

2017

Annual Report
Laporan Tahunan



AGINCOURT
RESOURCES

DELIVERING GROWTH
MEWUJUDKAN PERTUMBUHAN



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Wulandari Mandradewi (Project Geologist) and Candra Kusuma (Project Geologist) examining core at an exploration camp.

Wulandari Mandradewi (Project Geologist) dan Candra Kusuma (Project Geologist) memeriksa inti batuan di camp eksplorasi.



DELIVERING GROWTH

MEWUJUDKAN PERTUMBUHAN

Since before commencement of operations at the Martabe Gold Mine, the Company has maintained a very active exploration program, targeting the discovery of additional ore reserves close to the mine. By international industry standards, this program has been remarkably successful. By the close of 2017, 43.1 million tonnes had been added to Martabe's ore reserves since operations commenced, an increase of 48% and equivalent to nearly eight additional years of production.

This ongoing growth in reserves will deliver greater benefits over a longer period of time for all our key stakeholders, including investors, employees, government and local communities. The potential for further significant discoveries remains high due to the size of the mineralised system and the large remaining area left to be explored. PTAR is committed to maximising the potential of the Martabe Gold Mine in full alignment with the Company's core values, especially Growth, Excellence and Action.

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.

Sejak sebelum dimulainya operasi di Tambang Emas Martabe, Perusahaan telah menyelenggarakan program eksplorasi yang sangat aktif, yang menargetkan penemuan cadangan bijih tambahan yang dekat dengan tambang tersebut. Menurut standar industri internasional, program tersebut telah sangat sukses. Menjelang akhir 2017, 43,1 juta ton telah ditambahkan ke cadangan bijih emas Martabe sejak operasi dimulai, meningkat 48% dan setara dengan hampir delapan tahun tambahan produksi.

Pertumbuhan cadangan yang berkelanjutan ini akan memberikan manfaat lebih besar dalam jangka waktu yang lebih lama untuk semua pemangku kepentingan utama kami, termasuk investor, karyawan, pemerintah dan masyarakat setempat. Potensi penemuan signifikan yang lebih lanjut tetap tinggi karena ukuran sistem mineralisasi dan area yang tersisa untuk dieksplorasi. PTAR berkomitmen untuk memaksimalkan potensi Tambang Emas Martabe yang selaras sepenuhnya dengan nilai-nilai inti Perusahaan, terutama Pertumbuhan, Keunggulan dan Tindakan.

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	2017	2016	\$'000 kecuali dinyatakan lain
Sales	484,438	426,440	Pendapatan
Cost of goods sold	(217,572)	(220,269)	Beban pokok penjualan & jasa
Gross profit	266,866	206,170	Laba kotor
Income before tax	203,205	162,016	Laba sebelum pajak penghasilan
Net income for the year	151,337	120,666	Laba tahun berjalan
Total comprehensive income	150,715	120,335	Total penghasilan komprehensif
Earnings per share (\$)	1.78	1.42	Laba bersih per saham (\$)

Statement of Financial Position

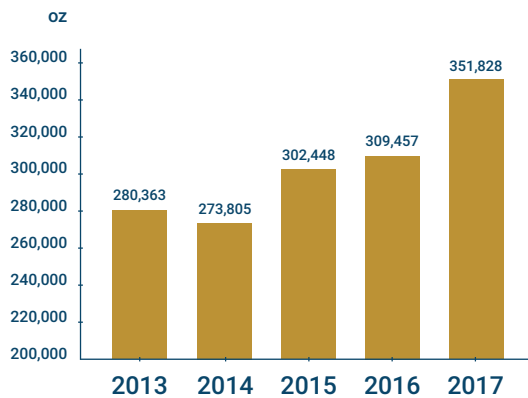
Laporan Posisi Keuangan Berjalan

\$'000	2017	2016	\$'000
Total assets	877,486	845,079	Jumlah aset
Current assets	137,740	135,743	Aset lancar
Non-current assets	739,746	709,336	Aset tidak lancar
Total liabilities	538,644	501,214	Jumlah liabilitas
Current liabilities	81,382	107,112	Liabilitas jangka pendek
Non-current liabilities	457,262	394,102	Liabilitas jangka panjang
Equity	338,842	343,865	Ekuitas
Capital stock			Modal saham
Authorized capital (shares)	85,000,000	300,000,000	Modal dasar (saham)
Issued and fully paid capital (shares)	85,000,000	85,000,000	Modal ditempatkan & disetor penuh (saham)

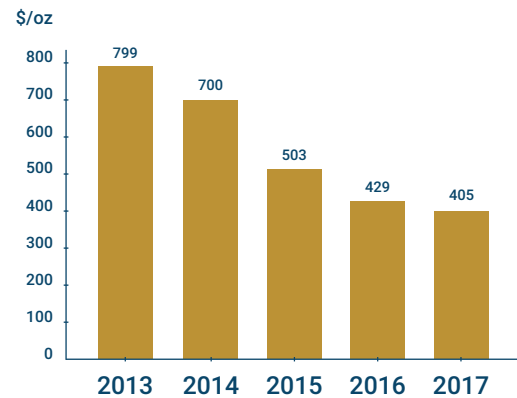
RESULTS YEARS 2013 TO 2017

HASIL TAHUN 2013 HINGGA 2017

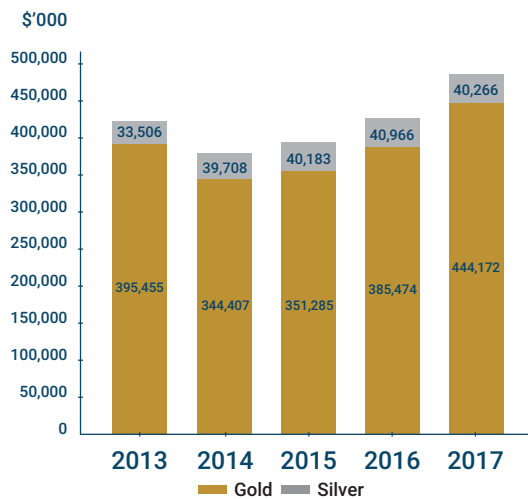
Gold Sold Penjualan Emas



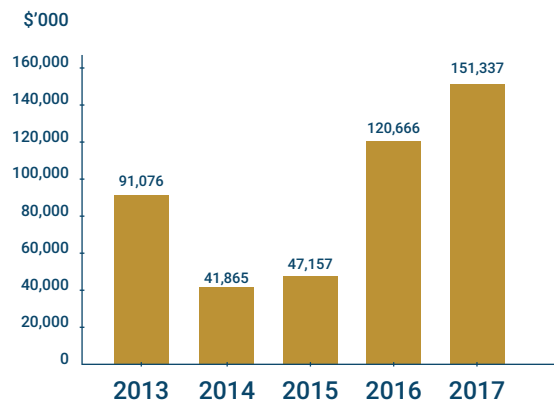
All-in Sustaining Cost* Biaya Operasional Keseluruhan



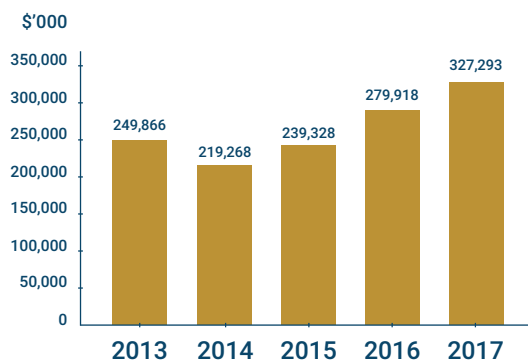
Gold and Silver Revenue Pendapatan Emas dan Perak



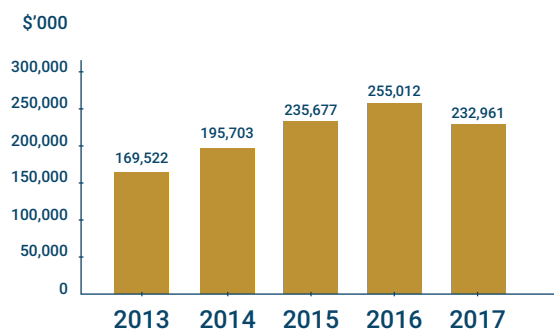
Profit After Tax (PAT) Laba Setelah Pajak



EBITDA**



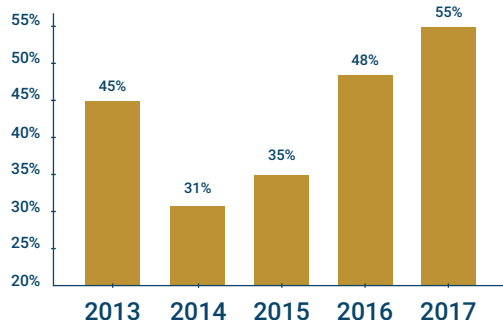
Cash Generated from Operations Uang Tunai Hasil Operasi



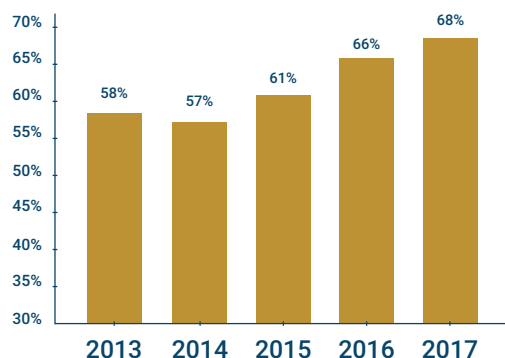
*All-in Sustaining Costs (AISC) is a non-GAAP (generally accepted accounting principles) financial performance measure for gold producers. It does not have a standardized definition under the Indonesian Financial Accounting Standards (PSAK) and so is provided in this report as additional information 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.

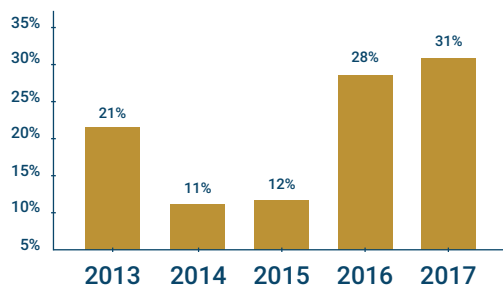
Gross Profit Margin Margin Laba Kotor



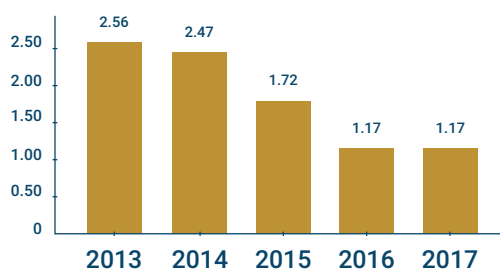
EBITDA Margin Margin EBITDA



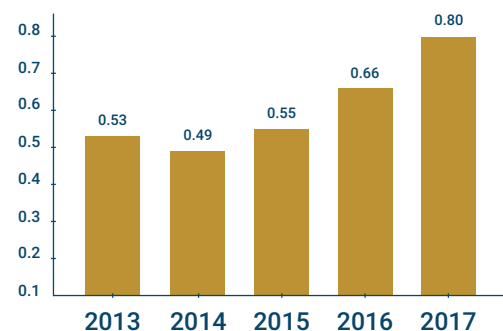
Profit After Tax (PAT) Margin Margin Laba Setelah Pajak



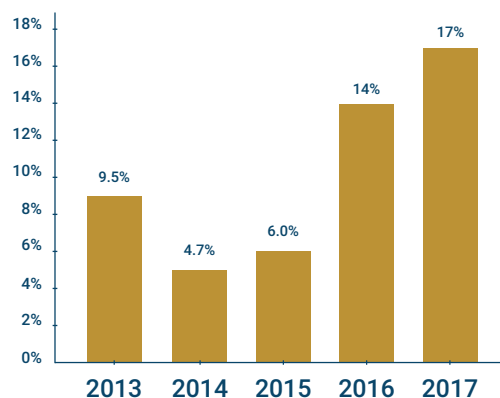
Net Debt to EBITDA Rasio Hutang Bersih terhadap EBITDA



Fixed Assets Turnover Rasio Perputaran Aktiva Tetap



Return on Total Assets Tingkat Pengembalian Total Aset





COMPANY PROFILE PROFIL PERUSAHAAN





PT AGINCOURT RESOURCES

PT Agincourt Resources is an Indonesia-based mining company engaged in exploration, mining and mineral processing of gold and silver. Our sole operating site is the Martabe Gold Mine located in North Sumatra.

