alat tambahan untuk memonitor kondisi tanggul, termasuk “*strong motion analysers*” atau alat deteksi gerakan kencang yang pertama untuk memungkinkan pemantauan dan perekaman pergerakan tanah ketika terjadi gempa.

- ▶ Drilling to investigate basement conditions.
- ▶ Commencement of rehabilitation of final surface at the base of the embankment.

Planning for safe tailings placement capacity over the life of the mine continued in 2018. A detailed design for raising the current TSF embankment to a final elevation of RL377 was completed. Site investigation and primary design work was commenced for a second TSF at the site, necessary to meet life-of-mine tailings production based on current ore reserves.

- ▶ Pengeboran untuk menyelidiki kondisi bawah tanah.
- ▶ Dimulainya rehabilitasi permukaan akhir di dasar tanggul.

Perencanaan kapasitas penempatan *tailings* secara aman sepanjang umur tambang terus dilanjutkan di tahun 2018. Sebuah desain untuk menambah ketinggian tanggul TSF sampai ke puncak tertingginya di RL377 sudah diselesaikan. Penyelidikan site dan pekerjaan desain primer telah dimulai untuk TSF kedua di site, yang diperlukan untuk menampung *tailings* yang dihasilkan selama umur tambang berdasarkan cadangan bijih saat ini.

## Recent TSF Failures and the Martabe Gold Mine TSF

International attention has been drawn to the issue of TSF safety with the catastrophic failure of two TSFs in Brazil. These events resulted in fatalities, the destruction of local villages and significant downstream environmental impacts.

The safety of the Martabe TSF has been of the highest priority to PTAR since project commencement. Recently, like many other mining companies around the world, the Company placed its management of tailings disposal under additional scrutiny. The Company is committed to the minimization of TSF risk through the consistent application of best-practice design, construction, operational management and closure practices.

The Martabe TSF has been designed and constructed in accordance with the downstream lifting method. This approach is inherently safer than the upstream lifting method implemented at some other sites.

## Kegagalan TSF Terakhir dan TSF Tambang Emas Martabe

Perhatian internasional tertuju pada isu terkait keamanan TSF dengan adanya kegagalan dua TSF di Brazil. Kejadian ini berakibat pada kematian, kehancuran beberapa desa setempat dan dampak signifikan lingkungan di daerah hilir.

Keamanan TSF Martabe telah menjadi prioritas tertinggi PTAR sejak dimulainya proyek. Akhir-akhir ini, sama seperti perusahaan tambang pada umumnya di dunia, Perusahaan menempatkan pengelolaan penempatan *tailings* di bawah pengawasan tambahan yang ketat. Perusahaan memiliki komitmen untuk meminimalisir risiko TSF harus senantiasa diminimalkan, melalui penerapan yang konsisten akan desain praktik terbaik, pembangunan, manajemen operasional, dan praktik penutupan.

TSF Martabe telah didesain dan dibangun sesuai dengan metode downstream lifting. Pendekatan ini pada dasarnya lebih aman dibandingkan metode upstream lifting yangdigunakan beberapa site lainnya.

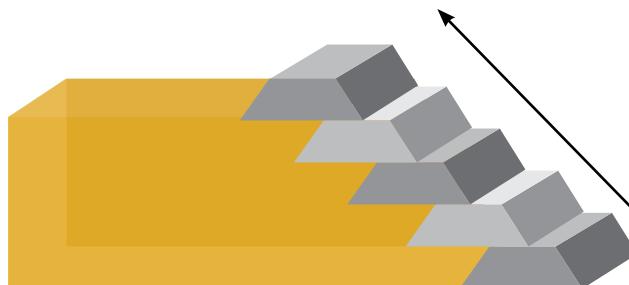
The general causes of TSF failures are well understood. An assessment of tailings dam failures world-wide found that for all significant TSF failures, elementary engineering mistakes or poor operational practices were involved. Correct engineering and operational controls can reduce the likelihood of TSF failure to very low levels.

The most common cause of TSF failure is mismanagement of water, specifically excessive levels of water held within the decant pond or within the embankment itself. At the Martabe Gold Mine, excess water in the TSF due to rainfall is quickly removed by pumping to the WPP. Constant attention to this simple requirement dramatically reduces TSF risk.

Penyebab kegagalan TSF secara umum telah dipahami dengan baik. Penilaian terhadap kegagalan bendungan *tailings* di seluruh dunia menyimpulkan bahwa semua kegagalan TSF yang signifikan melibatkan kesalahan rekayasa dasar atau praktik operasional yang buruk. Rekayasa yang benar dan kontrol operasional dapat mengurangi kecenderungan kegagalan TSF sampai ke tingkat yang sangat rendah.

Penyebab paling umum kegagalan TSF adalah kesalahan dalam pengelolaan air, secara khusus yaitu tingkat kelebihan air yang ditampung di kolam tuang atau dalam tanggul itu sendiri. Di Tambang Emas Martabe, kelebihan air di TSF akibat curah hujan secara cepat dipindahkan melalui pemompaan ke WPP. Perhatian terus-menerus pada persyaratan sederhana ini secara dramatis mengurangi risiko TSF.

### **Upstream lifting Method of TSF Embankment Construction** Metode Upstream Lifting untuk Konstruksi Tanggul TSF



**Upstream lifting using dried tailings to extend the wall.** *Upstream Lifting* menggunakan *dried tailings* untuk memperluas dinding.

### **Martabe Gold Mine TSF** TSF Tambang Emas Martabe



**Downstream lifting using engineered compacted zones of rock, clay and sand.** *Downstream lifting* menggunakan rekayasa batu, tanah liat dan pasir yang dipadatkan.

## SAFE DISPOSAL OF WASTE ROCK

At the Martabe Gold Mine, construction of the TSF embankment utilises all of the waste rock produced by mining, and so unlike most mines, there is no requirement for disposal of waste rock in separate waste rock dumps. As is typical for most metalliferous mines, some of the waste rock types at the site contain sulphide minerals, which will oxidise to produce acid when exposed to the atmosphere. This can lead to acid metal-rich leachate exiting the placed waste rock following rainfall, a process known as acid mine drainage (AMD).

At the Martabe Gold Mine, the risk of AMD is being successfully managed by the continuous sealing of all potentially acid forming materials within the TSF embankment by engineered layers of compacted rock and clay. This minimises oxygen entry into these materials, keeping sulphide oxidation rates at very low levels. The management of AMD at the Martabe Gold Mine reflects industry-leading practice and has been recognised with the publication of three papers at international mining conferences.

Progress in the management of waste rock at the site in 2018 is summarised as follows:

- ▶ A detailed assessment of waste rock geochemistry for the Ramba Joring deposit was completed. This study confirmed large amounts of material suitable for use as growth media.
- ▶ Monthly reporting of AMD management was significantly improved with the implementation of a standardised consolidated report addressing activities and data collection across Mine Geology, TSF, Mine Planning and Environment Departments.

## PENEMPATAN BATUAN BUANGAN SECARA AMAN

Di Tambang Emas Martabe, pembangunan tanggul TSF dilakukan dengan memanfaatkan batuan buangan yang dihasilkan oleh penambangan, dan tidak seperti tambang pada umumnya, tidak ada ketentuan untuk membuang batuan buangan di tempat penimbunan batuan buangan terpisah. Seperti kebanyakan tambang mineral logam lainnya, beberapa jenis batuan buangan di site mengandung mineral sulfida, yang akan beroksidasi sehingga menghasilkan asam saat terpapar dengan atmosfer. Hal ini dapat mengakibatkan air lindi asam yang kaya logam keluar dari batuan buangan setelah terjadinya hujan, sebuah proses yang disebut sebagai air asam tambang (AMD).

Di Tambang Emas Martabe, risiko AMD berhasil dikelola dengan penutupan secara terus-menerus semua material yang berpotensi membentuk asam di tanggul TSF melalui perekayasaan lapisan batuan yang dipadatkan dan lempung. Hal ini meminimalkan masuknya oksigen dan menjaga tingkat oksidasi sulfida tetap di bawah angka yang sangat rendah. Pengelolaan AMD di Tambang Emas Martabe mencerminkan praktik industri terkini dan telah diakui melalui publikasi tiga makalah di konferensi tambang tingkat internasional.

Perkembangan dalam pengelolaan batuan buangan di site pada tahun 2018 dirangkum sebagai berikut:

- ▶ Penilaian mendetail tentang geokimia batuan buangan untuk deposit Ramba Joring sudah diselesaikan. Hasil studi mengonfirmasikan adanya sejumlah besar material yang dapat digunakan sebagai media pertumbuhan.
- ▶ Laporan bulanan pengelolaan AMD meningkat secara signifikan dengan diterapkannya laporan terkonsolidasi berstandarisasi dalam menangani kegiatan dan pengumpulan data di departemen Geologi Tambang, TSF, Perencanaan Tambang, dan Lingkungan Hidup.

- ▶ An AMD management quality assurance and quality control (QA/QC) program was operational in all pits for the reconciliation of waste rock modelling and scheduling against the results of in-pit waste classification based on blast sampling.
- ▶ A three-month rolling waste schedule was developed to allow better management of waste rock delivery against the embankment build plan. Waste rock delivery is now embedded as a priority in the mine planning process.
- ▶ Monitoring instrumentation within the embankment continued to record very low oxygen levels within the sealed waste rock with no evidence of oxidation at depth, indicating that the sealing strategy is performing as intended and is successfully controlling AMD.
- ▶ Commencement of final rehabilitation at the toe of the TSF embankment with the placement of growth media and revegetation with rapidly growing cover crops.
- ▶ Program penilaian kualitas dan kontrol kualitas (QA/QC) pengelolaan AMD dilakukan di semua pit untuk rekonsiliasi pemodelan batuan buangan dan penjadwalan terhadap hasil klasifikasi *in-pit* waste yang sesuai dengan pengambilan sampel peledakan.
- ▶ Jadwal waste tiga bulan bergulir dibuat untuk memungkinkan pengelolaan pengiriman batuan buangan yang lebih baik sesuai dengan rencana pembangunan tanggul. Pengiriman batuan buangan saat ini dijadikan sebagai prioritas dalam proses perencanaan tambang.
- ▶ Alat pemantauan di tanggul mencatat tingkat oksigen yang sangat rendah dalam batuan buangan yang tertutup tanpa adanya bukti oksidasi di kedalaman, mengindikasikan bahwa strategi penutupan berfungsi seperti yang diinginkan dan berhasil mengendalikan AMD.
- ▶ Dimulainya rehabilitasi akhir di bagian kaki tanggul TSF dengan penempatan media pertumbuhan dan revegetasi menggunakan tanaman penutup yang cepat tumbuh.

## MINIMISATION OF IMPACTS ON BIODIVERSITY

The Martabe Gold Mine is located on the boundary of the Batangtoru Forest, an ecosystem recognised for its high biodiversity value and the habitat of a range of threatened species, most notably the Tapanuli Orangutan (*Pongo tapanuliensis*) and the Sumatran Tiger (*Panthera tigris sondaica*).

Although the active footprint of the Martabe Gold Mine is insignificant compared to the total area of this ecosystem, impacts on biodiversity at the site due to forest clearing and other activities, are recognised by the Company as a significant environment aspect requiring careful management over the life of the mine.

## MEMINIMALKAN DAMPAK KEANEKARAGAMAN HAYATI

Tambang Emas Martabe berada di area yang berbatasan dengan Hutan Batangtoru, sebuah ekosistem yang dikenal memiliki nilai keanekaragaman hayati yang tinggi dan merupakan habitat bagi sejumlah spesies yang terancam punah, terutama Orangutan Tapanuli (*Pongo tapanuliensis*) dan Harimau Sumatera (*Panthera tigris sondaica*).

Meskipun ukuran tapak aktif Tambang Emas Martabe tidak terlalu besar dibandingkan dengan total area ekosistem, dampak terhadap keanekaragaman hayati di site akibat pembukaan hutan dan kegiatan lainnya, diakui oleh Perusahaan sebagai suatu aspek lingkungan signifikan yang memerlukan pengelolaan secara

This need is supported by PTAR Code of Practice *Biodiversity Management*, which lays out mandatory operational requirements for protection of biodiversity, such as minimisation of unnecessary clearing and the restoration of forest habitat on areas rehabilitated after completion of mining.

Outcomes in support of biodiversity protection in 2018 are summarised as follows:

- ▶ There was no unauthorised clearing conducted at the site.
- ▶ An additional 4.6 hectares of disturbed area was rehabilitated, bringing the total area rehabilitated at the site to 18.23 hectares.
- ▶ A total of 3,640 tree seedlings were planted as part of site rehabilitation works.
- ▶ For a second year, the Company provided financial support for Scorpion Foundation, a non-government organisation (NGO) based in Medan that targets the illegal trapping and trade of threatened forest species.
- ▶ The Company conducted a review of NGOs involved in tiger conservation in the Batangtoru Forest, with the aim of supporting tiger conservation initiatives if a suitable recipient could be identified.

cermat sepanjang umur tambang. Kebutuhan ini didukung dengan Kode Praktik *Pengelolaan Keanekaragaman Hayati*, yang menetapkan ketentuan operasional wajib untuk perlindungan keanekaragaman hayati, seperti meminimalkan pembukaan lahan yang tidak perlu dan restorasi habitat hutan pada area rehabilitasi setelah penambangan selesai.