PT Agincourt Resources adalah sebuah perusahaan pertambangan berbasis di Indonesia yang bergerak di bidang eksplorasi, penambangan, dan pengolahan mineral emas dan perak. Satu-satunya *site* operasi kami adalah Tambang Emas Martabe yang berlokasi di Sumatera Utara.

OVERVIEW

PT Agincourt Resources (PTAR) is an Indonesian-based mining company engaged in exploration, mining and mineral processing of gold and silver bullion. Its sole operating site is the Martabe Gold Mine in Sumatra. Corporate functions are managed from Jakarta.

At the close of 2017, PT Agincourt Resources had 762 employees based at the Martabe Gold Mine and 31 employees based at the office in Jakarta. An additional 1,901 contractor employees were based at the mine. The Company is committed to providing local communities with employment opportunities at the Martabe Gold Mine, with over 75% of the workforce (2,026 employees and contractors) employed from the local community.

PT Agincourt Resources is 95% owned by an investment consortium led by EMR Capital, a specialist mining private equity fund. The remaining 5% is held by PT Artha Nugraha Agung, which is 70% owned by the District of South Tapanuli and 30% owned by the Province of North Sumatra.

GAMBARAN UMUM

PT Agincourt Resources (PTAR) merupakan sebuah perusahaan tambang berbasis di Indonesia yang bergerak dalam kegiatan eksplorasi, penambangan, dan pengolahan mineral menjadi emas dan perak batangan. Satu-satunya *site* operasi perusahaan adalah Tambang Emas Martabe di Sumatera. Fungsi perusahaan diatur dari Jakarta.

Di penghujung 2017, PT Agincourt Resources memiliki 762 karyawan yang bekerja di Tambang Emas Martabe dan 31 karyawan di kantor Jakarta. Selain itu terdapat 1.901 karyawan kontraktor yang beroperasi di tambang. Perusahaan berkomitmen untuk menyediakan kesempatan kerja bagi masyarakat lokal di Tambang Emas Martabe, dengan lebih dari 75% tenaga kerja (2.026 karyawan dan kontraktor) direkrut dari masyarakat lokal.

Sebanyak 95% saham PT Agincourt Resources dimiliki oleh konsorsium investasi yang dipimpin oleh EMR Capital, suatu dana ekuitas swasta dengan spesialisasi pertambangan. Sementara 5% saham lainnya dipegang oleh PT Artha Nugraha Agung di mana 70% saham dimiliki oleh Kabupaten Tapanuli Selatan dan 30% oleh Provinsi Sumatera Utara.

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 current mine life extends to 2033.

Tambang Emas Martabe terletak di Sumatera Utara. Beberapa pit tambang terbuka dan pabrik pengolahan proses pelindian konvensional mendukung produksi emas dan perak batangan. Operasional dimulai pada 2012 dan umur tambang saat ini diperpanjang hingga 2033.

OVERVIEW

The Martabe Gold Mine is located in North Sumatra in the District of South Tapanuli. The mine lies in a largely rural area dominated by native forest, palm oil and rubber plantations, and rice farming, with rural villages and townships in close proximity to mine operations. Annual rainfall at the site averages 4,400 mm. The mine operates under a 30-year Contract of Work with the Indonesian government. The area covered by this agreement is 1,639 km², however, the area of operations at the close of 2017 was limited to 452 hectares.

Construction of the Martabe Gold Mine commenced in 2008 and production of gold and silver commenced in 2012. As of December 2017, the Martabe Gold Mine had been in production for five and a half years, with a production plan extending to 2033.

GAMBARAN UMUM

Tambang Emas Martabe terletak di Kabupaten Tapanuli Selatan, Sumatera Utara. Tambang sebagian besar berada di daerah pedesaan yang didominasi oleh hutan asli, perkebunan kelapa sawit dan karet, persawahan, dengan desa-desa dan kota-kota kecil yang berdekatan dengan operasi tambang. Curah hujan tahunan di *site* berkisar 4.400 mm. Tambang beroperasi menurut Kontrak Karya selama 30 tahun dengan pemerintah Indonesia. Luas wilayah berdasarkan kontrak ini adalah 1.639 km², namun demikian, wilayah operasi di akhir tahun 2017 dibatasi hingga 452 hektare.

Konstruksi Tambang Emas Martabe dimulai sejak 2008 dan produksi emas dan perak dimulai pada tahun 2012. Per Desember 2017, Tambang Emas Martabe telah beroperasi selama lima setengah tahun, dengan rencana produksi sampai tahun 2033.



Most of the mine's support facilities are located adjacent to the trans-Sumatran highway and close to a number of villages belonging to the sub-district of Batangtoru. The operational facilities are located several kilometers further north, at the southern boundary of the Batang Toru Forest. The area of operations currently includes two operating pits, a third pit under development, and a conventional carbon-in-leach (CIL) gold ore processing plant with a design capacity of 4.5 million tonnes of ore per annum.

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 high voltage switchyard, explosive magazines and several workshops. Support facilities include an accommodation camp for the mine's fly-in fly-out workforce, a sports oval, a medical clinic, administration and support buildings, a fuel depot, warehousing facilities and a plant nursery.

Sebagian besar fasilitas pendukung tambang berada dekat dengan jalan raya trans-Sumatera dan sejumlah desa yang masuk ke dalam wilayah Kecamatan Batangtoru. Fasilitas operasional berjarak beberapa kilometer ke arah utara, di perbatasan selatan Hutan Batang Toru. Area operasi saat ini meliputi dua pit yang beroperasi, pit ketiga yang sedang dalam pengembangan, dan pabrik pengolahan bijih emas secara *carbon-in-leach* (CIL) konvensional dengan kapasitas rancang sebesar 4,5 juta ton bijih per tahun.

Infrastruktur terkait meliputi jalan angkut (*haul road*), fasilitas penyimpanan *tailing* 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 (*workshop*). Fasilitas pendukung meliputi tempat tinggal (*camp*) bagi tenaga kerja dengan status *fly-in fly-out*, lapangan olahraga, klinik kesehatan, gedung administrasi dan pendukung, stasiun pengisian bahan bakar, fasilitas pergudangan, dan pembibitan tanaman.

RESOURCES AND RESERVES

There are six defined mineral deposits at the Martabe Gold Mine. These deposits 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 2017, the Mineral Resource of the Martabe Gold Mine was 8.8 million ounces of gold and 72 million ounces of silver. Ore reserves increased from 3.2 million to 4.7 million ounces of gold in 2017, equivalent to an additional six years of mine operations.

SUMBER DAYA DAN CADANGAN

Terdapat enam deposit mineral terdefinisi di Tambang Emas Martabe. Deposit tersebut masuk 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 2017, sumber daya mineral Tambang Emas Martabe adalah 8,8 juta ons emas dan 72 juta ons perak. Cadangan bijih emas meningkat dari 3,2 juta ons menjadi 4,7 juta ons emas di 2017, setara dengan tambahan enam tahun operasi tambang.

MINERAL RESOURCES AND ORE RESERVES

SUMBER DAYA MINERAL DAN CADANGAN BIJIH EMAS

PTAR, like most other mining companies, 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 cost of processing. It is the ore reserve that determines mine life, together with production rate.

PTAR, seperti perusahaan tambang lainnya melaporkan tentang ukuran depositnya dengan menggunakan dua definisi standar yang 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 ekstraksi 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 biaya pengolahan. Cadangan bijih merupakan penentu usia tambang, bersamaan dengan tingkat produksi.

EXPLORATION

In addition to supporting mining and processing activities, the Martabe Gold Mine also serves as the base for the company's regional exploration programme. The site's exploration facilities include offices, a core shed and a helicopter operations base. 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 continued through 2017, with up to fifteen drill rigs in operation at any one time.

EKSPLORASI

Selain mendukung kegiatan penambangan dan pengolahan, Tambang Emas Martabe juga berfungsi sebagai basis program eksplorasi regional perusahaan. Fasilitas eksplorasi *site* meliputi kantor, *core shed*, dan pangkalan operasi helikopter. PTAR menganggap potensi yang ada di Martabe masih sangat tinggi karena ukuran sistem dan area yang dapat dieksplorasi masih sangat luas. Program eksplorasi yang aktif terus berlanjut sepanjang 2017, hingga 15 rig pengeboran yang beroperasi setiap waktu.

The Martabe Gold Mine operational area (Purnama pit in the foreground).

Area operasi Tambang Emas Martabe (Pit Purnama terlihat di bagian depan).





MINING

Mining at the Martabe Gold Mine comprises open-cut mining from relatively shallow pits located on mineralised hills or ridges. Mining commenced at the Purnama deposit in 2011. Mining at the nearby Barani deposit commenced in July 2016, and mining at Ramba Joring commenced in 2017. Approvals are currently being obtained for a fourth pit. 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 mostly placed in the TSF embankment. Mining is conducted by mining service contractor PT Macmahon Mining Services.

PROCESSING

The process plant at the Martabe Gold Mine is a conventional carbon-in-leach (CIL) plant with a design capacity of 4.5 million tonnes of ore per annum. The process plant normally operates continually except during maintenance shutdowns.

As for most gold mines, the process of gold and silver extraction from the ore is relatively simple, the main steps being:

- Crushing and stockpiling of 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.

PENAMBANGAN

Penambangan di Tambang Emas Martabe merupakan penambangan terbuka (*open-cut*) dari pit relatif dangkal yang terletak di perbukitan atau punggung bukit yang mengandung mineral. Penambangan dimulai di penyimpanan Purnama pada tahun 2011. Penambangan di dekat deposit Barani dimulai Juli 2016, dan penambangan di Ramba Joring dimulai pada 2017. Persetujuan saat ini sedang diupayakan untuk pit keempat. 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 sebagian besar ditempatkan di tanggul TSF. Penambangan dilakukan oleh kontraktor jasa penambangan PT Machmahon Mining Services.

PENGOLAHAN

Fasilitas pengolahan di Tambang Emas Martabe merupakan pabrik *carbon-in-leach* (CIL) konvensional dengan kapasitas rancang sebesar 4,5 juta ton bijih per tahun. Pabrik pengolahan biasanya beroperasi secara terus menerus kecuali pada saat pemeliharaan (*shutdown*).

Sebagaimana tambang emas pada umumnya, pengolahan ekstraksi emas dan perak dari bijih relatif sederhana, dengan langkah-langkah utama sebagai berikut:

- Penggerusan dan penimbunan bijih.
- Penggilingan dan pengubahan bijih untuk membentuk *slurry* (lumpur konsentrat).
- Pemisahan (*leaching*) emas dan perak dari *slurry* dengan menggunakan sianida.
- Adsorpsi larutan emas dan perak dalam larutan menjadi butiran karbon.
- Pemindahan emas dan perak dari butiran karbon melalui proses yang disebut elusi.
- Perolehan emas dan perak melalui *electrowinning*.
- Peleburan untuk menghasilkan *dore bars* (batangan logam berharga emas dan perak) yang siap untuk dikirimkan. Semua *bullion* yang diproduksi di Tambang Emas Martabe dimurnikan di Jakarta.

View of the Martabe Gold Mine process plant.

Pemandangan di fasilitas pengolahan Tambang Emas Martabe.



After the gold and silver is removed, the slurry undergoes cyanide detoxification, a process which reduces cyanide levels, before being pumped to the site's sole tailings storage facility for permanent disposal.

Setelah emas dan perak dipisahkan, *slurry* menjalani proses detoksifikasi sianida, yaitu proses yang menurunkan kadar sianida, sebelum dipompa menuju fasilitas penyimpanan *tailing* untuk dibuang 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 tailings storage facility, 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 kontraktor dan pemasok. Seluruh kegiatan penambangan *site* dan pekerjaan sipil terkait, termasuk pembangunan fasilitas penyimpanan *tailing* yang 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.



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 Farallon 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 8.8 million ounces gold and Ore Reserves increasing to 4.7 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 penuangan 355,000 ons emas. Program eksplorasi dan pengembangan sumber daya meliputi 120 meter yang dibor oleh 15 rig yang menghasilkan peningkatan sumber daya emas hingga 8,8 juta ons dan peningkatan cadangan bijih emas hingga 4.7 juta ons.

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



BOARD REPORTS LAPORAN DIREKSI

REPORT FROM THE BOARD OF COMMISSIONERS

LAPORAN DEWAN KOMISARIS



OWEN HEGARTY
President Commissioner
Presiden Komisaris

Dear Honourable Shareholders,

On behalf of the Board of Commissioners, I am pleased to provide this report on the performance of PT Agincourt Resources during 2017, as part of the Company's 2017 Annual Report.

The Board of Commissioners can confirm that the Company was well-managed during 2017, with outstanding results. The Annual Report provides a detailed account of the performance of the Company in this regard. Excellent performances were achieved for key production and financial indicators, including All-in Sustaining Cost, total gold sales, and gross and net profit. These strong results supported a dividend payment to shareholders.

The year also saw exceptionally good exploration results. The Company's largest ever exploration program delivered very significant additions to the Company's Resources and Reserves of both gold, and silver, extending the economic life of the mine to 2033.

In this year of outstanding production and financial performance, the Company also maintained its commitment to the principles of sustainable development and corporate social responsibility. The occupational health and safety performance of the Martabe Gold Mine continued to meet best practices in the industry. While this was a very rewarding result, the Company recognises that there is always a need to further reduce safety risk. The site's environmental management performance remained strong. Notably, the record of 100% compliance for discharge from the site's Water Polishing Plant was maintained. The Company continued to deliver a very active community development program. These positive outcomes, and many others, ensured that the Company's social licence to operate the Martabe Gold Mine was maintained. Relationships with all key stakeholders have remained positive, respectful and productive.

Para Pemegang Saham Yang Terhormat,

Mewakili Dewan Komisaris, saya dengan sukacita mempersembahkan laporan kinerja PT Agincourt Resources selama 2017, sebagai bagian dari Laporan Tahunan Perusahaan tahun 2017.

Dewan Komisaris perusahaan meyakini bahwa Perusahaan telah dikelola dengan baik selama 2017, disertai hasil yang memuaskan. Laporan Tahunan ini memberikan gambaran rinci mengenai kinerja Perusahaan dalam hal tersebut. Kinerja yang luar biasa telah dicapai dalam hal indikator-indikator penting produksi dan keuangan, termasuk *All-in Sustaining Cost*, penjualan emas total, serta profit kotor dan bersih. Hasil-hasil tersebut mendukung dilakukannya pembayaran dividen kepada para pemegang saham.

Tahun ini juga memberikan hasil eksplorasi yang sangat baik. Program eksplorasi terbesar Perusahaan telah memberikan tambahan yang sangat signifikan terhadap Sumber Daya dan Cadangan Perusahaan atas emas dan perak, yang memperpanjang usia ekonomi tambang sampai 2033.

Di tahun yang berisi kinerja produksi dan keuangan yang memuaskan, Perusahaan juga tetap mempertahankan komitmen atas prinsip-prinsip pembangunan berkelanjutan dan tanggungjawab sosial perusahaan. Kinerja kesehatan dan keselamatan kerja Tambang Emas Martabe senantiasa memenuhi praktik-praktik terbaik industri. Meskipun hal ini adalah hasil yang sangat baik, Perusahaan menyadari bahwa kebutuhan untuk mengurangi risiko keselamatan akan terus ada. Kinerja manajemen lingkungan tambang terus diperkuat. Khususnya, catatan 100% kepatuhan untuk pembuangan limbah dari *Water Polishing Plant* di *site* terus dijaga. Perusahaan secara berkesinambungan melaksanakan program pengembangan masyarakat yang aktif. Hasil-hasil positif tersebut, serta hasil-hasil lainnya, memastikan bahwa izin sosial Perusahaan dalam menjalankan Tambang Emas Martabe terus terjaga. Hubungan dengan seluruh pemangku kepentingan kunci sampai saat ini bersifat positif, saling menghargai, dan produktif.

In relation to Good Corporate Governance (GCG), the Board of Commissioners fulfilled its mandated duties and responsibilities by means of various board and committee meetings. I can report that the Board of Directors did likewise without exception. I am pleased to report that the Company's corporate governance framework continued to be strengthened with the establishment of a Resources and Reserves Governance Committee. Also, the issue of the Company's first public annual report supported GCG through the open communication of business decision-making and results.

Looking beyond 2017, we are confident that the strategy for growing the Company being implemented by the Board of Directors will continue to be successful, bringing ongoing benefits for all stakeholders.

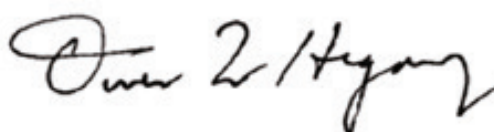
In closing, on behalf of the Board of Commissioners, I would like to express our appreciation to the Board of Directors, all Company employees, contractors, business partners and all stakeholders for delivering outstanding results for PT Agincourt Resources in 2017. Finally, we would like to express our sincere appreciation to our local communities for the support and trust that they routinely and generously provide the Company.

Terkait Tata Kelola Perusahaan Yang Baik, Dewan Komisaris Perusahaan telah memenuhi tugas dan tanggungjawabnya melalui berbagai rapat dewan dan komite. Saya dengan yakin menyampaikan bahwa jajaran Direksi juga telah melakukan hal yang sama tanpa terkecuali. Saya secara sukacita melaporkan bahwa kerangka tata kelola perusahaan PTAR terus diperkuat dengan dibentuknya Komite Tata Kelola Sumber Daya dan Cadangan. Selain itu, diterbitkannya laporan tahunan Perusahaan yang pertama kepada publik telah mendukung Tata Kelola Perusahaan Yang Baik dengan adanya komunikasi terbuka atas pengambilan keputusan bisnis dan hasilnya.

Untuk tahun-tahun berikutnya, kami yakin bahwa strategi dalam mengembangkan Perusahaan, yang diterapkan oleh jajaran Direksi, akan terus menemui keberhasilan, mempersembahkan manfaat bagi seluruh pemangku kepentingan.

Sebagai penutup, atas nama Dewan Komisaris, Saya ingin menyampaikan penghargaan kami kepada jajaran Direksi, seluruh karyawan, kontraktor, mitra bisnis perusahaan dan semua pemangku kepentingan yang telah memberikan hasil memuaskan bagi PT Agincourt Resources di tahun 2017. Terakhir, kami ingin mengucapkan penghargaan kami yang tulus kepada masyarakat lokal atas dukungan dan kepercayaan yang terus diberikan kepada Perusahaan.

Jakarta, March 2018



OWEN HEGARTY
President Commissioner
Presiden Komisaris

BOARD OF COMMISSIONERS PROFILES

PROFIL DEWAN KOMISARIS



OWEN HEGARTY
President Commissioner
Presiden Komisaris

Owen Hegarty has been a Commissioner of PT Agincourt Resources since May 2007 and President Commissioner since March 2016. Owen has more than 40 years of experience in the global mining industry including 25 years with the Rio Tinto group where he was Managing Director of Rio Tinto Asia and Rio Tinto's Australian copper and gold business.

Owen was the founder and Managing Director of Oxiana Limited, where he led the growth of Oxiana from a junior explorer to a major Asia Pacific base and precious metals producer. Oxiana merged with Zinifex to become OZ Minerals.

Owen is also Chairman of the Tigers Realm Minerals Group and Non-Executive Director of Tigers Realm Coal. Until recently, Owen was Vice Chairman of ASX-listed Fortescue Metals Group.

Owen is a Fellow and Former Director of the Australasian Institute of Mining and Metallurgy (AusIMM), a Fellow of the Australian Institute of Company Directors and a member of government and industry resources advisory bodies.

In 2006, Owen was awarded the AusIMM Institute Medal for his leadership and achievements in the mining industry, and in 2008 he was awarded the GJ Stokes Memorial Award for his distinguished service to the mining industry.

Owen Hegarty telah menjabat sebagai Komisaris PT Agincourt Resources sejak bulan Mei 2007 dan diangkat menjadi Presiden Komisaris pada bulan Maret 2016. Owen memiliki pengalaman lebih dari 40 tahun di industri pertambangan global termasuk 25 tahun di grup Rio Tinto, di mana beliau bertugas sebagai *Managing Director* Rio Tinto Asia dan bisnis tembaga dan emas Australia Rio Tinto.

Owen merupakan pendiri dan *Managing Director* Oxiana Limited, di mana beliau memimpin Oxiana sejak perusahaan tersebut masih merupakan *junior explorer* sampai menjadi produsen ternama untuk logam dasar dan mulia. Oxiana melakukan merger dengan Zinifex dan berubah menjadi OZ Minerals.

Owen juga merupakan *Chairman* di Tigers Realm Minerals Group dan menjabat sebagai *Non-Executive Director* di Tigers Realm Coal. Belum lama ini, beliau juga pernah menjabat sebagai *Vice Chairman* di Fortescue Metals Group (FMG) yang terdaftar di Bursa Efek Australia (ASX).

Owen merupakan *Fellow and Former Director* dari Australasian Institute of Mining and Metallurgy (AusIMM), *Fellow* dari Australian Institute of Company Directors (AICD) dan anggota dari badan penasihat pemerintah dan sumber daya industri.

Pada 2006, Owen dianugerahi *AusIMM Institute Medal* atas kepemimpinannya dan keberhasilannya dalam industri pertambangan, dan pada 2008, beliau juga memperoleh penghargaan *GJ Stokes Memorial Award* untuk pengabdian yang luar biasa dalam industri pertambangan.

BOARD OF COMMISSIONERS PROFILES

PROFIL DEWAN KOMISARIS



ANWAR NASUTION
Commissioner
Komisaris

Prof. Dr. Anwar Nasution has been a Commissioner of PT Agincourt Resources since October 2011. He is a professor of economics at the University of Indonesia, where he specialises in applied macroeconomic theory, monetary economics, and international economics. He is also the editor of the *Bulletin of Indonesian Economic Studies*, a journal published by the Australian National University in Canberra.

From 1968-1975, Professor 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 of Indonesia.

He has been a consultant to UNESCAP, UNECLAC, USAID, ADB, World Bank, IMF, and MITI of Japan; a member of the 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 Senior Deputy Governor of the East Asia Economic Association.

Prof. Dr. Anwar Nasution telah menjabat sebagai Komisaris PT Agincourt Resources sejak Oktober 2011. Beliau merupakan seorang profesor ekonomi di Universitas Indonesia dengan spesialisasi dalam teori ekonomi makro terapan, ekonomi moneter, dan ekonomi internasional. Beliau juga editor untuk *Bulletin of Indonesian Economic Studies*, sebuah jurnal yang diterbitkan oleh Australian National University di Canberra.