Hasil dalam mendukung perlindungan keanekaragaman hayati di tahun 2018 dirangkum sebagai berikut:

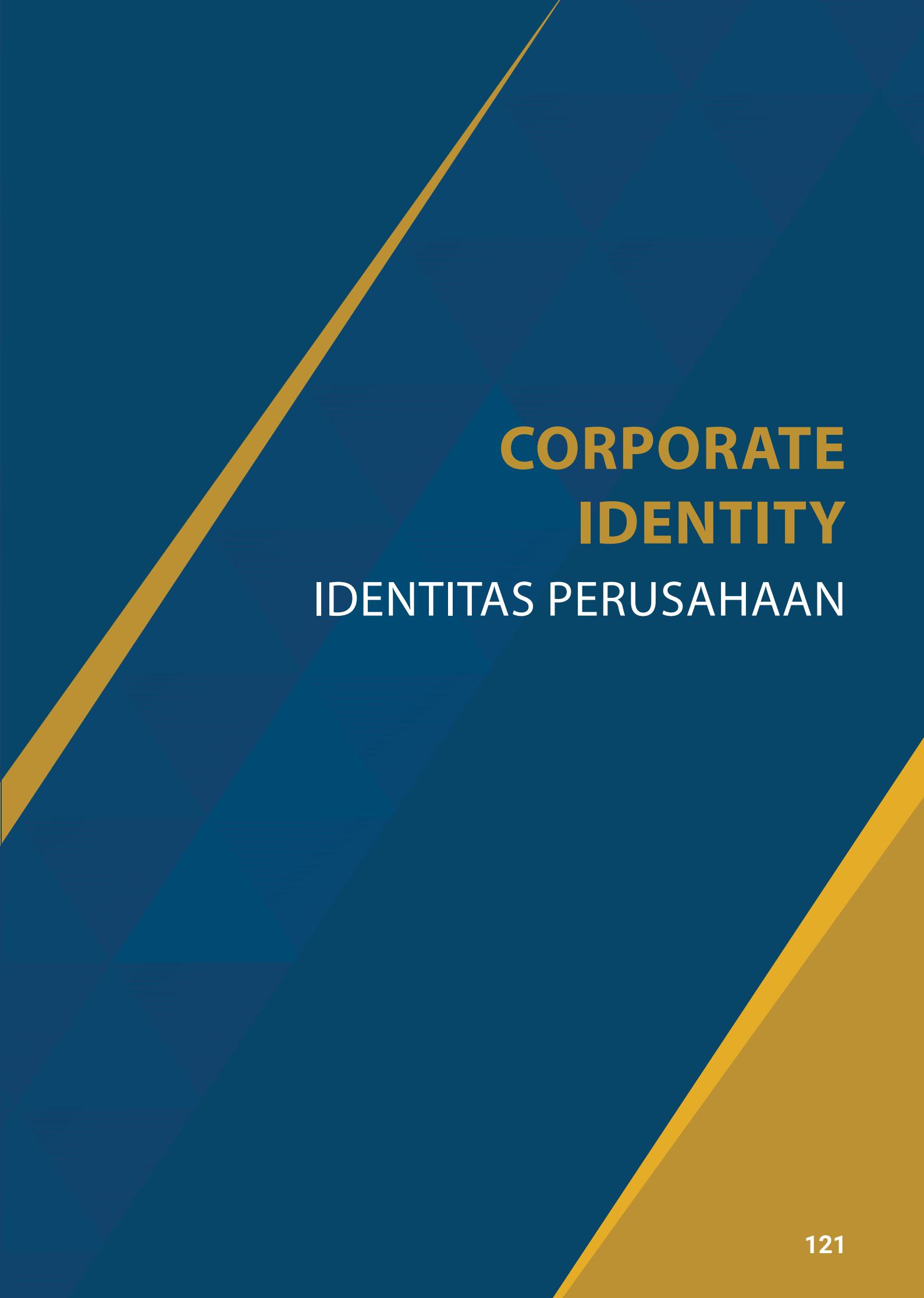
- ▶ Tidak ada pembukaan lahan tanpa izin di site.
- ▶ Tambahan sebesar 4,6 hektar area yang terganggu sudah direhabilitasi, menjadikan total area rehabilitasi di site sebesar 18,23 hektar.
- ▶ Total 3.640 bibit pohon ditanam sebagai bagian dari pekerjaan rehabilitasi site.
- ▶ Untuk tahun kedua, Perusahaan memberikan bantuan keuangan bagi Yayasan Scorpion, sebuah lembaga swadaya masyarakat (LSM) berbasis di Medan yang bergerak melawan penangkapan dan perdagangan ilegal spesies hutan yang terancam punah.
- ▶ Perusahaan melakukan sebuah peninjauan LSM yang terlibat dalam konservasi harimau di Hutan Batangtoru, dengan tujuan untuk mendukung inisiatif konservasi harimau jika ditemukan penerima yang sesuai.

A photograph showing two workers in a forest setting. They are wearing white hard hats, orange long-sleeved shirts, dark trousers, and yellow knee-high boots. The worker in the foreground is smiling and holding a small tree sapling in a black pot. Another worker is visible in the background, also engaged in planting. The forest floor is covered with fallen leaves and green grass.

Iswandi and Zunaidi Tanjung, both from the PTAR Environmental Department, plant seedlings of native species in an area undergoing rehabilitation.

Iswandi dan Zunaidi Tanjung, keduanya merupakan bagian dari Departemen Lingkungan Hidup PTAR, menanam bibit tanaman lokal pada area yang sedang direhabilitasi.





# **CORPORATE IDENTITY**

## IDENTITAS PERUSAHAAN

# CORPORATE IDENTITY

## IDENTITAS PERUSAHAAN

Name of Company Nama Perusahaan	PT Agincourt Resources
Address and Contact Details Alamat dan Detil Kontak	<b>Corporate Office</b> / Kantor Pusat Pondok Indah Office Tower, Suite 1201 Jl. Sultan Iskandar Muda Kav. V-TA Pondok Indah, Jakarta 12310 Indonesia. (t) 6221 – 7592 2808 (f) 6221 – 7592 2818
	<b>Mining Location</b> / Lokasi Tambang <b>Martabe Gold Mine</b> / Tambang Emas Martabe Jl. Merdeka Barat Km 2,5 Desa Aek Pining Kecamatan Batangtoru, Kabupaten Tapanuli Selatan, Sumatera Utara 22738 <b>Website</b> / Situs Web <a href="http://www.agincourtresources.com">www.agincourtresources.com</a>
Date of Incorporation Tanggal Pendirian	14 April 1997
Legal Basis of Incorporation Dasar Hukum Pendirian	Deed No. 281 dated 14 April 1997, made before Notary H.M Afdal Gazali, SH. This Deed has been amended several times, the last being Deed No. 192, dated 30 November 2018, made before Jose Dima Satria, S.H., M.Kn., Notary at Jakarta Akta Pendirian No. 281 tanggal 14 April 1997, dibuat di hadapan Notaris H.M. Afdal Gazali, SH. Akta ini telah mengalami beberapa kali perubahan, dan yang terakhir diubah dengan Akta No. 192, tertanggal 30 November 2018 dibuat di hadapan Jose Dima Satria, S.H.,M.Kn., Notaris di Jakarta
Shareholders Pemegang Saham	PT Danusa Tambang Nusantara (95%) PT ArthaNugraha Agung (5%)
Business Activities and Products Kegiatan Usaha dan Produk yang Dihasilkan	Mining and Production of Gold and Silver Penambangan dan Produksi Emas dan Perak
Authorised Capital Modal Dasar	\$85,000,000 or equal to IDR 692,115,000,000, consisting of 5,000,000 A Series shares and 80,000,000 B Series shares. \$85.000.000 atau setara dengan Rp 692.115.000.000, terdiri dari 5.000.000 saham seri A dan 80.000.000 saham seri B.
Subscribed and Paid Up Capital Modal Ditempatkan dan Disetor Penuh	\$85,000,000 or equal to IDR 692,115,000,000, consisting of 5,000,000 A Series shares and 80,000,000 B Series shares. \$85.000.000 atau setara dengan Rp 692.115.000.000 terdiri dari 5.000.000 saham seri A dan 80.000.000 saham seri B.
Number of Employees Jumlah Karyawan	814 permanent and contract employees as of 31 December 2018. 814 karyawan tetap dan tidak tetap per tanggal 31 Desember 2018.

**Statement of Responsibility of Board of Commissioners for the 2018 Annual Report of PT Agincourt Resources.**

**Pernyataan Tanggung Jawab Dewan Komisaris atas Laporan Tahunan 2018 PT Agincourt Resources.**

I, the undersigned, hereby declare that all information in the 2018 Annual Report of PT Agincourt Resources has been presented in its entirety and that I am fully accountable for the accuracy of the contents of this report. This statement is duly made in all integrity.

Saya yang bertandatangan di bawah ini, dengan ini menyatakan bahwa semua informasi dalam Laporan Tahunan 2018 PT Agincourt Resources telah disajikan secara menyeluruh dan saya bertanggung jawab sepenuhnya atas keakuratan isi laporan ini. Demikian pernyataan ini dibuat dengan sebenar-benarnya.

Jakarta, March 2019



**FRANCISCUS KESUMA**  
President Commissioner  
Presiden Komisaris

**Statement of Responsibility of the Board of Directors for the 2018 Annual Report of PT Agincourt Resources.**

**Pernyataan Tanggung Jawab Dewan Direksi atas Laporan Tahunan 2018 PT Agincourt Resources.**

I, the undersigned, hereby declare that all information in the 2018 Annual Report of PT Agincourt Resources has been presented in its entirety and that I am fully accountable for the accuracy of the contents of this report. This statement is duly made in all integrity.

Saya yang bertandatangan di bawah ini, dengan ini menyatakan bahwa semua informasi dalam Laporan Tahunan 2018 PT Agincourt Resources telah disajikan secara menyeluruh dan saya bertanggung jawab sepenuhnya atas keakuratan isi laporan ini. Demikian pernyataan ini dibuat dengan sebenar-benarnya.

Jakarta, March 2019



**MULIADY SUTIO**  
President Director  
Presiden Direktur

# **AUDITED FINANCIAL STATEMENTS**

LAPORAN KEUANGAN  
AUDIT

**PT AGINCOURT RESOURCES  
FINANCIAL STATEMENTS  
31 DECEMBER 2018**



**BOARD OF DIRECTORS' STATEMENT LETTER  
REGARDING THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018**

**PT AGINCOURT RESOURCES**

We, the undersigned:

- |                |   |  |
|----------------|---|--|
| 1. Name        | : | Muliady Sutio  |
| Office address | : | Level 12 Suite 1201, Wisma Pondok Indah 2,<br>Jl. Sultan Iskandar Muda Kav. V-TA, Pondok Indah,<br>Jakarta Selatan 12310 |
| Phone Number   | : | 021-80672000   |
| Position       | : | President Director   |
| 2. Name        | : | Noviandri  |
| Office address | : | Level 12 Suite 1201, Wisma Pondok Indah 2,<br>Jl. Sultan Iskandar Muda Kav. V-TA, Pondok Indah,<br>Jakarta Selatan 12310 |
| Phone Number   | : | 021-80672000   |
| Position       | : | Director   |

Declare that:

1. The Board of Directors is responsible for the preparation and presentation of PT Agincourt Resources (the "Company") financial statements;
2. The Company's financial statements have been prepared and presented in accordance with Indonesia Financial Accounting Standards.
3. a. All information in the Company's financial statements have been presented in a complete and truthful manner;  
b. The Company's financial statements do not contain any incorrect information or material facts, nor do they omit information and material facts; and
4. We are responsible for the Company's internal control system.