Selama 1968-1975, Prof. Anwar bekerja di Kementerian Keuangan, dan dari 1985 hingga 1994 menjabat sebagai penasihat ekonomi Menteri Koperasi Republik Indonesia. Selama 1982-1983, beliau menjadi konsultan ekonomi untuk Bank Indonesia, bank sentral Indonesia, dan pada Juli 1999 diangkat sebagai Deputi Gubernur Senior Bank Indonesia, jabatan yang dipegangnya sampai 2004. Pada Oktober 2004, beliau diangkat menjadi ketua Badan Pengawas Keuangan Republik Indonesia.

Beliau telah menjadi konsultan bagi UNESCAP, UNECLAC, USAID, ADB, World Bank, IMF, dan MITI Jepang; anggota dari *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* San Francisco; serta merupakan anggota asosiasi internasional untuk Kementerian Keuangan Jepang, *American Economic Association*, *American Committee on Asian Economic Studies (ACAES)*, dan Wakil Ketua Ikatan Sarjana Ekonomi Indonesia (ISEI); dan *Country Director* di *East Asia Economic Association*.

BOARD OF COMMISSIONERS PROFILES

PROFIL DEWAN KOMISARIS



NOKE KIROYAN
Commissioner
Komisaris

Noke Kiroyan has been a Commissioner of PT Agincourt Resources since January 2012. Noke began his business career as a management trainee with Siemens AG, and earned his professional commercial and accounting qualifications at *Industriekaufmann* in Nuremburg, Germany. Eventually, he became President Director of the Indonesian subsidiary.

After 17 years with Siemens, Salim Group recruited Noke to oversee two chemical plants at the Dutch-German border and in the former German Democratic Republic, respectively. He then moved to Melbourne, Australia, where he served as a group representative before continuing on to Dublin, Ohio, to expand group operations in the United States and Latin America.

In 1997, Noke became President Director of Rio Tinto Indonesia, where he built the Company's reputation and helped resolve long-standing issues with local communities in East Kalimantan. He subsequently managed a world-class coal mine that was going through a challenging share divestment process due to complications from the devolution of regional power. In 2005, he accepted an offer to become President Director of PT Newmont Pacific Nusantara.

Noke Kiroyan telah menjabat sebagai Komisaris di PT Agincourt Resources sejak Januari 2012. Noke memulai karirnya sebagai *management trainee* di Siemens AG dan memperoleh kualifikasi niaga dan akuntansi profesional dari *Industriekaufmann* di Nuremburg, Jerman. Pada akhirnya, beliau menjabat sebagai Presiden Direktur di anak perusahaan Siemens AG di Indonesia.

Setelah 17 tahun bersama Siemens, Salim Group merekrut Noke untuk mengawasi dua pabrik kimia di perbatasan Belanda-Jerman dan di bekas Republik Demokratik Jerman. Beliau kemudian pindah ke Melbourne, Australia, untuk memenuhi tugasnya sebagai perwakilan grup perusahaan sebelum meneruskan karirnya ke Dublin, Ohio, untuk mengembangkan operasi grup di Amerika Serikat dan Amerika Latin.

Pada 1997, Noke menjadi Presiden Direktur Rio Tinto Indonesia, di mana beliau berhasil membangun reputasi perusahaan dan membantu menyelesaikan sengketa berkepanjangan dengan masyarakat setempat di Kalimantan Timur. Beliau kemudian menangani operasi tambang batu bara kelas dunia yang sedang menghadapi kerumitan proses divestasi saham akibat adanya komplikasi dari penyerahan kekuasaan daerah. Pada 2005, beliau menerima tawaran untuk menjabat sebagai Presiden Direktur PT Newmont Pacific Nusantara.

BOARD OF COMMISSIONERS PROFILES

PROFIL DEWAN KOMISARIS



CHIEN MIN CHANG
Commissioner
Komisaris

Chien Min Chang (Jason Chang) is the Chief Executive Officer and Managing Director of EMR Capital, and has been a Commissioner of PT Agincourt Resources since 2016. Prior to EMR Capital, Jason was the Partner in Charge of the Asia Practice for KPMG in Australia and a member of KPMG Australia's leadership team. In these roles, Jason led KPMG Australia's businesses across all service lines (advisory, transactions, tax, audit) for the Asia Australia corridor.

Jason has over 20 years' experience in advisory, mergers and acquisitions and transaction execution in the mining sector and Asian markets. He spent a considerable part of his career assisting Chinese and other Asian companies acquire metals and mining projects globally, working with state-owned, private-owned, and governments across different jurisdictions.

Jason was President of the Australia China Business Council (ACBC, Victoria) from 2008 to 2015 and a Board Member of ACBC during the same period. Jason is also a member of the Asia Taskforce for Asialink, Australia.

Jason graduated with a Master of Laws, Bachelor of Laws and Bachelor of Economics (Majoring in Accounting) from Monash University, Australia, and is admitted as a Barrister and Solicitor of the Supreme Court of Victoria.

Chien Min Chang (Jason Chang) merupakan *Chief Executive Officer* dan *Managing Director* di EMR Capital, dan telah menjadi Komisaris PT Agincourt Resources sejak 2016. Sebelum bergabung dengan EMR Capital, Jason adalah *Partner in Charge of the Asia Practice* untuk KPMG Australia dan juga seorang anggota tim pimpinan KPMG Australia. Dalam peranannya di posisi tersebut, Jason memimpin bisnis KPMG Australia di seluruh lini bisnis perusahaan (konsultasi, transaksi, perpajakan, audit) untuk koridor Asia-Australia.

Jason memiliki pengalaman lebih dari 20 tahun di bidang konsultasi, merger dan akuisisi, serta pelaksanaan transaksi di sektor pertambangan dan pasar Asia, serta menjalani sebagian besar karirnya untuk membantu perusahaan-perusahaan Tiongkok dan Asia lainnya dalam mengakuisisi proyek logam dan pertambangan secara global, bekerja sama dengan badan usaha milik negara, perusahaan swasta, dan pemerintah di berbagai wilayah.

Jason pernah menjabat sebagai Presiden untuk *Australia China Business Council* (ACBC, Victoria) dari 2008 sampai 2015, serta menjadi anggota dewan di ACBC pada periode yang sama. Jason juga dikenal sebagai anggota dari *Asia Taskforce* untuk Asialink, Australia.

Jason memperoleh gelar Master di bidang Hukum, serta gelar Sarjana di bidang Ekonomi (Akuntansi) dari Monash University, Australia, dan diakui sebagai *Barrister* (Advokat) dan *Solicitor* (Konsultan hukum) di Mahkamah Agung Victoria.

BOARD OF COMMISSIONERS PROFILES

PROFIL DEWAN KOMISARIS



ANTONY MANINI
Commissioner
Komisaris

Antony Manini (Tony) is a geologist and business development executive with over 30 years' exploration, development and operations experience in the resources industry. His experience covers a diverse range of commodities in more than 20 countries globally. He is an Executive Director of EMR Capital and has been a Commissioner of PT Agincourt Resources since 2016.

Tony worked with Rio Tinto for 14 years in various technical, commercial and management positions before joining Oxiana Limited in 2000. As the Executive General Manager for exploration and business development at Oxiana/OZ Minerals Limited his responsibilities covered exploration, business development and strategic planning.

Tony is a co-founder and current Chief Executive Officer of the Tigers Realm Minerals Group involved in developing coking coal discoveries in Far Eastern Russia, copper and gold assets in Indonesia and uranium in Canada (NexGen Energy). He is Executive Chairman of LSE:AIM-listed Asiamet Resources.

Antony Manini (Tony) merupakan seorang ahli geologi dan eksekutif pengembangan bisnis dengan pengalaman lebih dari 30 tahun di bidang eksplorasi, pengembangan dan operasi industri sumber daya alam. Pengalamannya mencakup berbagai jenis komoditas di lebih dari 20 negara di seluruh dunia. Beliau saat ini menjabat sebagai *Executive Director* di EMR Capital dan telah menjadi Komisaris PT Agincourt Resources sejak 2016.

Tony memiliki 14 tahun karir di Rio Tinto dalam berbagai jabatan teknis, komersial, dan manajemen sebelum pada akhirnya bergabung dengan Oxiana Limited pada 2000. Sebagai *Executive General Manager* untuk eksplorasi dan pengembangan bisnis di Oxiana/OZ Minerals Limited, beliau bertanggung jawab untuk bidang eksplorasi, pengembangan bisnis dan perencanaan strategis.

Tony adalah salah satu pendiri dan saat ini menjabat sebagai *Chief Executive Officer* dari Tigers Realm Minerals Group yang terlibat dalam mengembangkan penemuan batu bara kokas atau *coking coal* di Timur Jauh Rusia, aset tembaga dan emas di Indonesia serta Uranium di Kanada (NexGen Energy). Beliau kini menjabat sebagai *Executive Chairman* di Asiamet Resources yang terdaftar di Bursa Efek London (LSE).

BOARD OF COMMISSIONERS PROFILES

PROFIL DEWAN KOMISARIS



BENJAMIN YRINEO SANTOS ENCARNACION

Commissioner
Komisaris

Benjamin Yrineo Santos Encarnacion (Mino) joined the Farallon group in 2009 at Farallon Asia and has been a Commissioner of PT Agincourt Resources since 2016. Previously, Mino worked in Singapore as a Director at Merrill Lynch's credit and illiquid risks structuring group, a Director at Framework Capital Solutions and a Director at the legal and compliance department of Credit Suisse First Boston. Prior to moving to Singapore, Mino practiced law in New York where he was an associate at Clifford Chance Rogers & Wells, working in the global structured products group.

Mino graduated with a Bachelor of Law degree from the University of the Philippines College of Law and a Bachelor of Arts in Economics, *Cum Laude*, from the University of the Philippines, School of Economics.

Benjamin Yrineo Santos Encarnacion (Mino) bergabung dengan grup Farallon pada 2009 di Farallon Asia dan telah menjadi Komisaris di PT Agincourt Resources sejak 2016. Sebelumnya, Mino bekerja di Singapura sebagai Direktur di grup strukturisasi kredit dan risiko tidak lancar di Merrill Lynch, Direktur di Framework Capital Solutions, dan Direktur di departemen legal dan kepatuhan di Credit Suisse First Boston. Sebelum pindah ke Singapura, Mino menjalankan praktik hukum di New York sebagai seorang *Associate* di Clifford Chance Rogers & Wells, yang bergerak dalam cakupan grup produk berstruktur global.

Mino meraih gelar Sarjana Hukum dari University of the Philippines, College of Law dan Sarjana di bidang Ekonomi, *Cum Laude* dari University of the Philippines, School of Economics.

BOARD OF COMMISSIONERS PROFILES

PROFIL DEWAN KOMISARIS



ASHISH GUPTA
Commissioner
Komisaris

Ashish Gupta joined Farallon in 2007 and is a Partner and Managing Director at Farallon Capital Asia Pte. At Farallon, his responsibilities include managing the private credit and equity portfolio for Asia ex-Japan. He has been a Commissioner of PT Agincourt Resources since 2016. Previously, Ashish worked in the investment banking division of Goldman Sachs in Singapore, where he focused on mergers and acquisitions and capital markets assignments for companies in Asia.

Ashish graduated with a Bachelor of Commerce (Hons) from University of Delhi. He obtained his post graduate diploma in management from the Indian Institute of Management, Ahmedabad.

Ashish Gupta bergabung dengan Farallon pada 2007 dan menduduki posisi sebagai *Partner and Managing Director* di Farallon Capital Asia Pte. Tanggung jawab beliau di Farallon meliputi pengelolaan kredit dan portofolio ekuitas swasta untuk Asia selain Jepang. Beliau telah menjadi Komisaris PT Agincourt Resources sejak 2016. Sebelumnya, Ashish bekerja di divisi investasi perbankan Goldman Sachs Singapura, di mana perannya berfokus pada urusan merger dan akuisisi serta urusan pasar modal untuk perusahaan-perusahaan di Asia.

Ashish mendapatkan gelar Sarjana Akuntansi. (Hons) dari University of Delhi. Beliau kemudian memperoleh diploma pascasarjana di bidang manajemen dari Indian Institute of Management, Ahmedabad.

REPORT FROM THE BOARD OF DIRECTORS

LAPORAN DIREKSI



TIM DUFFY
President Director & Managing Director
Presiden Direktur & *Managing Director*

Dear Honourable Shareholders,

On behalf of the Board of Directors, I am pleased to present this 2017 Annual Report for PT Agincourt Resources. As with the 2016 Annual Report, the focus of this report is operational and financial performance of the company and corporate governance. The performance of the Company in implementing the principles of sustainable development will be documented in greater detail in the Company's 2017 Sustainability Report.

I have taken the opportunity here to summarise some key outcomes of importance in assessing the Company's business performance in 2017. However, I encourage readers to turn to the following sections for more detailed accounts that have been drafted in accordance with the Company's Core Values of *Growth, Respect, Excellence, Action* and *Transparency*.

Operational and Financial Highlights

By many measures, 2017 was the most successful year for production at the Martabe Gold Mine since commencement. Mining at Purnama, Barani and the newly developed Ramba Joring pit supported a record plant throughput of 5.35 million tonnes of ore for the year, 19 percent above the plant's original design capacity of 4.5 million tonnes per annum. This high throughput, together with improved gold recoveries, yielded a record 355,000 ounces of gold for the year. The All-in Sustaining Cost (AISC) of gold production in 2017 was \$405 per ounce, the lowest ever for the Martabe Gold Mine. This was an outstanding result by industry standards, reflecting the ongoing reduction of costs achieved through the Martabe Improvement Program (MIP), lower strip ratios and increased sales.

Kepada Para Pemegang Saham Yang Terhormat,

Atas nama Direksi, dengan gembira saya menyampaikan Laporan Tahunan 2017 PT Agincourt Resources. Sama seperti Laporan Tahunan 2016, fokus laporan ini adalah kinerja keuangan dan operasional perusahaan serta tata kelola perusahaan. Kinerja Perusahaan dalam menerapkan prinsip-prinsip pembangunan berkelanjutan akan didokumentasikan secara lebih jelas dalam Laporan Berkelanjutan Tahun 2017 Perusahaan.

Pada kesempatan ini perkenankan saya untuk merangkum beberapa hasil-hasil utama terkait pentingnya menilai kinerja bisnis Perusahaan selama 2017. Namun demikian, saya mendorong para pembaca untuk memperhatikan bagian-bagian berikut secara lebih detail yang telah dibuat sesuai dengan Nilai-nilai Inti Perusahaan yaitu *Growth* (Pertumbuhan), *Respect* (Penghargaan), *Excellence* (Keunggulan), *Action* (Aksi Nyata), dan *Transparency* (Transparansi).

Fokus Operasional dan Keuangan

Berdasarkan banyak ukuran, tahun 2017 merupakan tahun paling sukses untuk produksi di Tambang Emas Martabe sejak dimulainya operasi. Penambangan di Purnama, Barani dan pit yang baru dikembangkan yaitu Ramba Joring telah menyumbangkan rekor *throughput* (hasil keluaran) pabrik sebesar 5,35 juta ton bijih di tahun tersebut, 19 persen di atas kapasitas rancang asli pabrik sebesar 4,5 juta ton per tahun. *Throughput* yang tinggi ini, bersama dengan peningkatan perolehan emas, telah menghasilkan rekor 355.000 ons emas di tahun tersebut. *All-in Sustaining Cost* (AISC) produksi emas pada tahun 2017 adalah \$405 per ons, angka terendah bagi Tambang Emas Martabe. Hal ini merupakan hasil yang luar biasa menurut standar industri, yang mencerminkan pengurangan biaya secara terus-menerus yang dicapai melalui *Martabe Improvement Program* (MIP), rasio pengupasan yang lebih rendah, dan penjualan yang meningkat.

This record-setting operational performance together with an increasing gold price yielded very strong financial results for 2017. The Company recorded a record Gross Profit of \$267 million and a record Net Profit After Tax of \$151 million. These results supported a dividend of \$134 million, maintaining a consistent record of returns for the Company's shareholders.

Exploration

Consistent with our Growth strategy, Martabe embarked on an aggressive exploration program which yielded outstanding results. This included the site's largest ever drilling program, utilising a fleet of up to 15 rigs. Mineral Resources increased by 15 percent to 217 million tonnes with Contained Gold increasing by 17 percent to 8.8 million ounces (net of mining depletion). Ore Reserves increased by 66 percent to 88 million tonnes with Contained Gold increasing by 47 percent to 4.7 million ounces (net of mining depletion), extending the economic life of the mine by six years to 2033. This has a very strong and positive impact on the inherent value of the Martabe Gold Mine asset, and the benefits that it will provide for all its stakeholders.

Human Resources

In 2017, we continued to be successful in the recruitment and development of a high-quality workforce to meet the needs of the business. The commitment to providing local communities with opportunities for employment at the mine was maintained, and at the end of the year a record 75 percent of the total site workforce was local.

Rekor kinerja pengaturan operasional ini bersama dengan meningkatnya harga emas telah menghasilkan kinerja keuangan yang sangat kuat selama tahun 2017. Perusahaan membukukan Laba Kotor sebesar \$267 juta dan Laba Bersih Setelah Pajak sebesar \$151 juta. Capaian tersebut menghasilkan dividen sebesar \$134 juta, mempertahankan rekor yang konsisten atas hasil bagi para pemegang saham Perusahaan.

Eksplorasi

Sesuai dengan strategi *Growth* (Pertumbuhan), Martabe memulai program eksplorasi agresif yang memberikan hasil luar biasa. Hal ini mencakup program pengeboran terbesar di *site*, dengan menggunakan armada peralatan hingga 15 rig. Sumber daya mineral meningkat 15 persen hingga 217 juta ton dengan Emas Terkandung meningkat sebesar 17 persen hingga 8,8 juta ons (bersih dari penyusutan tambang). Cadangan Bijih meningkat sebesar 66 persen hingga 88 juta ton dengan Emas Terkandung meningkat sebesar 47 persen hingga 4,7 juta ons (bersih dari penyusutan tambang), memperpanjang umur ekonomis tambang selama enam tahun hingga 2033. Hal ini memberikan dampak yang sangat kuat dan positif terhadap nilai yang melekat pada aset Tambang Emas Martabe, serta manfaat yang akan tersedia bagi seluruh pemangku kepentingan.

Sumber Daya Manusia

Pada 2017, Perusahaan melanjutkan keberhasilannya dalam perekrutan dan pengembangan tenaga kerja berkualitas tinggi guna memenuhi kebutuhan bisnis. Komitmen untuk menyediakan lapangan pekerjaan di tambang bagi masyarakat sekitar terus dipertahankan, dan di akhir tahun telah tercatat 75 persen dari total tenaga kerja yang berada di *site* terdiri dari para tenaga kerja lokal.

In support of the PTAR Gender Diversity Program, 753 or 93 percent of PTAR employees, attended gender diversity training in 2017. Changes to the Company's recruitment process resulted in 36 percent of new employees in 2017 being female. Our total workforce of employees and contractors includes 476, or 20 percent, females. In terms of PTAR employees, 21 percent of our superintendents and managers are female.

There were no industrial disputes during the year, and the relationship between the Company and the employee union remained harmonious.

Safety

Irrespective of the records set for production and exploration in 2017, the Company maintained focus on eliminating accidents from the workplace. The Martabe Gold Mine experienced only one Lost Time Injury (LTI) in 2017, when a contractor employee working on a drill rig suffered a broken carpal bone. This resulted in a Lost Time Injury Frequency Rate (LTIFR) for the site of 0.15 in 2017. This was our first LTI in almost 2 years with our previous LTI occurring in October 2015. By industry standards this was an excellent result, and a continuation of the very low incidence of Lost Time Injuries experienced at the site from before commencement of operations.

Significant improvements in safety management in 2017 included a Frontline Safety Leadership Course, delivered to 107 site supervisors including all Company supervisors, and for the first time at the Martabe Gold Mine, a third-party safety audit. This audit assessed the implementation of critical safety controls across the site, and identified opportunities for further reducing safety risk, to be addressed in 2018.

Dalam mendukung Program Keberagaman Gender PTAR, 753 atau 93 persen dari karyawan PTAR mengikuti pelatihan keberagaman gender pada 2017. Perubahan pada proses perekrutan Perusahaan tersebut berhasil merekrut 36 persen karyawan baru pada 2017 yang merupakan tenaga kerja perempuan. Total tenaga kerja dan kontraktor kami mencakup 476 atau 20 persen tenaga kerja perempuan. Di antara seluruh karyawan PTAR, 21 persen *superintendent* dan manajer adalah perempuan.

Tidak ada sengketa industri yang terjadi selama tahun tersebut, dan hubungan antara Perusahaan dan serikat pekerja tetap terjalin secara harmonis.

Keselamatan

Terlepas dari rekor produksi dan eksplorasi pada 2017, Perusahaan mempertahankan fokusnya untuk menghilangkan kecelakaan dari tempat kerja. Tambang Emas Martabe hanya mengalami satu *Lost Time Injury* (LTI) pada 2017, yaitu ketika karyawan kontraktor yang bekerja di rig pengeboran menderita patah pergelangan tangan. Kejadian tersebut menghasilkan *Lost Time Injury Frequency Rate* (LTIFR) bagi *site* sebesar 0,15 pada 2017. Hal ini merupakan LTI pertama dalam hampir 2 tahun dengan LTI sebelumnya terjadi pada Oktober 2015. Berdasarkan standar industri, hal ini merupakan hasil yang sangat baik, dan merupakan kelanjutan dari sangat rendahnya insiden *Lost Time Injuries* yang ditemui di *site* sejak sebelum dimulainya operasi.

Peningkatan signifikan dalam manajemen keselamatan pada 2017 termasuk Pelatihan *Frontline Safety Leadership*, yang disampaikan kepada 107 supervisor *site* termasuk semua supervisor Perusahaan, dan untuk pertama kalinya di Tambang Emas Martabe, audit keselamatan oleh pihak ketiga dilakukan. Audit ini menilai implementasi kontrol keselamatan penting di seluruh *site* dan peluang yang ada untuk terus mengurangi risiko kecelakaan serius, yang harus diupayakan pada 2018.

Environment

The environmental performance of the Martabe Gold Mine remained strong in 2017, with no significant environmental incidents reported. The mine achieved 100 percent compliance with the site permit for discharge of treated water to the Batangtoru River, maintaining an unbroken record of discharge permit compliance since commencement. The site received an UTAMA (Silver) award under the Ministry Energy and Mineral Resources (ESDM) environmental management assessment program for mines. Total area rehabilitated at site remained stable at 13.1 hectares, as no areas became available for rehabilitation during the year.

In November 2017, the orangutan population in the Batangtoru Forest was recognised as a new species, named the Tapanuli orangutan or *Pongo tapanuliensis*. This finding has greatly elevated the conservation status of the remaining orangutan habitat, which is near the north-eastern boundary of Martabe.

Community Development

Support for community development by the Company continued in 2017, maintaining focus on the key areas of health, education, local business and economic development, public infrastructure, and community relations. The Company expended \$1.7 million in direct support of programs and projects. This was in addition to payments for the provision of goods and services by local contractor companies.

Lingkungan Hidup

Kinerja lingkungan hidup Tambang Emas Martabe tetap kuat di tahun 2017, tanpa adanya insiden lingkungan hidup signifikan yang dilaporkan Tambang mencatat tingkat 100 persen kepatuhan terhadap izin *site* untuk pembuangan air olahan ke Sungai Batangtoru, mempertahankan rekor kepatuhan izin pembuangan sejak dimulainya operasi. *Site* menerima penghargaan UTAMA (Perak) dari program penilaian pengelolaan lingkungan hidup yang dilakukan oleh Kementerian Energi dan Sumber Daya Mineral untuk tambang. Total area yang direhabilitasi di *site* tetap stabil pada area seluas 13,1 hektare, karena tidak adanya area yang tersedia untuk rehabilitasi selama tahun tersebut.