This statement letter is made truthfully.  
For and on behalf of the Board of Directors

Jakarta, 8 February 2019

Muliady Sutio  
President Director



Noviandri  
Director



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF  
PT AGINCOURT RESOURCES**

We have audited the accompanying financial statements of PT Agincourt Resources, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Agincourt Resources as at 31 December 2018, and its financial performance and its cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

JAKARTA  
8 February 2019

**Toto Harsono, S.E.**  
License of Public Accountant No. AP.1122

**Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan**

WTC 3, Jl. Jend. Sudirman Kav. 29-31, Jakarta 12920 – Indonesia,  
T: +62 21 5212901, F: +62 21 52905555 / 52905050, [www.pwc.com/id](http://www.pwc.com/id)

**PT AGINCOURT RESOURCES**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**  
(Expressed in US Dollars, unless otherwise stated)

	<u>Notes</u>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4a	32,677,850	30,679,967
Restricted cash	4b	-	20,555,529
Trade receivables - third party	5	-	20,322,003
Inventories	6	33,374,419	43,533,757
Other receivables - third parties		605,670	2,308,007
Prepayments		3,556,746	6,095,364
Claims for tax refund - current portion	9a	-	12,643,104
Derivative assets - current portion		239,559	227,031
Other assets		1,338,836	1,375,548
<b>Total Current Assets</b>		<b>71,793,080</b>	<b>137,740,310</b>
<b>NON-CURRENT ASSETS</b>			
Restricted time deposits	4c	23,612,552	13,291,546
Inventories - non-current	6	11,340,300	4,900,150
Property, plant and equipment	7	145,441,368	163,540,234
Mining properties	8	355,634,190	376,239,091
Development properties	8	-	3,025,928
Exploration and evaluation assets	8	74,229,311	50,809,942
Claims for tax refund - net of current portion	9a	27,750,698	14,433,692
Loan receivable - related party	21b	-	110,690,076
Loan receivable - third party		-	938,951
Derivative assets - net of current portion		-	1,876,337
<b>Total Non-current Assets</b>		<b>638,008,419</b>	<b>739,745,947</b>
<b>TOTAL ASSETS</b>		<b>709,801,499</b>	<b>877,486,257</b>

*The accompanying notes form an integral part of the financial statements.*

**PT AGINCOURT RESOURCES**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables - third parties	10	1,083,106	2,617,372
Accrued expenses	11	20,658,257	21,272,896
Short-term employee benefit liabilities	11	1,913,163	2,473,141
Taxes payable:			
- Corporate income tax payable	9b	29,954,862	12,293,360
- Other taxes payable	9b	390,511	6,721,432
Current portion of loans from related parties	13	29,648,527	-
Working capital bank loan	12	-	10,000,000
Current portion of long-term bank loan	12	-	22,545,858
Derivative liabilities		-	2,582,188
Other payable - related party	21b	-	875,374
<b>Total Current Liabilities</b>		<b><u>83,648,426</u></b>	<b><u>81,381,621</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Loans from related parties, net of current portion	13	118,594,110	-
Employee benefit liabilities	14	7,670,856	7,131,439
Provision for mine rehabilitation and closure	15	24,891,753	23,979,753
Deferred tax liabilities	9d	43,628,104	39,247,577
Long-term bank loan	12	-	386,903,606
<b>Total Non-current Liabilities</b>		<b><u>194,784,823</u></b>	<b><u>457,262,375</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>278,433,249</u></b>	<b><u>538,643,996</u></b>
<b>EQUITY</b>			
Share capital - authorised capital 85,000,000 shares, issued and fully paid 85,000,000 shares with par value US\$1 per share	16a	85,000,000	85,000,000
Other reserves	16c	(28,275,726)	(28,669,128)
Retained earnings		374,643,976	282,511,389
<b>TOTAL EQUITY</b>		<b><u>431,368,250</u></b>	<b><u>338,842,261</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>709,801,499</u></b>	<b><u>877,486,257</u></b>

*The accompanying notes form an integral part of the financial statements.*

**PT AGINCOURT RESOURCES**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<b>SALES</b>	17	574,197,309	484,437,867
<b>COST OF GOODS SOLD</b>	18	<u>(205,520,802)</u>	<u>(217,572,066)</u>
<b>GROSS PROFIT</b>		<b><u>368,676,507</u></b>	<b><u>266,865,801</u></b>
General and administrative expenses	19	(66,957,344)	(26,096,223)
Finance costs	20	(44,911,133)	(43,493,664)
Finance income	20	12,656,617	6,030,140
Other income/(expenses) - net		<u>1,243,595</u>	<u>(101,118)</u>
<b>INCOME BEFORE TAX</b>		<b><u>270,708,242</u></b>	<b><u>203,204,936</u></b>
<b>INCOME TAX EXPENSE</b>	9c	<u>103,911,280</u>	<u>51,867,537</u>
<b>NET INCOME FOR THE YEAR</b>		<b><u>166,796,962</u></b>	<b><u>151,337,399</u></b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) - NET OF TAX</b>			
Items that may not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on employee benefit liabilities	14	524,536	(829,585)
Related income tax	9d	<u>(131,134)</u>	<u>207,396</u>
Total other comprehensive income/(loss), net of tax		<u>393,402</u>	<u>(622,189)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>167,190,364</u></b>	<b><u>150,715,210</u></b>

*The accompanying notes form an integral part of the financial statements.*

**PT AGINCOURT RESOURCES**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**  
(Expressed in US Dollars, unless otherwise stated)

		<b>Other reserves</b>				
					<b>Actuarial gain/(loss) on employee benefit liabilities</b>	
<b>Notes</b>	<b>Share capital</b>	<b>Shareholder costs</b>	<b>Retained earnings</b>	<b>Total</b>		
<b>Balance as of 31 December 2016</b>						
Dividends	-	-	-			
Income for the year	-	-	-			
Remeasurement of post-employment benefit liabilities, net of tax	-	-	(622,189)			
<b>Balance as of 31 December 2017</b>						
Dividends	-	-	-			
Income for the year	-	-	-			
Remeasurement of post-employment benefit liabilities, net of tax	-	-	393,402			
<b>Balance as of 31 December 2018</b>						
Dividends	-	-	-			
Income for the year	-	-	-			
Remeasurement of post-employment benefit liabilities, net of tax	-	-	393,402			

*The accompanying notes form an integral part of the financial statements.*

**PT AGINCOURT RESOURCES**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
(Expressed in US Dollars, unless otherwise stated)

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before tax	270,708,242	203,204,936
Adjustments to reconcile income before tax to net cash provided from operating activities:		
Amortisation of mining properties	51,666,216	61,511,719
Depreciation of property, plant and equipment	20,445,990	25,011,551
Amortisation of loan transaction costs	15,550,536	1,175,671
Interest expense on loans	23,867,565	24,264,617
Interest income from loan	(7,930,293)	(5,631,784)
Unrealised foreign currency exchange loss	1,366,652	656,967
Unrealised fair value adjustments on derivative instruments	(4,243,917)	14,386,866
Unwinding of discount	912,000	702,648
Provision for employee benefit liabilities	1,225,659	889,431
Loss on disposal of property, plant and equipment	-	186,538
Operating cash flows before changes in working capital	<u>373,568,650</u>	<u>326,359,160</u>
Changes in working capital:		
Restricted cash	20,555,529	(17,658,639)
Trade receivables	20,322,003	(8,769,255)
Inventories	3,719,188	3,158,697
Other receivables	1,702,337	(1,408,980)
Prepayments	2,538,618	(188,544)
Claims for tax refund	(2,040,554)	(2,139,895)
Restricted time deposits and other assets	(10,284,294)	(7,911,842)
Derivative assets	1,863,809	743,932
Loan receivables - third party	938,951	301,070
Trade payables - third parties	(1,534,266)	(261,931)
Other payable	(875,374)	(11,712,083)
Accrued expenses and short-term employee benefit liabilities	(1,442,399)	1,089,144
Derivative liabilities	1,661,729	-
Other taxes payable	(6,330,921)	4,360,625
Cash generated from operations	<u>404,363,006</u>	<u>285,961,459</u>
Payment of income tax	(82,000,385)	(54,184,112)
Payment of post-employment benefits	(161,706)	-
<b>Net cash flows provided from operating activities</b>	<b><u>322,200,915</u></b>	<b><u>231,777,347</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipt of loan to related party	118,620,369	-
Loan provided to related party	-	(53,000,000)
Additions to property, plant and equipment	(19,365,201)	(24,986,527)
Additions to exploration and evaluation assets	(23,419,369)	(23,609,872)
Additions to mining properties	(11,017,310)	(7,172,477)
<b>Net cash flows provided from/(used in) investing activities</b>	<b><u>64,818,489</u></b>	<b><u>(108,768,876)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed of loans from related party	148,242,637	-
Receipt of bank loans	10,000,000	435,000,000
Payment of bank loans	(445,000,000)	(381,250,000)
Payment of interest on loans	(23,599,783)	(24,005,643)
Payment of loan transaction costs	-	(16,726,207)
Payment of dividends	(74,664,375)	(155,738,244)
<b>Net cash flows used in financing activities</b>	<b><u>(385,021,521)</u></b>	<b><u>(142,720,094)</u></b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b><u>1,997,883</u></b>	<b><u>(19,711,623)</u></b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>30,679,967</u>	<u>50,391,590</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>32,677,850</u></b>	<b><u>30,679,967</u></b>

*The accompanying notes form an integral part of the financial statements.*

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### **1. GENERAL**

PT Agincourt Resources (the “Company”), formerly PT Danau Toba Mining, was established under the laws of the Republic of Indonesia, by Notarial Deed No. 281 dated 14 April 1997, of Notary Haji Muhammad Afdal Gazali, S.H., Jakarta. The deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his letter No. C2-3010.HT.01.01.TH.1997 dated 24 April 1997 and published in Supplement No. 3232, State Gazette of the Republic of Indonesia No. 63 dated 8 August 1997. The Company’s Articles of Association have been amended several times, most recently by Notarial Deed No. 192 dated 30 November 2018 of Notary Jose Dima Satria, S.H., M.Kn., Jakarta, in relation to changes the Company’s shareholders. The change was reported to the Minister of Law and Human Rights of the Republic of Indonesia on 4 December 2018 through letter No. AHU-0163786.AH.01.11.

#### **Contract of Work**

On 28 April 1997, the Company entered into a Contract of Work (“CoW”) with the Government of the Republic of Indonesia (the “Government”) to explore, develop and mine gold and silver, with the exception of hydrocarbon compounds, coal and radioactive minerals, in areas within Sibolga, North Sumatera, subject to certain requirements including Government approvals and payment of royalties to the Government. Under the terms of the CoW, the Company acts as a contractor to the Government. The Company commenced its 30-year operating period in 2012 with mineral produced in the CoW area.

On 14 March 2018, the Company and the Government reached an agreement to sign and amendment to CoW (“Amendment”). Notwithstanding the Amendment, the CoW is still valid until 2042. After this period, the operations under the CoW can be extended in the form of a special mining business license (IUPK) in accordance with prevailing laws and regulations which currently allow for an extension of 10 years which can be extended further by another 10 years. The key changes incorporated in the Amendment include reduction in CoW area from 163,927 hectares to 130,252 hectares, adoption of prevailing rates for taxes and royalties and obligation to increase ownership of Indonesian participants in the Company to at least 51% by 24 April 2022.

The Company’s head office is located at Level 12, Suite 1201, Pondok Indah Office Tower 2, Jl. Sultan Iskandar Muda Kav. V-TA, Pondok Indah, Jakarta Selatan 12310. The project office of the Company’s mine is located at Jl. Merdeka Barat KM 2, Desa Aek Pining, Kecamatan Batangtoru, Tapanuli Selatan, North Sumatera 22738. The Company had 797 and 803 employees (unaudited) as of 31 December 2018 and 2017, respectively.

On 17 March 2016, a consortium led by EMR Capital (61.4%), Farallon Capital (20.6%), Martua Sitorus (11%) and Robert Hartono & Michael Bambang Hartono (7%) acquired from G-Resources Group Ltd. the ownership over several entities including the Company. As at 31 December 2017, the immediate parent entity of the Company was Agincourt Resources (Singapore) pte. Ltd. (“ARS”) and the ultimate parent entities were EMR Capital Group, Farallon Capital Management, PGIH Ltd and Norton Gold Investment Ltd.

On 4 December 2018, PT Danusa Tambang Nusantara (“DTN”), a subsidiary of PT United Tractors Tbk (“UT Group”), entered into a Share Sale Agreement (“SSA”) with ARS to acquire 95% ownership of the Company. The condition precedents in SSA were fulfilled on 4 December 2018. DTN had appointed a new Board of Directors and Commissioners on 4 December 2018, and as such, DTN has effectively had control over the Company as the majority shareholder since then.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### **1. GENERAL (continued)**

The composition of the Company's Board of Commissioners and Board of Directors as at 31 December 2018 and 2017 were as follows:

	<b>2018</b>	<b>2017</b>
President Commissioner Commissioners	: FX Laksana Kesuma : Anwar Nasution : Iwan Hadiantoro : Ari Sutrisno : Edhie Sarwono	Owen Leigh Hegarty Anwar Nasution Noke Kiroyan Chien Min Chang Antony James Manini Ashish Gupta Benjamin Y S Encarnacion
President Director Vice President Director Directors	: Muliady Sutio : Timothy John Vincent Duffy : Noviandri : Edward John Cooney : Linda Helena Darmalina : Washington Tambunan	Timothy John Vincent Duffy - Navin Sonthalia Edward John Cooney Linda Helena Darmalina Washington Tambunan Peter John Chambers

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company's financial statements were prepared and finalised by the Board of Directors and authorised for issuance on 8 February 2019.

Presented below are the significant accounting policies adopted in preparing the financial statements of the Company, which are in conformity with Indonesian Financial Accounting Standards. These policies have been consistently applied in all periods presented, unless otherwise stated.

##### **a. Basis of preparation of the financial statements**

The financial statements have been prepared on the basis of historical costs, except for financial assets and financial liabilities which are measured at fair value through profit or loss, and using the accrual basis except for the statement of cash flows.

The statement of cash flows is prepared based on the indirect method by classifying cash flows on the basis of operating, investing and financing activities.

The financial statements are presented in US Dollars ("US\$"), which is the Company's functional and presentation currency.