Pada bulan November 2017, ditemukan spesies baru pada populasi orangutan di Hutan Batangtoru, yaitu Orangutan Tapanuli atau *Pongo tapanuliensis*. Penemuan ini meningkatkan status konservasi menjadi lebih tinggi untuk habitat orangutan yang tersisa, yang berada dekat dengan perbatasan timur laut Martabe.

Pengembangan Masyarakat

Dukungan untuk pengembangan masyarakat oleh Perusahaan terus berlanjut di tahun 2017, dengan tetap berfokus pada area utama kesehatan, pendidikan, pengembangan bisnis dan ekonomi lokal, infrastruktur umum, dan hubungan masyarakat. Perusahaan mengeluarkan \$1,7 juta dalam bentuk bantuan langsung untuk berbagai program dan proyek. Hal ini merupakan tambahan dari pembayaran untuk penyediaan barang dan jasa oleh perusahaan kontraktor lokal.

Corporate Governance

In 2017, the Company met all legal requirements regarding corporate governance, the most important being those laid out in Law No. 40/2017 on Limited Liability Companies. The Company's corporate governance framework is based on a dual board system, in which the Board of Directors manages Company operations including risk and compliance aspects, while the Board of Commissioners provides oversight of these decisions. In addition, various steering and technical committees led by Board members address key areas of business risk. Corporate governance was strengthened in 2017 with the establishment of a Resources and Reserves Governance Committee, the function of which is to provide assurance to the Boards and Company shareholders that Resources and Reserves are developed in line with the JORC code and the Company Resources and Reserves Policy.

Appreciation

On behalf of the Board of Directors, I wish to express our deep appreciation to all PTAR employees, whose efforts in 2017 delivered such outstanding results. We also wish to thank our contractors, suppliers and other business partners that provided support for the Company in 2017. Finally, I wish to thank the Board of Commissioners and the Company's shareholders for the unstinting trust and support that they provided to the Board of Directors during the year.

Tata Kelola Perusahaan

Pada tahun 2017, Perusahaan telah memenuhi semua ketentuan hukum dalam hal tata kelola perusahaan, terutama yang tercantum dalam Undang-Undang No. 40/2017 tentang Perseroan Terbatas. Kerangka kerja tata kelola perusahaan didasarkan pada sistem dewan ganda, di mana Direksi mengatur operasi perusahaan termasuk aspek risiko dan kepatuhan, sementara Dewan Komisaris memberikan pengawasan atas keputusan tersebut. Selain itu, berbagai komite pengarah dan teknis yang dipimpin oleh anggota Dewan bertugas untuk menangani area penting terkait risiko bisnis. Tata Kelola Perusahaan semakin diperkuat pada tahun 2017 dengan pembentukan Komite Tata Kelola Sumber Daya dan Cadangan, yang berfungsi untuk memberikan jaminan kepada Dewan dan pemegang saham Perusahaan bahwa Sumber Daya dan Cadangan dikembangkan sesuai dengan standar JORC dan Kebijakan Sumber Daya dan Cadangan Perusahaan.

Penghargaan

Atas nama Dewan Direksi, saya menyampaikan penghargaan setinggi-tingginya kepada seluruh karyawan PTAR, yang berkat usahanya di tahun 2017 telah memberikan hasil yang sangat luar biasa. Kami juga mengucapkan terima kasih kepada para kontraktor, pemasok, dan mitra bisnis lainnya yang telah mendukung Perusahaan pada tahun 2017. Akhir kata, saya ingin menyatakan rasa terima kasih kepada Dewan Komisaris dan para pemegang saham Perusahaan atas kepercayaan dan dukungan yang diberikan secara terus-menerus kepada Dewan Direksi selama tahun 2017.

Jakarta, March 2018



TIM DUFFY

President Director & Managing Director
Presiden Direktur & *Managing Director*

BOARD OF DIRECTORS PROFILES

PROFIL DIREKSI



TIM DUFFY

President Director & Managing Director

Presiden Direktur & Managing Director

Tim Duffy was appointed Director of Operations of PT Agincourt Resources on 8 June 2009 and subsequently appointed as Executive General Manager on 1 January 2013. From 26 June 2015, he was appointed President Director and Managing Director of PT Agincourt Resources.

Tim has over 20 years of experience in the mining industry and has operational experience in gold, silver, nickel, copper, uranium, coal and open cut and underground mining operations. He has been engaged in finance, commercial and operations roles in mining projects and has strategic capability across the full suite of mining activities in an Asian environment. Tim 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 is a member of the AusIMM and CPA Australia.

Tim is a Certified Practicing Accountant (CPA) and holds a Bachelor degree in Commerce.

Tim Duffy diangkat menjadi Direktur Operasi PT Agincourt Resources pada tanggal 8 Juni 2009, dan selanjutnya ditunjuk menjadi *Executive General Manager* pada tanggal 1 Januari 2013. Sejak tanggal 26 Juni 2015, beliau resmi menjabat sebagai Presiden Direktur dan *Managing Director* PT Agincourt Resources.

Tim memiliki pengalaman lebih dari 20 tahun di industri pertambangan dan telah berkecimpung dalam operasi pertambangan emas, perak, nikel, tembaga, uranium, batu bara, serta operasi penambangan terbuka dan bawah tanah. Beliau juga berpengalaman dalam tugas-tugas keuangan, komersial, dan operasional dalam berbagai proyek tambang dan memiliki kemampuan strategis di seluruh kegiatan pertambangan di wilayah Asia. Tim pernah menjabat sebagai *General Manager Finance* untuk Asia di OZ Minerals Limited, dengan tanggung jawab utama memberikan panduan komersial serta arahan strategis untuk operasi dan bisnis di Asia. Beliau merupakan anggota dari AusIMM dan CPA Australia.

Tim adalah seorang *Certified Practicing Accountant* (CPA) dan memiliki gelar sarjana di bidang *Commerce*.

BOARD OF DIRECTORS PROFILES

PROFIL DIREKSI



LINDA SIAHAAN
Deputy President Director
Wakil Presiden Direktur

Linda Siahaan has been the Deputy President Director of PT Agincourt Resources since May 2015 and has served as Director of Government Relations and External Relations since 31 March 2011. Linda is also responsible for establishing and maintaining relationships with all relevant stakeholders. She has worked for PT Agincourt Resources since July 2007. Her responsibilities include maintaining harmonious relationships with the government of the Republic of Indonesia and 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.

Linda 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 menjadi Wakil Presiden Direktur PT Agincourt Resources sejak bulan Mei 2015, dan telah menjabat sebagai Direktur *Government Relations* dan *External Relations* PT Agincourt Resources sejak tanggal 31 Maret 2011. Linda juga bertanggung jawab untuk membangun dan menjaga hubungan baik dengan seluruh pemangku kepentingan yang terkait. Beliau telah bergabung di PT Agincourt Resources sejak bulan Juli 2007. Tanggung jawabnya termasuk menjaga hubungan baik dengan Pemerintah Republik Indonesia dan memastikan bahwa PT Agincourt Resources mematuhi undang-undang dan peraturan yang berlaku di Indonesia. Linda memulai karirnya di Mobil Oil Indonesia. Dari tahun 1997 sampai 2007, beliau bekerja di departemen *External Relations* PT Newmont Nusa Tenggara, salah satu perusahaan tambang tembaga dan emas terbesar di dunia.

Beliau memiliki kualifikasi di bidang akuntansi dari Universitas Sumatera Utara, serta Diploma dalam Ilmu Komunikasi dari Ketchum Institute of Public Relations di Fairfax, Amerika Serikat.

BOARD OF DIRECTORS PROFILES

PROFIL DIREKSI



NAVIN SONTHALIA

Director
Direktur

Navin Sonthalia joined PT Agincourt Resources as Director and Chief Financial Officer in 2016. Previously, he worked as Head of Strategic Finance and FP&A in Axiata Group Berhad, Malaysia. He served as BOD and Audit Committee member of several of the Group's investments in South East Asia. Prior to Axiata, he worked for the Rajawali Group in Indonesia for more than 10 years across several of their investments in various roles.

Navin obtained his Bachelor of Commerce from St. Xavier's College, India. He is a qualified Chartered Management Accountant (CIMA, UK) and a Chartered Certified Accountant (ACCA, UK). He also holds an Honours Diploma in Systems Management from NIIT, India.

Navin Sonthalia bergabung dengan PT Agincourt Resources pada tahun 2016 sebagai Direktur & *Chief Financial Officer*. Sebelumnya, beliau menjabat sebagai *Head, Strategic Finance and FP&A* di Axiata Group Berhad, Malaysia. Beliau juga pernah menduduki posisi Direksi dan anggota Komite Audit di beberapa perusahaan Grup Axiata di Asia Tenggara. Sebelum bergabung dengan Axiata, Navin pernah menjabat berbagai posisi di Grup Rajawali selama lebih dari 10 tahun pada beberapa investasi di grup tersebut.

Beliau memperoleh gelarnya sebagai *Bachelor of Commerce* dari St. Xavier's College, India. Navin juga memiliki kualifikasi sebagai *Chartered Management Accountant* (CIMA, Inggris) dan *Chartered Certified Accountant* (ACCA, Inggris). Selain itu, beliau juga meraih *Honors Diploma* di bidang Manajemen Sistem dari NIIT, India.

BOARD OF DIRECTORS PROFILES

PROFIL DIREKSI



ED COONEY
Director
Direktur

Ed Cooney was appointed Deputy General Manager Operations of PT Agincourt Resources on 14 January 2013 and subsequently appointed General Manager Operations on 1 July 2015. He is a member of the AusIMM and has over 18 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 Queensland, Australia. Ed holds a Bachelor of Engineering/Mining degree from UNSW and dual MBAs from UCLA and NUS.

Ed Cooney ditunjuk sebagai *Deputy General Manager Operations* di PT Agincourt Resources pada tanggal 14 Januari 2013, kemudian diangkat sebagai *General Manager Operations* pada tanggal 1 Juli 2015. Beliau adalah anggota AusIMM dan memiliki pengalaman lebih dari 18 tahun dalam industri pertambangan, termasuk dalam bidang operasional dan teknis baik operasi tambang bawah tanah maupun terbuka, dengan komoditas tambang termasuk tembaga, perak, timbal, seng, batu bara, dan emas. Sebelumnya, Ed pernah bekerja di MIM Holdings, Barrick Gold, Xstrata Zinc; dan sebelum bergabung dengan PT Agincourt Resources, beliau juga menjabat sebagai *Mining Manager* pada operasi tambang perak, timbal, dan seng bawah tanah Cannington milik BHP Billiton di Queensland, Australia. Ed menyandang gelar Sarjana Teknik/Pertambangan dari UNSW dan gelar dual MBA dari UCLA dan NUS.

BOARD OF DIRECTORS PROFILES

PROFIL DIREKSI



WASHINGTON TAMBUNAN

Director
Direktur

Washington Tambunan has been a Director of PT Agincourt Resources since 2012. He has some twenty years of experience as the Head of the Mines and Energy Office in the provinces of North Sumatra, North Sulawesi, Central Sulawesi, and Maluku from 1990 to 2009. From February 2005 to June 2006 he was the acting Bupati for Central Tapanuli, North Sumatra. He is also a recipient of the Satya Lencana Kesetiaan Award (for loyalty in the public service) from the President of the Republic of Indonesia for achieving ten, twenty, and thirty years of service.

Washington Tambunan telah diangkat menjadi Direktur di PT Agincourt Resources sejak tahun 2012. Beliau memiliki pengalaman selama kurang lebih 20 tahun sebagai Kepala Dinas Pertambangan dan Energi di Provinsi Sumatera Utara, Sulawesi Utara, Sulawesi Tengah, dan Maluku dari tahun 1990 sampai 2009. Dari bulan Februari 2005 hingga Juni 2006, beliau bertindak sebagai Pelaksana Harian Bupati Tapanuli Tengah, Sumatera Utara. Beliau menerima penghargaan Satya Lencana Kesetiaan (untuk pengabdian sebagai pegawai negeri sipil) dari Presiden Republik Indonesia atas pencapaian masa kerja 10 tahun, 20 tahun, dan 30 tahun.

BOARD OF DIRECTORS PROFILES

PROFIL DIREKSI



PETER CHAMBERS


Director
Direktur

Peter Chambers was appointed as an advisor to Farallon Capital in 2014 and advises on a number of Farallon Indonesian investments. He has been a Director of PT Agincourt Resources since 2016. Peter was previously a Board Member and Managing Director of Strategy and Governance for Rajawali Corporation, an Indonesian conglomerate. At Rajawali he had responsibility for the development and execution of the strategic plan as well as overseeing the governance framework. Prior to Rajawali he held important positions in several international companies such as Coopers and Lybrand and PT XL Axiata Tbk. Today Peter also serves as an Independent Commissioner of PT XL Axiata Tbk (IDX listed) and Chairman of Indomines (ASX listed).

Peter obtained a Bachelor of Business from the Royal Melbourne Institute of Technology, Melbourne, Australia.

Peter Chambers diangkat sebagai penasihat Farallon Capital pada tahun 2014 dan berperan untuk memberi masukan mengenai sejumlah investasi Farallon di Indonesia. Beliau telah menjadi Direktur PT Agincourt Resources sejak tahun 2016. Sebelumnya, Peter merupakan Anggota Dewan Direksi dan *Managing Director of Strategy and Governance* di Rajawali Corporation, sebuah grup perusahaan besar Indonesia. Di Rajawali, beliau bertanggung jawab untuk mengembangkan dan melaksanakan rencana strategis serta mengawasi pelaksanaan kerangka kerja tata kelola. Sebelum bergabung dengan Rajawali, beliau menduduki beberapa jabatan penting di berbagai perusahaan internasional seperti Coopers and Lybrand dan PT XL Axiata Tbk. Saat ini, Peter juga menjabat sebagai Komisaris Independen di PT XL Axiata Tbk (terdaftar di Bursa Efek Indonesia) dan *Chairman* di Indomines (terdaftar di Bursa Efek Australia).

Beliau memperoleh gelar Sarjana Bisnis dari Royal Melbourne Institute of Technology, Melbourne, Australia.



MANAGEMENT DISCUSSION & ANALYSIS

PEMBAHASAN & ANALISIS MANAJEMEN

Development of access to the Ramba Joring pit in 2017.

Pembangunan jalan akses ke Pit Ramba Joring di tahun 2017.



MANAGEMENT DISCUSSION & ANALYSIS

PEMBAHASAN & ANALISIS MANAJEMEN

2017 was the most successful year yet for exploration and production at the Martabe Gold Mine. Gold reserves increased by 47% to 4.7 million ounces and gold production increased by 14% to a new record of 355,000 ounces.

2017 merupakan tahun yang paling sukses untuk eksplorasi dan produksi di Tambang Emas Martabe. Cadangan emas meningkat 47% menjadi 4,7 juta ons dan produksi emas meningkat 14% hingga mencapai rekor baru sebesar 355.000 ons.

INDUSTRY OVERVIEW

The gold price continued to trend upwards in 2017, increasing by 12.2% over the year, due primarily to depreciation of the U.S. dollar following the change of government in the United States, and consequent political uncertainty. The tensions in the Korean peninsula also contributed to the overall uncertain environment. Starting the year at \$1,151 per ounce, gold reached \$1,346 per ounce in September, before settling at \$1,291 per ounce at the year's end.

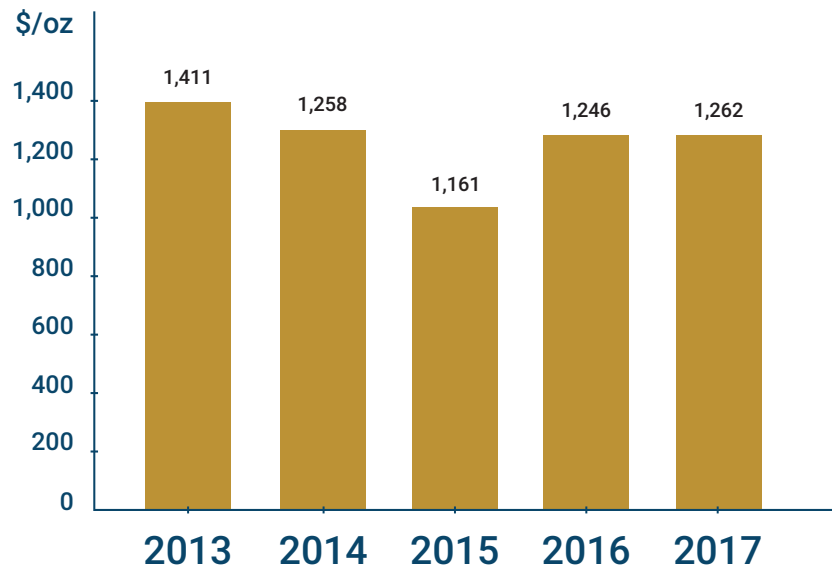
Overall global demand for gold declined marginally by 7% in 2017, against a backdrop of rising equity markets and expectations of tighter monetary policy. Investment demand was much lower, falling by 23%, particularly in the U.S. where there was a noticeable reduction in bullion purchases, and inflows to gold-backed Exchange Traded Funds declined 63%. Conversely, consumer interest remained firm, driven by jewellery demand supported by improved economic conditions in China and India; the latter showing recovery from the demonetization policy that was introduced in November 2016.

GAMBARAN UMUM INDUSTRI

Harga emas cenderung terus mengalami peningkatan sebesar 12,2% selama tahun 2017, yang diakibatkan oleh depresiasi nilai tukar dolar AS setelah pergantian pemerintahan di Amerika Serikat dan ketidakstabilan politik. Ketegangan di semenanjung Korea juga berkontribusi terhadap ketidakstabilan lingkungan secara keseluruhan. Harga emas pada tahun ini dibuka pada harga \$1.151 per ons, di bulan September harga emas mencapai \$1.346 per ons, sebelum ditutup pada harga \$1.291 per ons di akhir tahun.

Secara keseluruhan permintaan emas dunia sedikit mengalami penurunan sebesar 7% pada tahun 2017, terhadap penurunan kembali kenaikan pasar ekuitas dan ekspektasi kebijakan moneter yang lebih ketat. Permintaan investasi jauh lebih rendah, turun sebesar 23%, terutama di AS di mana terjadi penurunan yang nyata dalam pembelian emas batangan dan arus masuk ke dalam Dana Perdagangan Valuta Asing yang didukung oleh emas menurun sebesar 63%. Sebaliknya, minat konsumen tetap kuat, didorong oleh permintaan perhiasan yang didukung perbaikan kondisi ekonomi di Cina dan India, yang telah pulih dari kebijakan demonetisasi yang diperkenalkan pada bulan November 2016.

Gold Sales Price Realization Realisasi Harga Jual Emas



Waste rock removal
by PT Macmahon Mining
Services.

Penempatan batuan
buangan oleh PT
Macmahon
Mining
Services.



OPERATIONAL REVIEW

Operational performance at The Martabe Gold Mine during 2017 was exceptional, with new records being achieved across the majority of key operating metrics. Mining continued at both the Purnama and Barani pits and access to the new Ramba Joring pit was established in 2017, with early phase mining commencing late in the year. An annual throughput record of 5.35 million tonnes was achieved at the process plant, the result of improved ore blends and improvement initiatives under the Company's Martabe Improvement Program (MIP). Connection to the North Sumatran electricity grid was successfully commissioned in 2017, with full migration to grid power achieved in November.

TINJAUAN OPERASIONAL

Kinerja operasional Tambang Emas Martabe selama 2017 sangat luar biasa dengan catatan baru yang sedang dicapai pada sebagian besar metrik operasi utama. Penambangan dilanjutkan di pit Purnama dan Barani dan akses ke pit Ramba Joring baru dibangun pada tahun 2017, dengan kegiatan penambangan tahap awal dimulai pada akhir tahun. Catatan *throughput* tahunan sebesar 5,35 juta ton dicapai di pabrik pengolahan, hasil dari campuran bijih yang lebih baik dan inisiatif perbaikan di bawah MIP Perusahaan (Program Perbaikan Martabe). Sambungan ke jaringan listrik Sumatera Utara berhasil diujicobakan pada tahun 2017, dengan migrasi penuh ke jaringan tenaga listrik dicapai pada bulan November.

Daily production meeting at the Purnama pit lookout.

Rapat produksi harian di *lookout* pit Purnama.

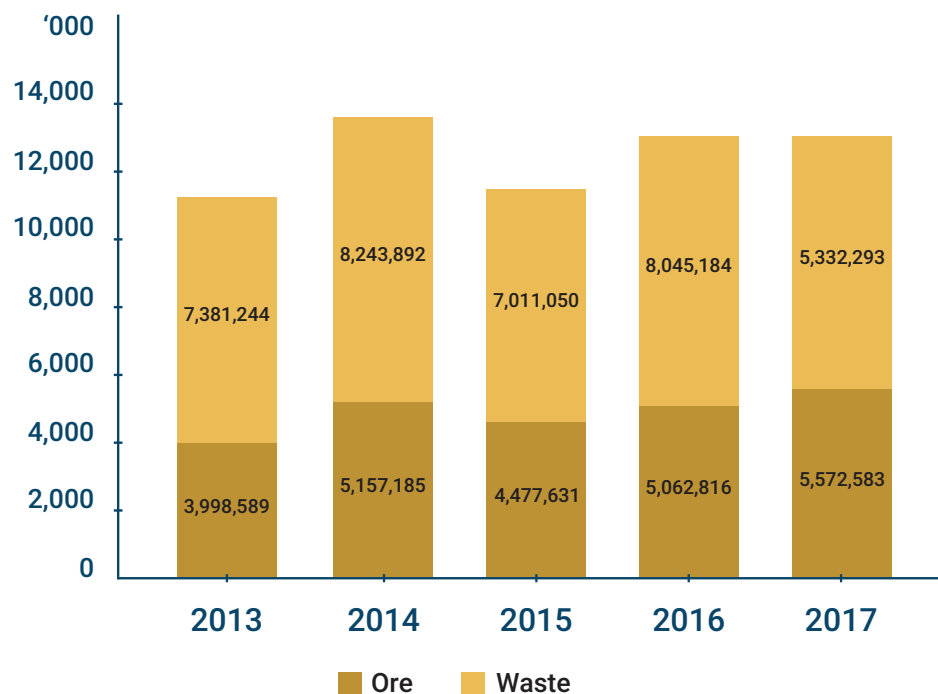


Mining

Penambangan

	2017	2016	
Mined Ore – Purnama (t)	4,335,583	4,725,000	Bijih yang ditambang – Purnama (t)
Mined Waste – Purnama (t)	1,629,759	6,050,000	Waste yang ditambang – Purnama (t)
Mined Ore – Barani (t)	1,237,000	338,000	Bijih yang ditambang – Barani (t)
Mined Waste – Barani (t)	3,641,911	1,995,000	Waste yang ditambang – Barani (t)
Mined Waste – Ramba Joring (t)	60,623	-	Waste yang ditambang – Ramba Joring (t)
Total Mined (t)	10,904,876	13,108,000	Ton yang ditambang (t)
Strip Ratio - Purnama	0.38	1.28	Nisbah kupasan - Purnama
Strip Ratio - Barani	2.94	5.90	Nisbah kupasan - Barani

Tonnes Mined



Total material mined in 2017 was 10.9 million tonnes, 17% below 13.1 million tonnes in 2016. Total ore mined was 5.6 million tonnes, 10% above 5.1 million tonnes in 2016. Total waste mined was 5.3 million tonnes, 34% lower than the 8.0 million tonnes in 2016. In 2017, a higher ore mining rate was achievable due to the higher mill throughput rates. Less waste was mined given the extremely low strip ratio of Purnama. Following approval for expansion of the tailings embankment thickness, TSF development remains well ahead of schedule.