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **a. Basis of preparation of the financial statements (continued)**

###### **Changes to Statements of Financial Accounting Standards and Interpretations of Statements of Financial Accounting Standards**

New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2018 which do not have a material impact to the financial statements of the Company are as follows:

- Statement of Financial Accounting Standards ("SFAS") No. 69 "Agriculture"
- Amendment to SFAS No. 2 "Statement of Cash Flows - Disclosures Initiative"
- Amendment to SFAS No. 13 "Investment Property - Transfers of Investment Property"
- Annual improvement to SFAS No. 15 "Investments in Associates and Joint Ventures"
- Amendment to SFAS No. 16 "Property, Plant and Equipment - Agriculture: Bearer Plants"
- Amendment to SFAS No. 46 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"
- Amendment to SFAS No. 53 "Share-based Payment - Classification and Measurement of Share-based Payment Transactions"
- Annual improvement to SFAS No. 67 "Disclosures of Interests in Other Entities"

New standards, amendments and interpretations issued but not yet effective for the financial year ended 31 December 2018 are as follows:

- Interpretation of Financial Accounting Standards ("IFAS") No. 33 "Foreign Currency Transactions and Advance Consideration"
- IFAS No. 34 "Uncertainty over Income Tax Treatments"
- Amendment to SFAS No. 15 "Investment in Associates and Joint Ventures"
- SFAS No. 71 "Financial Instruments"
- SFAS No. 72 "Revenue from Contracts with Customers"
- SFAS No. 73 "Leases"
- SFAS No. 112 "Accounting for Endowments"
- Amendment to SFAS No. 62 "Insurance Contracts"
- Amendment to SFAS No. 71 "Financial Instruments - Prepayment Features with Negative Compensation"
- Amendment to SFAS No. 24 "Employee Benefits - Plan Amendment, Curtailment or Settlement"
- Annual improvement SFAS No. 22 "Business Combination"
- Annual improvement SFAS No. 26 "Borrowing Cost"
- Annual improvement SFAS No. 46 "Income Taxes"
- Annual improvement SFAS No. 66 "Joint Arrangements"

As at the authorisation date of these financial statements, management is still evaluating the potential impact of these new and revised standards and interpretations to the financial statements of the Company.

##### **b. Foreign currency translation**

###### **(i) Functional and presentation currency**

Items presented in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency).

###### **(ii) Transactions and balances**

Foreign currency transactions are translated into US Dollars at the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the transactions and from the translation at year-end exchange rates of monetary assets and liabilities in currencies other than US Dollars are recognised in profit or loss.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **c. Related party transactions**

Related party terms used are in accordance with SFAS No. 7 (Revised 2015) "Related Party Disclosures".

All significant transactions and balances with related parties are disclosed in the notes to the financial statements.

### **d. Cash and cash equivalents**

Cash and cash equivalents are cash on hand, cash in banks and time deposits with maturity periods of three months or less from the date of placement and which are not used as collateral or otherwise restricted.

### **e. Trade and other receivables**

Trade receivables are amounts due from customers for gold and silver sold in the ordinary course of business. Other receivables are amounts due from third or related parties for transactions outside the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### **f. Financial assets**

#### **(i) Classifications, recognition and measurement**

The Company classifies its financial assets into the following categories of: (i) fair value through profit or loss; (ii) held-to-maturity; (iii) loans and receivables; and (iv) available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

As at 31 December 2018, the Company has financial assets classified in the categories of fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified into this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

#### **(ii) Derecognition**

Financial assets are derecognised when the rights to receive cash flow have expired or have been transferred and the Company has transferred substantially all of the risks and rewards of ownership.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **f. Financial assets (continued)**

#### **(iii) Offsetting financial instruments**

Financial assets and liabilities are offset and their net amounts are reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### **(iv) Impairment of financial assets carried at amortised cost**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recorded only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indication that the customer or a group of customers is experiencing significant financial difficulty, default or delinquency in billings, the probability that they will enter bankruptcy or other financial restructuring, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in the sum of arrears or economic conditions that correlate with defaults.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised the previously recognised impairment loss will be reversed by adjusting an allowance account. The reversal will not result in the carrying amount of a financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date at which the impairment was reversed. The reversal amount will be recognised in profit or loss.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **g. Inventories**

Inventories comprise raw materials, work-in-progress and finished goods. Work-in progress inventories mainly comprise ore stockpiles and other partly processed materials.

Inventories are stated at the lower of cost and net realisable value, primarily on a moving average cost basis.

Cost of inventories comprises labour costs, material costs and contractor expenses which are directly attributable to the extraction and processing of ore; and a systematic allocation of the amortisation and depreciation of mining properties and of property, plant and equipment used in the extraction and processing of ore; and production overheads. Cost for purchased materials is determined after deducting discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stockpiles represent ore that has been extracted and is awaiting further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with reasonable certainty, it is valued at the lower of cost and net realisable value.

Warehouse inventories are valued at the lower of average cost or net realisable value. Cost includes applicable taxes. A provision for obsolete materials and supplies is determined on the basis of estimated future usage or sale proceeds of individual inventory items.

The current portion of stockpiles and inventories is determined based on the expected amounts to be processed within the next 12 months. Stockpiles and inventories not expected to be processed within the next 12 months are classified as long-term.

### **h. Property, plant and equipment**

Property, plant and equipment held for use in the production of goods or for administrative purposes, are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Except for the majority of plant equipment assets which are depreciated using the units-of-production method, depreciation is computed using the straight-line method based on the lesser of the estimated useful lives of the assets, the life-of-mine or term of the CoW. The estimated useful lives of the fixed assets are as follows:

	<u>Years</u>
Buildings	10
Plant equipment	5 - 8
Motor vehicles	4
Office equipment	4 - 5
Information technology	4

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **h. Property, plant and equipment (continued)**

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

Land is stated at cost and is not depreciated.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

When assets are retired or otherwise disposed of, their carrying amount is removed from the accounts and any resulting gain or loss is reflected in profit or loss.

Construction in-progress is stated at cost which includes borrowing costs during construction on debts incurred to finance the construction. Construction in-progress is transferred to the respective property, plant and equipment account when completed and ready for use.

Property, plant and equipment are tested for impairment in accordance with the policy in Note 2m.

##### **i. Exploration and evaluation assets**

Exploration and evaluation activities involve the search for mineral resources, determination of the technical feasibility and assessment of the commercial viability of the mineral resource.

Exploration and evaluation assets comprise costs that are directly attributable to:

- acquisition of rights to explore;
- topographical, geological, geochemical and geophysical studies;
- exploratory drilling;
- trenching and sampling; and
- activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

Exploration and evaluation expenditure is written off as incurred, unless they are capitalised and carried forward, on an area of interest basis, provided one of the following conditions is met:

- (i) the costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- (ii) exploration activities in the area of interest have not yet reached the stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Exploration and evaluation assets are recorded at cost less impairment charges. As the asset is not available for use, it is not depreciated.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **i. Exploration and evaluation assets (continued)**

Exploration and evaluation assets are assessed for impairment if facts and circumstances indicate that impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

Exploration and evaluation assets are tested for impairment in accordance with the policy in Note 2m.

### **j. Development properties**

Development expenditure incurred by the Company is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure.

The development phase begins after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Once a development decision has been taken, the carrying amount of the exploration and evaluation assets relating to the area of interest is aggregated with the development expenditure and classified under non-current assets as "development properties".

A development property is reclassified as a "mining property" at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

No depreciation or amortisation is recognised for development properties until they are reclassified as "mining properties".

Development properties are tested for impairment in accordance with the policy in Note 2m.

### **k. Mining properties**

When further development expenditure is incurred on a mining property after the commencement of production, the expenditure is carried forward as part of the mining properties when it is probable that additional future economic benefits associated with the expenditure will flow to the Company. Otherwise this expenditure is classified as a cost of production.

Mining properties (including reclassified exploration, evaluation and development expenditure, and payments to acquire mineral rights and leases) are amortised using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in an amortisation charge proportional to the depletion of the proved and probable reserves.

Mining properties are tested for impairment in accordance with the policy described in Note 2m.

### **l. Stripping activity assets**

In open pit mining operations, overburden and other waste materials must be removed to access ore from which minerals can be extracted economically. The process of removing overburden and waste materials is referred to as stripping.

During the development of a mine (or pit), before production commences, stripping costs are capitalised as part of the cost of construction of the mine (or pit) and are subsequently amortised over the life of the mine (or pit) on a units-of-production basis.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **I. Stripping activity assets (continued)**

During the production phase the following three criteria must be met in order for stripping costs to qualify for capitalisation as a stripping activity asset:

- it must be probable that there will be an economic benefit in a future accounting period because the stripping activity has improved access to the ore body;
- it must be possible to identify the “component” of the ore body for which access has been improved; and
- it must be possible to reliably measure the costs that relate to the stripping activity.

A “component” is a specific section of the ore body that is made more accessible by the stripping activity. It will typically be a subset of the larger ore body that is distinguished by a separate useful economic life.

Production phase stripping can give rise to two benefits: the extraction of ore in the current period and improved access to ore which will be extracted in future periods. When the cost of stripping which has a future benefit is not distinguishable from the cost of producing current inventories, the stripping cost is allocated to each of these activities based on a relevant production measure using a life of component strip ratio. The ratio divides the tonnage of waste mined for the component for the period either by the quantity of ore mined for the component or by the quantity of minerals contained in the ore mined for the component. In some operations, the quantity of ore is a more appropriate basis for allocating costs, particularly where there are significant by-products. Stripping costs for the component are deferred to the extent that the current period ratio exceeds the life of component ratio. The stripping activity asset is depreciated on a “units-of-production” basis based on the expected production of either ore or contained minerals over the life of the component unless another method is more appropriate.

The life of component ratios are based on the ore reserves of the mine (and for some mines, other mineral resources) and the annual mine plan; they are a function of the mine design and therefore changes to that design will generally result in changes to the ratios. Changes in other technical or economic parameters that impact the ore reserves (and for some mines, other mineral resources) may also have an impact on the life of component ratios even if they do not affect the mine design. Changes to the ratios are accounted for prospectively.

Stripping activity assets are included in “mining properties”. Amortisation of deferred stripping costs is included in “amortisation” within “costs of goods sold”.

### **m. Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and if the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately against earnings.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **n. Employee benefits**

#### Post-employment benefits

In accordance with Labour Law No. 13/2003 ("Law No. 13/2003"), the Company is required to provide a minimum amount of pension benefits as stipulated in Law No.13/2003, which represents a defined benefit pension plan. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. No funding of benefits has been made to date.

The liability recognised in the statements of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates at the reporting date of government bonds (considering that currently there is no deep market for high quality corporate bonds) that are denominated in the currency, in which the benefits will be paid and that have terms to maturity similar to the related pension obligation.

Past service costs are recognised immediately in the statements of profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### Other long-term employee benefits

The Company provides other long-term benefit programs in the form of compensation for long service leave and awards. The benefit program is not funded. The benefit is granted based on the Company's policy and calculated using the projected unit credit method and discounted to present value.

The entitlement to these benefits is usually based on the employee remaining in service up to retirement age or the completion of a qualifying service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that used for the defined benefit pension plan.

### **o. Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are amounts due to third or related parties for transactions outside the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **p. Provision for mine closure**

Provision for mine closure provides for the legal obligations associated with the retirement of property, plant and equipment and other long-lived assets that result from the acquisition, construction or development and/or the normal operation of such assets. The retirement of an asset is its other-than-temporary removal from service including its sale, abandonment, recycling or disposal in some other manner.

These obligations are recognised as liabilities when a legal or constructive obligation with respect to the retirement of an asset is incurred, with the initial measurement of the obligation at present value.

An asset retirement cost equivalent to these liabilities is capitalised as part of the related asset's carrying value and is subsequently depreciated or depleted over the asset's useful life. These obligations are measured at the present value of the expenditure expected to be required to settle the obligation using a long-term, pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in these obligations due to the passage of time is recognised as a finance cost.

The changes in the measurement of these obligations that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate will be added to or deducted from, the cost of the related asset in the current period. The amount deducted from the cost of the asset should not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the profit or loss. If the adjustment results in an addition to the cost of an asset, the Company will consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the Company estimates its recoverable amount, and will account for any impairment loss incurred.

The costs for decommissioning and site rehabilitation, which arise during production, are provided at their net present values and charged as operating costs as extraction progresses when the obligation has arisen from activities which have already been performed. Changes in the measurement of a liability which arise during production are charged against operating profit.

Provision for environmental issues that may not involve the retirement of an asset, where the Company is a responsible party are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **q. Revenue and expense recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sale of goods is recognised when all of the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Expenses are recognised as incurred on an accrual basis.

### **r. Current and deferred income tax**

The tax expense comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date and in accordance with the CoW. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Company establishes a provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted as at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

### **3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company has identified the following matters under which significant judgments, estimates and assumptions are made and where actual results may differ and may materially affect the financial results or the financial position of the Company reported in future years.

#### Reserve estimates

Mineral reserves are estimates of the amounts of minerals that can be economically and legally extracted from the Company's properties. The Company determines and reports its gold and silver reserves under the principles incorporated in the Joint Ore Reserves Committee for the Reporting of Mineral Resources and Ore Reserves (the "JORC"). In order to estimate the reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, stripping ratios, production costs, transport costs, commodity demand, commodity prices, future capital expenditure, mine closure obligations and exchange rates.

Estimating the quantity and/or grade of the reserves requires the size, shape and depth of the body of the reserve or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgments to interpret the data.

Because the economic assumptions used to estimate reserves change from year to year and because additional geological data is generated during the course of operations, estimates of reserves may change from year to year. Changes in reported reserves may affect the Company's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in the estimated future cash flows;
- Depreciation, depletion and amortisation charged to profit or loss may change where such charges are determined based on a unit-of-production method or where the economic useful lives of assets change;
- Provision for mine closure may change where changes in estimated reserves affect expectations about the timing or cost of these activities; and
- The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likelihood of the recoverability of the tax benefits.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

### **3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)**

#### Estimated useful lives of property, plant and equipment

The useful life of each of the items of the Company's property, plant and equipment are estimated based on the period over which the asset is expected to be available for use, limited by the life-of-mine or the CoW term. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property, plant and equipment would affect the recorded depreciation expense and change in the carrying values of property, plant and equipment.

The aggregate carrying value of property, plant and equipment is disclosed in Note 7.

#### Amortisation of mining properties

The amounts recorded for amortisation as well as the recovery of the carrying value of mining properties depends on the estimates of ore reserves and the economic lives of future cash flows from related assets. The primary factors affecting these estimates are technical assessments of quantities of ore reserves in places which are probable of production and economic constraints such as the assumptions related to anticipated commodity prices and the costs of development and production of the reserves. The carrying amount of mining properties is disclosed in Note 8 to the financial statements.

#### Capitalisation of exploration and evaluation assets

The Company's accounting policy for exploration and evaluation assets results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not yet reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of comprehensive income.

#### Provision for mine rehabilitation and closure

The Company's accounting policy for the recognition of closure, rehabilitation and decommissioning provisions requires significant estimates and assumptions such as: requirements of the relevant legal and regulatory framework; the magnitude of possible land disturbance and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

### **3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)**

#### Impairment of non-financial assets

In accordance with the Company's accounting policy, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of the recoverable amount is performed and an impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount.

The recoverable amount of an asset or a cash generating group of assets is measured at the higher of its fair value less costs to sell and value in use. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves (see 'Reserve estimates' above), operating costs, closure and rehabilitation costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the profit or loss.

#### Income taxes

Judgments and assumptions are required to determine the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes for the Company. In particular, the calculation of the Company's income tax expense involves the interpretation of applicable tax laws and regulations, and the CoW.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The resolution of tax positions taken by the Company can take several years to complete and in some cases it is difficult to predict the ultimate outcome. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will have an impact on the income tax and deferred income tax provision in the period in which this determination is made.

**PT AGINCOURT RESOURCES**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

**4. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED TIME DEPOSITS**

**a. Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
Cash on hand	24,622	27,709
Cash in banks		
US Dollars	28,541,871	25,457,923
Rupiah	3,584,083	3,460,634
Australian Dollars	<u>527,274</u>	<u>1,733,701</u>
<b>Total</b>	<b><u>32,677,850</u></b>	<b><u>30,679,967</u></b>

As at 31 December 2017, all of the Company's bank accounts were pledged to the Lenders under the Senior Loan Facility Agreement (refer to Note 12). Under the terms of the Cash and Accounts Management Agreement ("CAMA"), the Company was required to receive, withdraw or otherwise transfer any credit balance in its bank accounts from time to time, only as permitted by the finance document (as defined in the Senior Loan Facility Agreement). As at 31 December 2018, these bank accounts are not pledged to the Lenders under the Senior Loan Facility Agreement as the loans have been fully repaid.

**b. Restricted cash**

	<b>2018</b>	<b>2017</b>
Restricted cash in bank	-	20,555,529

As of 31 December 2017, the restricted cash in bank represented cash under the Debt Service Account and Debt Service Reserves Account under the CAMA.

**c. Restricted time deposits**

	<b>2018</b>	<b>2017</b>
Restricted time deposits in relation to mine closure	23,456,541	13,206,033
Restricted time deposits in relation to reclamation guarantee	<u>156,011</u>	<u>85,513</u>
<b>Total</b>	<b><u>23,612,552</u></b>	<b><u>13,291,546</u></b>

As at 31 December 2018, the Company has placed time deposits in favour of the Directorate General of Minerals and Coal ("DGMC") amounting to US\$23,456,541 for mine closure guarantees (2017: US\$13,206,033).

The placement of time deposits for mine closure is required under DGMC letter No. 2111/30/DJB/2014 dated 1 December 2014. The time deposits for mine closure shall not be withdrawn until a written notification is received from DGMC.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### **5. TRADE RECEIVABLES - THIRD PARTY**

	<b>2018</b>	<b>2017</b>
ICBC Standard Bank PLC	_____ -	<u>20,322,003</u>

There are no trade receivables balance as of 31 December 2018 as proceed from sales of gold and silver made during the last week of December 2018 had been collected by the Company as of 31 December 2018.

As of 31 December 2017, trade receivables consist of proceed from sales of gold and silver made during the last week of December 2017 which had not yet been collected by the Company as of 31 December 2017.

#### **6. INVENTORIES**

	<b>2018</b>	<b>2017</b>
<b>Current:</b>		
Warehouse inventories	21,996,109	22,257,083
Gold in-transit	7,648,750	7,403,986
Gold in-circuit	3,008,171	2,374,901
Gold in-safe	1,057,171	2,937,071
Ore inventories	864,218	9,280,716
Provision for obsolescence in warehouse inventories	<u>(1,200,000)</u>	<u>(720,000)</u>
Total current inventories	<u>33,374,419</u>	<u>43,533,757</u>
<b>Non-current:</b>		
Ore inventories	<u>11,340,300</u>	<u>4,900,150</u>

Warehouse inventories comprise spare parts, chemicals, oil and lubricants.

As of 31 December 2018 and 2017, inventories of gold, silver, spare parts and supplies were covered by insurance against material damage and business interruption risks (Refer to Note 7). Management believes the insurance coverage is adequate to cover possible losses arising from such risks.

Management believes that the provision for warehouse inventories is adequate to cover losses from obsolescence in warehouse inventories.

## PT AGINCOURT RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### 7. PROPERTY, PLANT AND EQUIPMENT

	<b>1 January 2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassifications</b>	<b>Transferred to mining properties (Note 8)</b>	<b>31 December 2018</b>
<b>Cost</b>						
Land	285,489	-	-	-	-	285,489
Buildings	21,407,649	67,278	-	89,949	-	21,564,876
Plant equipment	280,578,587	587,047	-	4,889,895	-	286,055,529
Motor vehicles	865,577	-	(149,376)	-	-	716,201
Office equipment	1,440,125	-	-	-	-	1,440,125
Information technology	9,344,087	31,710	-	-	-	9,375,797
Construction in-progress	10,292,296	18,679,166	-	(4,979,844)	(17,018,077)	6,973,541
<b>Total</b>	<b>324,213,810</b>	<b>19,365,201</b>	<b>(149,376)</b>	<b>-</b>	<b>(17,018,077)</b>	<b>326,411,558</b>
Accumulated depreciation						
Buildings	(10,955,516)	(2,136,733)	-	-	-	(13,092,249)
Plant equipment	(139,868,551)	(17,652,606)	-	-	-	(157,521,157)
Motor vehicles	(623,048)	(76,871)	149,376	-	-	(550,543)
Office equipment	(1,324,021)	(37,615)	-	-	-	(1,361,636)
Information technology	(7,902,440)	(542,165)	-	-	-	(8,444,605)
<b>Total</b>	<b>(160,673,576)</b>	<b>(20,445,990)</b>	<b>149,376</b>	<b>-</b>	<b>-</b>	<b>(180,970,190)</b>
<b>Net book value</b>	<b>163,540,234</b>					<b>145,441,368</b>
	<b>1 January 2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassifications</b>	<b>Transferred to mining properties (Note 8)</b>	<b>31 December 2017</b>
<b>Cost</b>						
Land	285,489	-	-	-	-	285,489
Buildings	21,329,365	78,284	-	-	-	21,407,649
Plant equipment	266,409,894	355,664	(217,059)	14,030,088	-	280,578,587
Motor vehicles	1,232,075	63,280	(429,778)	-	-	865,577
Office equipment	1,385,319	54,806	-	-	-	1,440,125
Information technology	9,021,396	225,166	-	97,525	-	9,344,087
Construction in-progress	14,249,929	24,209,327	-	(14,127,613)	(14,039,347)	10,292,296
<b>Total</b>	<b>313,913,467</b>	<b>24,986,527</b>	<b>(646,837)</b>	<b>-</b>	<b>(14,039,347)</b>	<b>324,213,810</b>
Accumulated depreciation						
Buildings	(8,825,536)	(2,129,980)	-	-	-	(10,955,516)
Plant equipment	(117,824,810)	(22,258,175)	214,434	-	-	(139,868,551)
Motor vehicles	(786,197)	(82,716)	245,865	-	-	(623,048)
Office equipment	(1,293,378)	(30,643)	-	-	-	(1,324,021)
Information technology	(7,392,403)	(510,037)	-	-	-	(7,902,440)
<b>Total</b>	<b>(136,122,324)</b>	<b>(25,011,551)</b>	<b>460,299</b>	<b>-</b>	<b>-</b>	<b>(160,673,576)</b>
<b>Net book value</b>	<b>177,791,143</b>					<b>163,540,234</b>

The Company owns a parcel of land measuring 41,445 square metres with *Hak Guna Bangunan* ("Building Right Title") for a period of 30 years. Management believes that there will be no difficulty in the extension of the land rights as they were legally acquired and are supported by proper evidence of ownership.

Property, plant and equipment, inventories, mining properties, development properties and exploration and evaluation assets were insured against material damage and business interruption risks for a value of US\$697,912,044 and US\$720,180,342 as at 31 December 2018 and 2017, respectively. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Depreciation of property, plant and equipment for the years ended 31 December 2018 and 2017, were allocated as follows:

	<b>2018</b>	<b>2017</b>
Cost of goods sold (Note 18)	19,444,673	24,048,091
General and administrative expenses (Note 19)	1,001,317	963,460
<b>Total</b>	<b>20,445,990</b>	<b>25,011,551</b>

## PT AGINCOURT RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### 7. PROPERTY, PLANT AND EQUIPMENT (continued)

The management is of the opinion that there are no facts or circumstances during the year that indicate the property, plant and equipment may be impaired. As such, there has been no impairment charge recognised against the carrying amounts of property, plant and equipment.

#### 8. MINING PROPERTIES, DEVELOPMENT PROPERTIES, AND EXPLORATION AND EVALUATION ASSETS

	<b>1 January 2018</b>	<b>Additions</b>	<b>Reclassifications</b>	<b>Transferred from property, plant and equipment (Note 7)</b>	<b>31 December 2018</b>
Mining properties					
Cost	758,613,550	11,017,310	3,025,928	17,018,077	789,674,865
Accumulated amortisation	(382,374,459)	(51,666,216)	-	-	(434,040,675)
<b>Net book value</b>	<b>376,239,091</b>				<b>355,634,190</b>
Development properties	3,025,928	-	(3,025,928)	-	-
Exploration and evaluation assets	50,809,942	23,419,369	-	-	74,229,311
	<b>1 January 2017</b>	<b>Additions</b>	<b>Reclassifications</b>	<b>Transferred from property, plant and equipment (Note 7)</b>	<b>31 December 2017</b>
Mining properties					
Cost	724,482,502	10,188,678	9,903,023	14,039,347	758,613,550
Accumulated amortisation	(320,862,740)	(61,511,719)	-	-	(382,374,459)
<b>Net book value</b>	<b>403,619,762</b>				<b>376,239,091</b>
Development properties	3,025,928	-	-	-	3,025,928
Exploration and evaluation assets	37,103,093	23,609,872	(9,903,023)	-	50,809,942

Amortisation of mining properties for the years ended 31 December 2018 and 2017 were allocated as follows:

	<b>2018</b>	<b>2017</b>
Cost of goods sold (Note 18)	49,104,331	58,126,030
General and administrative expenses (Note 19)	2,561,885	3,385,689
<b>Total</b>	<b>51,666,216</b>	<b>61,511,719</b>

The management is of the opinion that there are no facts or circumstances during the year that indicate the mining properties, development properties and exploration and evaluation assets may be impaired. As such, there has been no impairment charge recognised against the carrying amounts of mining properties, development properties and exploration and evaluation assets.

As of 31 December 2018, mining properties, development properties and exploration and evaluation assets were covered by insurance against material damage and business interruption risks (Note 7).

**PT AGINCOURT RESOURCES**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

**9. TAXATION**

**a. Claims for tax refund**

	<b>2018</b>	<b>2017</b>
Value added tax ("VAT")		
- 2016	-	12,643,104
- 2017	13,764,300	14,433,692
- 2018	<u>13,986,398</u>	-
<b>Total</b>	<b><u>27,750,698</u></b>	<b><u>27,076,796</u></b>
Current portion	-	(12,643,104)
<b>Claims for tax refund - net of current portion</b>	<b><u>27,750,698</u></b>	<b><u>14,433,692</u></b>

Claims for tax refund represents VAT receivable from the Government of Indonesia. Amounts are refundable in Indonesian Rupiah ("Rp") and hence are subject to movements in exchange rates.

In 2018, the Company has received the refund for 2016 VAT claims, partially offset with other tax penalties amounting to Rp7.5 billion (equivalent to US\$518,222) for which the Company has filed an objection with the Tax Office. The Company has claimed VAT refunds for 2017 totalling Rp199.3 billion (equivalent to US\$13,764,300) from the Tax Office.

As of 31 December 2018, the VAT claimable for 2018 has not been claimed to the Tax Office.

**b. Taxes payable**

	<b>2018</b>	<b>2017</b>
Corporate income tax payable		
- 2017	12,800,108	12,293,360
- 2018	<u>17,154,754</u>	-
Other taxes payable		
- Article 21	192,145	86,031
- Article 15	61,270	3,571
- Article 23	53,524	40,928
- Article 26	36,880	5,497,600
- Article 4(2)	10,728	14,136
VAT	<u>35,964</u>	<u>1,079,166</u>
	390,511	6,721,432
<b>Total</b>	<b><u>30,345,373</u></b>	<b><u>19,014,792</u></b>

Corporate income tax payable for 2018 is based on preliminary calculations, as the Company's income tax return has not yet been submitted to the Tax Office.

As of 31 December 2018, the Company made a provision for 2017 corporate income tax which was mainly due to the lower income tax rate being used in the past (refer to Note 9e).

**PT AGINCOURT RESOURCES**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

**9. TAXATION (continued)**

**c. Income tax expense**

	<b>2018</b>	<b>2017</b>
Current	69,774,523	54,591,265
Prior year adjustments	29,887,364	-
Deferred	<u>4,249,393</u>	<u>(2,723,728)</u>
<b>Total</b>	<b><u>103,911,280</u></b>	<b><u>51,867,537</u></b>

The reconciliation between income before tax for the Company and current income tax expense is as follows:

	<b>2018</b>	<b>2017</b>
Income before tax	270,708,242	203,204,936
Fiscal adjustments:		
- Differences in depreciation and amortisation between commercial and tax	(1,270,501)	(758,337)
- Employee benefit liabilities, mine closure and other provisions	(8,274,555)	(2,733,618)
- Unrealised (gain)/loss from fair value of derivative instruments	(4,243,917)	14,386,866
- Non-deductible expenses	<u>22,178,821</u>	<u>4,265,214</u>
<b>Taxable income</b>	<b><u>279,098,090</u></b>	<b><u>218,365,061</u></b>
Current income tax expense calculated at 25%	69,774,523	54,591,265
Less prepaid taxes:		
- Article 25	(52,141,910)	(41,718,768)
- Article 23	(5,844)	(8,080)
- Article 22	<u>(472,015)</u>	<u>(571,057)</u>
<b>Corporate income tax payable</b>	<b><u>17,154,754</u></b>	<b><u>12,293,360</u></b>

The reconciliation between income tax expense and the theoretical tax amount on the Company's profit before income tax calculated at 25% is as follows:

	<b>2018</b>	<b>2017</b>
Income before tax	270,708,242	203,204,936
Tax expense calculated at 25%	67,677,061	50,801,234
Tax expense effect of:		
- Non-deductible expenses	5,544,705	1,066,303
- Adjustment in respect of prior years	29,887,364	-
- Other adjustments	<u>802,150</u>	<u>-</u>
<b>Income tax expense</b>	<b><u>103,911,280</u></b>	<b><u>51,867,537</u></b>

## PT AGINCOURT RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### 9. TAXATION (continued)

##### d. Deferred tax liabilities

	<u>1 January 2018</u>	<u>Credited/ (charged) to income for the year</u>	<u>Credited to other comprehensive income for the year</u>	<u>31 December 2018</u>
Differences in depreciation and amortisation between commercial and tax	(45,497,145)	(1,119,775) <sup>*)</sup>	-	(46,616,920)
Employee benefit liabilities, mine closure and other provisions	4,476,290	(2,068,639)	(131,134)	2,276,517
Unrealised loss/(gain) from fair value of derivative instruments	1,773,278	(1,060,979)	-	712,299
<b>Total</b>	<b>(39,247,577)</b>	<b>(4,249,393)</b>	<b>(131,134)</b>	<b>(43,628,104)</b>

Legend:

(\*) Include other adjustments for difference in depreciation and amortisation between commercial and tax amounting to US\$802,150.

	<u>1 January 2017</u>	<u>Credited/ (charged) to income for the year</u>	<u>Credited to other comprehensive income for the year</u>	<u>31 December 2017</u>
Differences in depreciation and amortisation between commercial and tax	(45,307,561)	(189,584)	-	(45,497,145)
Employee benefit liabilities, mine closure and other provisions	4,952,298	(683,404)	207,396	4,476,290
Unrealised (gain)/loss from fair value of derivative instruments	(1,823,438)	3,596,716	-	1,773,278
<b>Total</b>	<b>(42,178,701)</b>	<b>2,723,728</b>	<b>207,396</b>	<b>(39,247,577)</b>

##### e. Tax assessment letters

As of 31 December 2017, the Company had applied a corporate income tax rate of 25% in its 2015, 2016 and 2017 corporate income tax calculation in accordance with its interpretation of both the CoW and the prevailing Income Tax Law. The Tax Office has challenged this treatment claiming that the Company is subject to the corporate income tax rate of 30% based on the Tax Office's interpretation of the CoW. On 20 August 2015, the Directorate General of Tax ("DGT") issued tax collection letters amounting to US\$936 thousand representing an additional 5% corporate income tax on the April - July 2015 monthly corporate income tax instalments. The Company's appeal against the tax collection letters was rejected by the Tax Court in February 2017. Further, in September 2018, the Company received the Supreme Court's decision letters, which rejected the Company's reconsideration request for using a tax rate of 25%. Subsequently in October 2018, the Tax Office issued tax underpayment assessment letters stating that the Company had underpaid the 2015 and 2016 corporate income taxes amounting to US\$10.5 million and US\$13.1 million, respectively (the amounts include the corresponding tax penalties of US\$3.4 million and US\$4.0 million for the 2015 and 2016 corporate income taxes). The tax underpayment assessment letters were mainly due to the additional 5% corporate income tax rate imposed by the Tax Office. The US\$10.5 million and US\$13.1 million were paid by the Company in November 2018 and charged to profit or loss in 2018. Due to these recent developments in 2018, the Company has made a provision of US\$14.8 million in 2018 for 2017 corporate income tax (including the corresponding tax penalty of US\$2.0 million) which was mainly due to a lower income tax rate being used in the past.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

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#### **9. TAXATION (continued)**

##### **f. Administration**

Under the taxation laws of Indonesia, the Company calculates, submits and pays tax returns on the basis of self-assessment. The Directorate General of Taxation may assess or amend taxes within five years of the time the tax becomes due.

#### **10. TRADE PAYABLES - THIRD PARTIES**

Details of trade payables based on currency are as follows:

	<b>2018</b>	<b>2017</b>
- Indonesian Rupiah	621,268	1,807,326
- US Dollars	454,364	679,978
- Others	7,474	130,068
<b>Total</b>	<b><u>1,083,106</u></b>	<b><u>2,617,372</u></b>

The trade payables arose from the purchase of goods and services.

#### **11. ACCRUED EXPENSES AND SHORT-TERM EMPLOYEE BENEFIT LIABILITIES**

	<b>2018</b>	<b>2017</b>
<b>Accrued expenses</b>		
Consultants and contractors	18,030,498	19,898,687
Royalty	-	746,432
Others	<u>2,627,759</u>	<u>627,777</u>
	20,658,257	21,272,896
Short-term employee benefit liabilities	<u>1,913,163</u>	<u>2,473,141</u>
<b>Total</b>	<b><u>22,571,420</u></b>	<b><u>23,746,037</u></b>

Accrued expenses mainly represent accruals of contractor costs for equipment rental, repairs and maintenance activities, government royalty and other costs related to activities in the mine site.

Short-term employee benefit liabilities represent accruals for short-term employee benefits, such as bonuses, annual leave payments, etc.

#### **12. LOANS**

	<b>2018</b>	<b>2017</b>
Refinanced Senior Facility Agreement	-	425,000,000
Unamortised loan transaction costs	<u>-</u>	<u>(15,550,536)</u>
<b>Total</b>	<u>-</u>	<u>409,449,464</u>
Less:		
Portion due within one year	<u>-</u>	<u>(22,545,858)</u>
<b>Non-current portion</b>	<u>-</u>	<u>386,903,606</u>
Working Capital Facility Agreement	<u>-</u>	<u>10,000,000</u>

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

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(Expressed in US Dollars, unless otherwise stated)

#### **12. LOANS (continued)**

##### **Refinanced Senior Facility Agreement**

On 3 July 2017, the Company refinanced the previous Senior Facility Agreement (the "previous SFA") with a total facility of US\$425,000,000 ("refinanced SFA") with a syndicate of banks consisting of PT Bank Mandiri (Persero) Tbk, Singapore Branch, Sumitomo Mitsui Banking Corporation ("SMBC"), Maybank Kim Eng Securities Pte. Ltd., and The Bank of Tokyo-Mitsubishi UFJ, Ltd., Singapore Branch, as Arrangers. SMBC was designated as the facility agent. The Company paid transaction costs on the loan refinancing amounting to US\$16,726,207. As part of this refinancing agreement, on 3 July 2017, Marlin Enterprise Limited ("Marlin") also entered into a senior facility agreement with the same syndicate of banks with PTAR as one of the guarantors. The previous SFA also had the same amount of total facility.

The refinanced SFA bears interest at London Interbank Offered Rate ("LIBOR") plus 4.2% per annum for onshore lenders and at LIBOR plus 3.7% per annum for offshore lenders, payable quarterly (the previous SFA bore interest at LIBOR plus 5.3% per annum for onshore lenders and at LIBOR plus 4.8% per annum for offshore lenders, payable quarterly). The collateral for the refinanced SFA comprised the fixed assets, insurance proceeds, moveable assets, receivables and other assets of the Company. The refinanced SFA had a final maturity date of 3 July 2024 and was payable in instalments on a quarterly basis (the previous SFA had a final maturity date of 3 November 2020 and was also payable in instalments on a quarterly basis). For 2017, the Company made interest payments of US\$24,005,643 on the outstanding loan during 2017. There were no principal instalment payments made by the Company during 2017. Total interest expense on the loan was US\$22,692,099 during 2018 (2017: US\$24,126,455).

In 2018, the Company has fully repaid all of the refinanced SFA of US\$425,000,000 and made interest payments of US\$22,812,911. The unamortised loan transaction costs of US\$15,550,536 have been charged to profit or loss (recognised as part of "finance costs") for the year ended 31 December 2018.

##### **Working Capital Facility Agreement**

On 27 April 2016, the Company entered into a working capital facility agreement of US\$25,000,000 with PT Bank Mandiri (Persero) Tbk, Singapore Branch which was amended on 27 April 2017.

The working capital facility bore interest at LIBOR plus 2.75% per annum.

The working capital facility had a final maturity date of 26 April 2018. During 2018, the Company had drawn down an amount of US\$10,000,000 (2017: US\$10,000,000) from the total outstanding facility. The interest expense on the working capital loan during 2018 was US\$648,710 (2017: US\$138,162).

In 2018, the Company has fully repaid all of the working capital facility of US\$20,000,000 and made interest payments of US\$786,872.

#### **13. LOANS FROM RELATED PARTIES**

	<b>2018</b>	<b>2017</b>
UT Group	88,945,582	-
PT Pamapersada Nusantara ("Pama")	59,297,055	-
Total	148,242,637	-
Less:		
Portion due within one year	(29,648,527)	-
<b>Non-current portion</b>	<b>118,594,110</b>	-

On 4 December 2018, the Company entered into loan agreements with UT Group and Pama, under which each agreed to provide loans with a maximum facility amounting to US\$195,000,000 and US\$130,000,000, respectively. These loans bear annual interest at the three-month LIBOR interest rate plus 2% margin, payable quarterly. The loans from UT Group and Pama have a final maturity date of 4 December 2023 and 27 November 2023, respectively, and are payable in instalments on a quarterly basis. Total interest expenses on these loans from related parties were US\$526,756 during 2018. There were no principal and interest instalment payments made by the Company during 2018.

## PT AGINCOURT RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

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#### 14. EMPLOYEE BENEFIT LIABILITIES

The Company provides employee benefits for its qualifying employees in accordance with Labour Law No. 13/2003 and the Company's collective labour agreement. The number of employees entitled to the benefits on 31 December 2018 and 2017 were 751 and 711, respectively (unaudited). The employee benefit program is unfunded.

	<b>2018</b>	<b>2017</b>
Post-employment benefits	6,886,865	6,432,972
Long service leave and awards	783,991	698,467
<b>Total</b>	<b>7,670,856</b>	<b>7,131,439</b>

The amounts recognised in the statements of profit or loss and other comprehensive income with respect to these post-employment benefits are as follows:

	<b>2018</b>	<b>2017</b>
Current service cost	1,160,583	1,127,529
Interest cost	452,075	376,998
Past service cost	-	(576,929)
Gain on foreign exchange	(472,523)	(63,678)
<b>Total charged to profit or loss</b>	<b>1,140,135</b>	<b>863,920</b>
Remeasurement (gains)/losses:		
- Actuarial losses arising from changes in demographic and financial assumptions	167,356	281,585
- Actuarial (gains)/losses arising from changes in experience adjustments	(691,892)	548,000
<b>Total charged to other comprehensive (gain)/loss</b>	<b>(524,536)</b>	<b>829,585</b>

The amounts recognised in the statement of financial position arising from the Company's obligations with respect to these post-employment benefits and their movements are as follows:

	<b>2018</b>	<b>2017</b>
Opening balance of present value of unfunded obligations	6,432,972	4,739,467
Current service cost	1,160,583	1,127,529
Interest cost	452,075	376,998
Remeasurement losses:		
- Actuarial losses arising from changes in demographic and financial assumptions	167,356	281,585
- Actuarial (gains)/losses arising from changes in experience adjustments	(691,892)	548,000
Benefits paid	(161,706)	-
Past service cost	-	(576,929)
Gain on foreign exchange	(472,523)	(63,678)
<b>Closing balance of present value of unfunded obligations</b>	<b>6,886,865</b>	<b>6,432,972</b>

## PT AGINCOURT RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### 14. EMPLOYEE BENEFIT LIABILITIES (continued)

The cost of providing employee benefit liabilities was calculated by Padma Radya Aktuaria, an independent actuary, on 10 January 2019, using the projected unit credit method. The actuarial valuation was carried out using the following key assumptions:

	<b>2018</b>	<b>2017</b>
Discount rate :	8.25% per annum	7.25% per annum
Future salary incremental rate :	10% per annum	10% per annum
Mortality rate :	100% (TMI3)	100% (TMI3)
Disability rate :	5% (TMI3)	5% (TMI3)
Resignation rate :	10% for employees below the age of 35 and will linearly decrease until 0% at the age of 55	10% for employees below the age of 35 and will linearly decrease until 0% at the age of 55
Proportion of normal retirement :	100% per annum	100% per annum
Normal retirement age :	56	56

The significant actuarial assumptions for the determination of post-employment benefits are the discount rate and expected salary increase rate. The sensitivity analysis below has been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate was 1% higher, the post-employment benefits would decrease by US\$566,017, while a decrease of 1% in the discount rate would increase the post-employment benefits by US\$647,467.
- If the expected salary increment rate was 1% higher, the post-employment benefits would increase by US\$663,107, while a decrease of 1% in the salary increment rate would decrease the post-employment benefits by US\$590,122.

The sensitivity analysis presented above may not be representative of the actual change in the post-employment benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the post-employment benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method applied in calculating the post-employment benefit obligation liability recognised in the statement of financial position.

The average duration of the benefit obligation at 31 December 2018 and 2017 is 13.12 and 13.20 years, respectively.

The expected maturity analysis of undiscounted post-employment benefits is as follows:

	<u>Less than a year</u>	<u>Between 1-5 years</u>	<u>Between 5-10 years</u>	<u>Over 10 years</u>
Post-employment benefits obligation	399,876	3,034,084	8,479,063	41,419,940

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **15. PROVISION FOR MINE REHABILITATION AND CLOSURE**

The Company's mining and exploration activities are subject to various Indonesian laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect the public health and environment and believes its operations are in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditure to comply with such laws and regulations, but cannot predict the amount of such future expenditure. Estimated future reclamation costs are based principally on legal and regulatory requirements.

The following is a reconciliation of the reclamation and closure liabilities:

	<b>2018</b>	<b>2017</b>
Beginning balance	23,979,753	20,260,904
Addition	-	3,016,201
Unwinding of discount (Note 20)	<u>912,000</u>	<u>702,648</u>
<b>Ending balance</b>	<b><u>24,891,753</u></b>	<b><u>23,979,753</u></b>

#### **16. SHARE CAPITAL AND RESERVES**

##### **a. Share capital**

The composition of the Company's shareholders as at 31 December 2018 was as follows:

Shareholders	<b>31 December 2018</b>		
	<b>Number of Shares</b>	<b>Percentage of Ownership</b>	<b>Total Paid-up Capital</b>
DTN	80,750,000	95%	80,750,000
PT Artha Nugraha Agung ("ANA")	4,250,000	5%	4,250,000
<b>Total</b>	<b><u>85,000,000</u></b>	<b><u>100%</u></b>	<b><u>85,000,000</u></b>

Based on Notarial Deed No. 192 dated 30 November 2018 of Notary Jose Dima Satria, S.H., M.Kn., the shareholders approved the acquisition of ARS' 80,750,000 shares in the Company by DTN.

The composition of the Company's shareholders as at 31 December 2017 was as follows:

Shareholders	<b>31 December 2017</b>		
	<b>Number of Shares</b>	<b>Percentage of Ownership</b>	<b>Total Paid-up Capital</b>
ARS	80,750,000	95%	80,750,000
ANA	4,250,000	5%	4,250,000
<b>Total</b>	<b><u>85,000,000</u></b>	<b><u>100%</u></b>	<b><u>85,000,000</u></b>

##### **b. General reserve**

The Limited Liability Company Law of the Republic of Indonesia No.1/1995 introduced in March 1995, and amended by Law No.40/2007, issued in August 2007, requires the establishment of a general reserve from net income amounting to at least 20% of a company's issued and paid-up capital. As of the date of these financial statements, the Company has not yet established the reserve. There is no time limit on the establishment of the reserve.

**PT AGINCOURT RESOURCES**

**NOTES TO THE FINANCIAL STATEMENTS**

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**16. SHARE CAPITAL AND RESERVES** (continued)

c. Other reserves

	<b>2018</b>	<b>2017</b>
Derivative costs and interest expenses incurred by shareholder	(28,050,828)	(28,050,828)
Actuarial gain on employee benefit liabilities	<u>(224,898)</u>	<u>(618,300)</u>
<b>Total</b>	<b><u>(28,275,726)</u></b>	<b><u>(28,669,128)</u></b>

Derivative costs and interest expenses incurred by shareholder represent the excess of the billing by Marlin over the fair value of the derivatives novated to the Company amounting to US\$25,293,598 and the interest expense on a senior loan allocated to the Company amounting to US\$2,757,230 in 2016.

**17. SALES**

	<b>2018</b>	<b>2017</b>
Gold	522,231,592	444,171,781
Silver	<u>51,965,717</u>	<u>40,266,086</u>
<b>Total</b>	<b><u>574,197,309</u></b>	<b><u>484,437,867</u></b>

**18. COST OF GOODS SOLD**

	<b>2018</b>	<b>2017</b>
Spare parts and consumables	55,201,828	56,866,815
Amortisation (Note 8)	49,104,331	58,126,030
Contractors	29,295,688	24,900,761
Depreciation (Note 7)	19,444,673	24,048,091
Salaries and wages	15,484,203	16,010,280
Rental	7,444,893	9,159,217
Transportation	6,567,393	7,604,563
Drilling and assays	5,227,158	5,055,277
Housing allowance	3,726,846	3,190,784
Refining charges	3,135,802	3,028,720
Travel	1,536,566	1,634,562
Consultants	1,193,857	1,544,781
Others	<u>5,179,350</u>	<u>4,241,278</u>
<b>Total production costs</b>	<b><u>202,542,588</u></b>	<b><u>215,411,159</u></b>
Inventory at beginning of the year	26,896,824	29,057,731
Less: inventories at end of the year (Note 6)		
Ore inventories	(12,204,518)	(14,180,866)
Gold in-transit	(7,648,750)	(7,403,986)
Gold in-circuit	(3,008,171)	(2,374,901)
Gold in-safe	<u>(1,057,171)</u>	<u>(2,937,071)</u>
<b>Cost of goods sold</b>	<b><u>205,520,802</u></b>	<b><u>217,572,066</u></b>

## PT AGINCOURT RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

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#### 19. GENERAL AND ADMINISTRATIVE EXPENSES

	<b>2018</b>	<b>2017</b>
Royalty	21,300,837	2,698,306
Tax penalties	9,706,939	1,184,795
Salaries and wages	5,800,587	5,687,913
Travel	3,851,235	690,656
Amortisation (Note 8)	2,561,885	3,385,689
Land and building tax	1,680,736	1,085,321
Insurance cost	1,649,206	1,473,603
Depreciation (Note 7)	1,001,317	963,460
Professional fees	515,522	2,200,480
Others	<u>18,889,080</u>	<u>6,726,000</u>
<b>Total</b>	<b><u>66,957,344</u></b>	<b><u>26,096,223</u></b>

#### 20. FINANCE INCOME AND COSTS

	<b>2018</b>	<b>2017</b>
<b>Finance costs</b>		
Interest expense on loans (Note 12 and 13)	23,867,565	24,264,617
Loan transaction costs (Note 12)	15,550,536	1,175,671
Realised loss on derivative instruments, net	4,029,584	2,281,974
Unwinding of discount (Note 15)	912,000	702,648
Unrealised loss from changes in fair value of derivative instruments, net	-	14,386,866
Other expenses	<u>551,448</u>	<u>681,888</u>
<b>Total finance costs</b>	<b><u>44,911,133</u></b>	<b><u>43,493,664</u></b>
<b>Finance income</b>		
Interest income	8,412,700	6,030,140
Unrealised gain from changes in fair value of derivative instruments, net	<u>4,243,917</u>	<u>-</u>
<b>Total finance income</b>	<b><u>12,656,617</u></b>	<b><u>6,030,140</u></b>

#### 21. RELATED PARTY INFORMATION

##### a. Nature of relationships

The nature of relationships with related parties as at 31 December 2018 was as follows:

<b>Related parties</b>	<b>Nature of relationships</b>	<b>Nature of transactions</b>
DTN	Parent entity	Share capital
UT Group	Intermediate holding company	Loan and interest payable
Pama	Intermediate holding company	Loan and interest payable
Commissioners and Directors	Key management personnel	Remuneration

## PT AGINCOURT RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

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#### 21. RELATED PARTY INFORMATION (continued)

##### a. Nature of relationships (continued)

The nature of relationship with related parties as at 31 December 2017 was as follows:

<b>Related parties</b>	<b>Nature of relationships</b>	<b>Nature of transactions</b>
ARS *)	Direct majority shareholder	Expense reimbursements, dividend payment
Marlin *)	Intermediate holding company	Novation of derivative instruments, loan and interest receivables
Commissioners and Directors	Key management personnel	Remuneration

(\*) Started from 4 December 2018, ARS and Marlin were no longer related parties of the Company as the result of acquisition of ARS' 80,750,000 shares of the Company by DTN.

##### b. Balances with related parties

	<b>2018</b>	<b>2017</b>
<b>Loan from related parties</b>		
UT Group	88,945,582	-
Pama	59,297,055	-
<b>Total loan from related parties</b>	<b>148,242,637</b>	-
<b>Loan receivable</b>		
Marlin	-	<b>110,690,076</b>
<b>Other payable</b>		
ARS	-	<b>875,374</b>

On 17 June 2016, as part of its accession to the previous SFA, the Company entered into a loan agreement with Marlin amounting to US\$49,842,868. The loan was due on 16 June 2020. The agreement had been amended, effective from 8 July 2017, to change the interest rate. The amended agreement bore interest at LIBOR plus a margin of 5.2% per annum (the original interest rate was LIBOR plus a margin of 7.3% per annum).

On 3 July 2017, the Company entered into another loan agreement with Marlin amounting to US\$53,000,000. The loan was due on 5 July 2022. The agreement bore interest at LIBOR plus a margin of 5.2% per annum.

For 2018, interest income on loan receivable was US\$7,930,293 (2017: US\$5,631,784).

In 2018, the Company received the settlement of loan receivable from Marlin amounting to US\$118,620,369.

Refer to Note 13 for loans from related parties.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **21. RELATED PARTY INFORMATION (continued)**

##### **c. Key management compensation**

Key management personnel includes the Board of Commissioners and Board of Directors.

Total remuneration and benefits provided by the Company to the key management personnel was as follows:

	<b>2018</b>	<b>2017</b>
Salaries and other emoluments	2,235,003	2,028,662
Discretionary bonus	1,060,012	481,612
<b>Total</b>	<b><u>3,295,015</u></b>	<b><u>2,510,274</u></b>

##### **d. Dividends**

###### 2016 Final Dividend

Based on the Annual General Meeting of Shareholders held on 4 April 2017, the Company declared a final dividend for financial year 2016 in the amount of US\$21,738,244.

###### 2017 Interim Dividends

Based on a Circular Resolution of the Board of Directors and Board of Commissioners, the Company declared interim dividends in the amount of US\$59,000,000 in September 2017 and US\$75,000,000 in December 2017.

###### 2018 Interim Dividends

Based on a Circular Resolution of the Board of Directors and Board of Commissioners, the Company declared and paid an interim dividend in the amount of US\$40,764,375, US\$10,900,000, and US\$23,000,000 in March 2018, June 2018, and September 2018, respectively.

Similar to third parties, the Company's pricing policies in relation to transactions (mainly loans and interest) with related parties are determined based on negotiation.

#### **22. SIGNIFICANT AGREEMENTS AND COMMITMENTS**

##### **a. Sales contract**

In April 2015, the Company entered into a sale and purchase agreement for gold and silver with ICBC Standard Bank PLC for a 12 month period which will automatically be renewed for successive 12 month periods unless one of the parties terminates the agreement. As of the date of these financial statements there has been no notice of termination from either party.

##### **b. Mining Law No.4/2009**

On 16 December 2008, the Indonesian Parliament passed a new Law on Mineral and Coal Mining (the "Law"), which received the assent of the President on 12 January 2009, becoming Law No. 4/2009.

In February 2010, the Government released two implementing regulations for the Law No.4/2009, i.e. Government Regulation ("GR") No.22/2010 and GR No.23/2010. GR No.22/2010 deals with the establishment of the mining areas under the new IUP. GR No.23/2010 provides clarifications surrounding the procedures to obtain the new IUP.

The Government further amended GR No. 23/2010 by issuing, among others, Government Regulation No.24/2012 ("GR No.24/2012") on 21 February 2012 and later by issuing Government Regulation No.1/2014 ("GR No.1/2014") on 11 January 2014, Government Regulation No.77/2014 on 14 October 2014 and GR No.1/2017 on 11 January 2017 which regulates the mechanism of extension of IUPs, transfer of IUPs, divestments and mining areas.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### **22. SIGNIFICANT AGREEMENTS AND COMMITMENTS** (continued)

##### **b. Mining Law No.4/2009** (continued)

As of the date of these financial statements, the Company is closely monitoring the progress of the implementing regulations for the Law. The Company will consider the impact on its operations, if any, as the regulations are issued.

##### **c. Reclamation and post-mining guarantee**

On 20 December 2010, the Indonesian government issued GR No. 78/2010 that deals with the obligations to provide a reclamation plan, post-mining plan and reclamation and post-mine guarantees, for IUP-Exploration, IUP-Production Operation, and CoW holders (as relevant).

With respect to GR No. 78/2010, the Ministry of Energy and Mineral Resources ("MoEMR") issued regulation No. 7/2014 outlining the implementation of reclamation and mine closure requirements for mineral and coal business activity on 28 February 2014. This regulation provides specific guidance on preparation of reclamation and mine closure, evaluation and approval, guarantees required, execution and reporting of reclamation and mine closure activities.

Under MoEMR Regulation No. 7/2014, effective as of 28 February 2015, the Company is required to provide mine reclamation guarantees in the form of either a joint account in a government bank with the relevant government authority, a time deposit and/or a bank guarantee with a duration corresponding to the reclamation schedule.

On 1 December 2014, the DGMC approved the Company's post-mining plan document with mine closure costs amounting to US\$23,456,541. The Company is required to place this amount in the form of a time deposit to be funded over the period 2015 to 2018. As of 31 December 2018, the Company has placed US\$23,456,541 in time deposits (refer to Note 4c).

##### **d. Benchmark price and royalty**

In September 2010, the MoEMR issued Ministerial Regulation No. 17/2010 on the Procedures for the Setting of Benchmark Prices for Mineral and Coal Sales, which regulates that the sale of coal shall be conducted with reference to the benchmark price issued by the Government. As of the date of these financial statements, the benchmark price for minerals which is applicable to the Company has not been issued by the MoEMR.

On 6 January 2012, the Indonesian government issued GR No. 9/2012 regarding Type and Tariff for Non-Tax State Revenue applicable to MoEMR which amended GR No. 45/2003. The Company's CoW fixes the applicable royalty rates for the duration of the CoW.

In early May 2018, the MoEMR issued Ministerial Regulation No. 25/2018 ("MoEMR No. 25/2018"), which provides ultimate guidelines for upstream and downstream mineral and coal-mining business activities. The implementation of MoEMR No. 25/2018 outlines several key elements e.g. tariff for Non-Tax State Revenue, royalty and dead rent payment terms.

Management believes that the Company has complied with the relevant requirements of the regulations mentioned above.

##### **e. Other legal proceedings**

From time to time, the Company is involved in other legal proceedings as a normal incident to its business. The Company is of the opinion that adverse decisions in any pending or threatened proceedings or any amounts that it may be required to pay by reason thereof will not have a material adverse effect on its financial condition or the results of its operations.

## PT AGINCOURT RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

### 22. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

#### f. Other significant agreements

No.	Contractor/Supplier	Project Period		Description
		Start of project	End of Project	
1	PT PLN (Persero)	31-Oct-17	30-Oct-26	Electricity supply. Charged based on electricity consumption.
2	PT Bima Golden Powerindo	1-Jan-12	28-Feb-19	Supply, install and operate temporary power plant services. Total contract value is US\$57.6 million.
3	PT Promincon Indonesia	1-Nov-18	31-Oct-21	Exploration diamond drilling services. Charged mainly based on metres drilled.
4	PT Trans Continent	15-Dec-16	14-Dec-19	Transportation and logistics services. Total contract value is Rp92.7 billion.
5	PT Sodexo Indonesia	1-Aug-18	31-Jul-21	Camp services. Total contract value is Rp148 billion.
6	PT Macmahon Mining Services (JV with PT Nusa Konstruksi Enjiniring)	1-Jan-16	31-Dec-20	Extraction of ore and other mining services; and leasing of mining equipment. Total contract value is Rp2.3 trillion.
7	PT Indodrill Indonesia	1-Nov-18	31-Oct-21	Drilling services. Charged mainly based on metres drilled.
8	Knight Piesold Pty Ltd	1-Jun-13	30-Jun-19	Tailing storage facility design, construction supervision and technical review. Total contract value is Australian Dollar 7.7 million.
9	PT Aneka Tambang (Persero) Tbk	1-Jul-16	30-Jun-19	Refine dore bullion. Charged based on gold and silver refined.
10	Orica Singapore Pte Ltd	1-Oct-11	30-Nov-19	Supply of sodium cyanide. Charged based on quarterly rates per ton.

On 1 July 2016, the Company entered into a Heavy Fuel Oil ("HFO") Power Plant Rental Contract with PT Sumberdaya Sewatama ("PTSS") for PTSS to construct a HFO-fired power station to supply power to the Company. PTSS has been unsuccessful in constructing the plant and has abandoned the project. The Company and PTSS continue discussions in good faith to arrive at a commercial settlement of the HFO Power Plant Rental Contract. The Company believes the matter will be resolved without any material impact to its operations, financial position or cash flows.

**PT AGINCOURT RESOURCES**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

**23. FINANCIAL ASSETS AND LIABILITIES**

	<b>Fair value through profit or loss</b>	<b>Loans and receivables</b>	<b>Liabilities at amortised cost</b>	<b>Total</b>
<b>31 December 2018</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	32,677,850	-	32,677,850
Other receivables - third parties	-	605,670	-	605,670
Restricted time deposits	-	23,612,552	-	23,612,552
Other assets	-	1,338,836	-	1,338,836
Derivative assets	239,559	-	-	239,559
<b>Total financial assets</b>	<b>239,559</b>	<b>58,234,908</b>	<b>-</b>	<b>58,474,467</b>
<b>Financial liabilities</b>				
Trade payables - third parties	-	-	1,083,106	1,083,106
Accrued expenses	-	-	20,658,257	20,658,257
Loans from related parties	-	-	148,242,637	148,242,637
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>169,984,000</b>	<b>169,984,000</b>
 <b>31 December 2017</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	30,679,967	-	30,679,967
Restricted cash	-	20,555,529	-	20,555,529
Trade receivables - third party	-	20,322,003	-	20,322,003
Other receivables - third parties	-	2,308,007	-	2,308,007
Loan receivable - related party	-	110,690,076	-	110,690,076
Restricted time deposits	-	13,291,546	-	13,291,546
Loan receivable - third party	-	938,951	-	938,951
Other assets	-	1,375,548	-	1,375,548
Derivative assets	2,103,368	-	-	2,103,368
<b>Total financial assets</b>	<b>2,103,368</b>	<b>200,161,627</b>	<b>-</b>	<b>202,264,995</b>
<b>Financial liabilities</b>				
Trade payables - third parties	-	-	2,617,372	2,617,372
Other payable - related party	-	-	875,374	875,374
Accrued expenses	-	-	21,272,896	21,272,896
Working capital bank loan	-	-	10,000,000	10,000,000
Derivative liabilities	2,582,188	-	-	2,582,188
Long-term bank loan	-	-	409,449,464	409,449,464
<b>Total financial liabilities</b>	<b>2,582,188</b>	<b>-</b>	<b>444,215,106</b>	<b>446,797,294</b>

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### **24. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: market risk (including the effects of foreign currency exchange rates risk, commodity price risk and interest rates risk), credit risk and liquidity risk. The objectives of the Company's risk management are to identify, measure, monitor and manage basic risks in order to safeguard the Company's long-term business continuity and to minimise potential adverse effects on the financial performance of the Company.

##### **a. Market risk**

###### **(i) Foreign exchange risk**

The Company's financing and the majority of its revenue and operating expenditure is denominated in US Dollars, which indirectly represents a natural hedge on exposure to fluctuations in foreign exchange rates. However, the Company is exposed to foreign exchange risk arising from other expenditure payments, primarily in Rupiah. Management regularly monitors the exchange risk against the Company's functional currency.

###### **(ii) Price risk**

The Company faces commodity price risk because gold and silver are commodity products traded in the international gold and silver markets. Prices for gold and silver are generally based on international gold and silver indices as benchmarks, which tend to be cyclical and subject to fluctuations. As a commodity product, global gold and silver prices are principally dependent on the supply and demand dynamics of gold and silver in the international market. To manage the price risk exposure on the fluctuations of gold and silver prices in the international market, the Company reviews the fluctuations in gold and silver prices to enable management to take appropriate measure, such as the Company would enter into financial derivatives to help manage the exposures as discussed above, as necessary. Management also regularly monitors the gold and silver price trends and fluctuation.

###### **(iii) Interest rate risk**

The interest rate risk exposure relates to the amount of assets or liabilities which are subject to a risk that a movement in the interest rate will adversely affect the Company's income. To manage the interest rate exposure on their borrowings, the Company reviews the interest rate movements to enable management to take appropriate measures such as maintaining a reasonable mix of fixed and variable rate borrowings, and where necessary, the Company would enter into financial derivatives to help manage the exposures as discussed above.

As at 31 December 2018, if the interest rates on loans from related parties had been 10 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been US\$23,868 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

## **PT AGINCOURT RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### **24. FINANCIAL RISK MANAGEMENT** (continued)

##### **b. Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

As at 31 December 2018, total maximum exposure from credit risk is US\$58,449,845. Credit risk arises from cash in banks, other receivables, restricted time deposits, derivative assets and other assets.

Management is confident in its ability to continue to control and maintain minimum exposure to credit risk, since the Company has clear policies on the selection of customers, legally binding agreements in place for gold and silver sales transactions and historically low levels of bad debts. The Company's general policies for gold and silver sales and rendering services to new and existing customers are as follows:

- Selecting customers with a strong financial condition and good reputation.
- Acceptance of new customers and sales of gold and silver are approved in line with the Company's delegation of authority policy.

##### **c. Liquidity risk**

Liquidity risk is defined as the risk that arises in situations where the cash inflow from short-term revenue is not enough to cover the cash outflow for short-term expenditure. To manage its liquidity risk, the Company monitors its level of cash and cash equivalents and maintains these at a level deemed adequate to finance the Company's operational activities and to mitigate the effect of fluctuations in cash flow. The Company's management also regularly monitors forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below describes the Company's financial liabilities based on their maturities. The amounts disclosed in the table are the contractual undiscounted cash flows:

	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Total</b>
<b>31 December 2018</b>			
Trade payables - third parties	1,083,106	-	1,083,106
Accrued expenses	20,658,257	-	20,658,257
Loans from related parties	35,884,615	129,284,546	165,169,161
<b>Total</b>	<b>57,625,978</b>	<b>129,284,546</b>	<b>186,910,524</b>

##### **d. Fair value**

Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SFAS No.68, "Fair Value Measurement", requires the disclosure of fair value measurement based on their level in the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The carrying amount of the financial assets and liabilities approximates their fair value.

## PT AGINCOURT RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

**31 DECEMBER 2018**

(Expressed in US Dollars, unless otherwise stated)

#### 24. FINANCIAL RISK MANAGEMENT (continued)

##### e. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

#### 25. NET DEBT RECONCILIATION

	Bank loan due within 1 year	Bank loan due after 1 year	Loans from related parties due within 1 year	Loans from related parties due after 1 year	Accrued interest	Total
<b>Balance as at 31 December 2017</b>	<b>32,545,858</b>	<b>386,903,606</b>	-	-	<b>258,974</b>	<b>419,708,438</b>
Receipt of bank loan	10,000,000	-	-	-	-	10,000,000
Amortisation of loan transaction costs	-	15,550,536	-	-	-	15,550,536
Payment of bank loans	(42,545,858)	(402,454,142)	-	-	-	(445,000,000)
Interest expense on bank loans	-	-	-	-	23,867,565	23,867,565
Payment of interest on bank loans	-	-	-	-	(23,599,783)	(23,599,783)
Receipt of loans from related parties	-	-	29,648,527	118,594,110	-	148,242,637
<b>Balance as at 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>29,648,527</b>	<b>118,594,110</b>	<b>526,756</b>	<b>148,769,393</b>

#### 26. EVENT AFTER THE REPORTING PERIOD

In January 2019, the Company entered into several gold forward agreements with HSBC and Morgan Stanley & Co International plc.

Set out below are the gold forward agreements entered into by the Company:

Counterparty	Number of agreements	Hedging period	Strike price per ounce (US Dollars)	Total quantity (ounces)
HSBC	2	1 Feb 2019 - 29 Jan 2021	1,325	144,000
Morgan Stanley & Co. International plc	1	1 Feb 2019 - 29 Jan 2021	1,325	144,000

#### 27. ACCOUNTS RECLASSIFICATION

To conform to the presentation of the financial statements as at and for the year ended 31 December 2018, accounts in the statement of cash flows as at 31 December 2017 have been reclassified as follows:

	Before reclassification	Reclassification	After reclassification
<b>STATEMENT OF CASH FLOWS</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flows provided from operating activities	178,777,347	53,000,000	231,777,347
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash flows used in investing activities	(55,768,876)	(53,000,000)	(108,768,876)

The reclassification above does not have a material effect on the prior year financial statements and therefore management believes that the presentation of a third statement of financial position is not required.





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