Purnama Pit

Total material movement from the Purnama pit during 2017 was 6.0 million tonnes, a significant reduction from 10.8 million tonnes in 2016. This was primarily due to the low strip ratio of the pit and also the ramping-up of mining at the Barani pit. A total of 4.3 million tonnes of ore was mined in 2017, 8% below 4.7 million tonnes in 2016. The Purnama strip ratio continued to improve, reaching a new low of 0.38:1, highlighting the economic quality of this deposit. This was 71% below the 2016 strip ratio of 1.28:1. The strip ratio at Purnama is expected to remain low for the foreseeable future with most of the 2018 ore already exposed.

Barani Pit

Mining activities commenced during the second half of 2016, with production rates increasing significantly through 2017. 4.9 million tonnes of material was mined in 2017 with a strip ratio of 2.94:1, compared to 2.3 million tonnes in 2016 with a strip ratio of 5.90:1. Barani was the dominant source of waste for TSF construction during 2017. Ore mined in Barani is softer and lower in sulphide sulphur grade relative to Purnama which enables higher mill throughput rates and higher metal recoveries achieved in 2017.

Total material tertambang pada tahun 2017 adalah 10,9 juta ton, sebesar 17% di bawah 13,1 juta ton pada tahun 2016. Total bijih tertambang adalah 5,6 juta ton, sebesar 10% di atas 5,1 juta ton pada tahun 2016. Total limbah tertambang adalah 5,3 juta ton, sebesar 34% lebih rendah dari 8,0 juta ton pada tahun 2016. Pada tahun 2017, tingkat penambangan bijih yang lebih tinggi dapat dicapai karena tingkat *throughput* pabrik yang lebih tinggi. Limbah tertambang berkurang mengingat rasio strip Purnama yang sangat rendah. Setelah mendapat persetujuan untuk perluasan ketebalan timbunan tailing, pengembangan TSF tetap jauh lebih cepat daripada jadwal.

Pit Purnama

Total pergerakan material pit Purnama selama tahun 2017 adalah 6,0 juta ton, turun secara signifikan dari 10,8 juta ton pada tahun 2016. Hal ini utamanya disebabkan oleh rendahnya rasio strip pit tersebut dan juga meningkatnya penambangan di pit Barani. Total 4,3 juta ton bijih tertambang pada tahun 2017, sebesar 8% di bawah 4,7 juta ton pada tahun 2016. Rasio strip Purnama terus membaik mencapai penurunan baru sebesar 0,38:1, yang menunjukkan kualitas ekonomi deposit ini. Penurunan ini sebesar 71% di bawah rasio strip pada tahun 2016 yaitu 1,28:1. Rasio strip Purnama diharapkan tetap rendah di masa mendatang dengan sebagian besar bijih telah terekspos pada tahun 2018.

Pit Barani

Kegiatan penambangan dimulai pada paruh kedua tahun 2016, dengan tingkat produksi mengalami peningkatan signifikan selama tahun 2017. 4,9 juta ton material tertambang pada tahun 2017 dengan rasio strip 2,94: 1, dibandingkan dengan 2,3 juta ton pada tahun 2016 dengan rasio strip 5,90: 1. Barani merupakan sumber limbah yang dominan untuk konstruksi TSF selama tahun 2017. Bijih yang tertambang di Barani lebih halus dan lebih rendah kadar sulfur sulfida dibandingkan dengan Purnama yang memungkinkan kenaikan tingkat *throughput* penggilingan dan perolehan logam yang dicapai pada tahun 2017.

Ramba Joring Pit

Typical of the topography at the Martabe Gold Mine operation, Ramba Joring sits atop a steep ridgeline which renders initial development challenging and lowers productivity rates. Access development commenced during the second half of 2017 with early mining activity commencing in December 2017 (waste only).

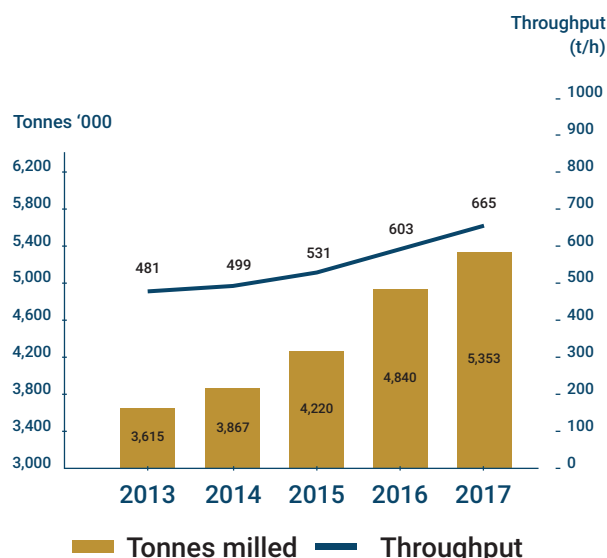
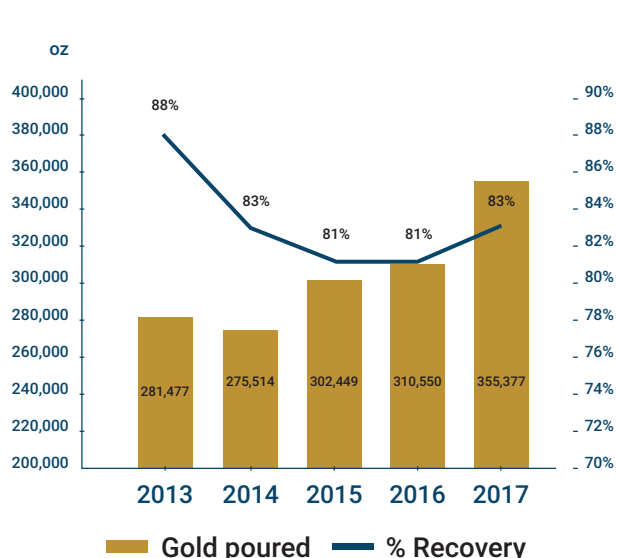
Pit Ramba Joring

Ciri topografi di operasi Tambang Emas Martabe, Ramba Joring terbentang di atas garis batas curam yang memberikan tantangan pada pengembangan awal dan tingkat produktivitas yang rendah. Pengembangan akses dimulai pada paruh kedua tahun 2017 dengan aktivitas awal penambangan dimulai pada bulan Desember 2017 (hanya waste).

Processing

Pengolahan

	2017	2016	
Milled (t)	5,353,388	4,840,000	Jumlah yang digiling (t)
Run time	91.9%	91.2%	Run time
Availability	92.7%	91.8%	Ketersediaan
Milling rate (t/h)	665	603	Tingkat penggilingan (t/j)
Crushed (t)	5,294,397	4,759,861	Jumlah yang dihancurkan (t)
Rehandle (t)	1,199,770	987,024	Jumlah rehandle (t)
Direct-tip (t)	4,094,627	3,772,837	Jumlah pemasokan langsung (t)
Direct-tip (t)	77%	79%	Pemasokan langsung (t)
Processed grade – gold (g/t)	2.48	2.45	Kadar Pengolahan – emas (g/t)
Processed grade – silver (g/t)	23.71	23.62	Kadar Pengolahan – perak (g/t)
Gold recovery	83.48%	81.20%	Perolehan emas
Silver recovery	68.83%	65.60%	Perolehan perak
Gold poured (oz)	355,377	310,550	Emas yang Dituangkan (ons)
Silver poured (oz)	2,808,452	2,424,537	Perak yang Dituangkan (ons)



The process plant design capacity of 4.5 million tonnes per annum was again surpassed in 2017, with 5.35 million tonnes of ore processed at an average throughput rate of 665 tonnes per hour, compared to 4.8 million tonnes and 603 tonnes per hour respectively for 2016. A key contributor to this outcome was an improvement in mill run-time of 91.9% compared to 91.2% in 2016; reflecting a reduction in unplanned downtime due to refinement of maintenance strategies. Other contributors to this significant increase in throughput included commissioning of the secondary crusher which was delivered safely, on time, and below budget, improvements to the SAG Mill control system, modifications to SAG mill liners, efficiency in blast fragmentation, and softer ore blend characteristics.

Precious metal recoveries improved considerably in 2017, with gold recovery increasing to 83.5% from 81.2% in 2016 and silver recovery increasing to 68.8% from 65.6% in 2016.

Refining

All dore bars produced by the Company were refined through PT ANTAM (Persero) Tbk at the Logam Mulia refinery in Jakarta, and refined gold and silver granules were exported to Singapore. Gold refined and sold in 2017 was 352,366 ounces; this represents a 12.1% increase compared to 314,113 ounces in 2016. The refinery had unplanned shutdowns in 2017 which primarily impacted its silver production capacity. As a result, the Company's silver sales declined marginally from 2.41 million ounces in 2016 to 2.39 million ounces in 2017. Since then, refining operations have resumed successfully.

Kapasitas desain pabrik pengolahan sebesar 4,5 juta ton per tahun kembali dilampaui pada tahun 2017 dengan 5,35 juta ton bijih diolah dengan tingkat *throughput* rata-rata 665 ton per jam, dibandingkan dengan 4,8 juta ton dan 603 ton per jam masing-masing pada tahun 2016. Kontributor utama untuk hasil ini adalah perbaikan dalam waktu beroperasi pabrik sebesar 91,9% jika dibandingkan dengan 91,2% pada tahun 2016, yang mencerminkan pengurangan waktu tidak beroperasi yang tidak terencana karena penyempurnaan strategi pemeliharaan. Kontributor lain terhadap peningkatan *throughput* yang signifikan ini termasuk uji coba *secondary crusher* yang terlaksana dengan aman, tepat waktu, dan di bawah anggaran, perbaikan sistem kontrol SAG Mill, modifikasi pada SAG *mill liners*, efisiensi fragmentasi ledakan, dan karakteristik campuran bijih yang lebih halus.

Perolehan logam berharga meningkat pesat pada tahun 2017, dengan perolehan emas meningkat menjadi 83,5% dari 81,2% pada tahun 2016 dan perolehan perak meningkat menjadi 68,8% dari 65,6% pada tahun 2016.

Pemurnian

Semua batangan emas dan perak setengah murni yang diproduksi perusahaan dimurnikan melalui PT ANTAM (Persero) Tbk di pemurnian Logam Mulia di Jakarta, dan butiran emas dan perak murni diekspor ke Singapura. Emas yang dimurnikan dan dijual pada tahun 2017 adalah sebanyak 352.366 ons; yang menunjukkan peningkatan sebesar 12,1% dibandingkan dengan 314.113 ons pada tahun 2016. Pemurnian tersebut mengalami penghentian tidak terencana pada tahun 2017 yang terutama berdampak pada kapasitas produksi perak. Akibatnya, penjualan perak perusahaan sedikit menurun dari 2,41 juta ons pada tahun 2016 menjadi 2,39 juta ons pada tahun 2017. Sejak saat itu, operasi pemurnian telah berhasil terlaksana kembali.

EXPLORATION

2017 was an exceptional year for exploration. With Martabe's largest ever program peaking at 15 rigs and with expenditure of \$28 million, exploration activities were accelerated with outstanding results. Substantial additions were made to the Company's resources and reserves of both gold, and silver, extending the economic life of the mine by 60% or six years to 2033.

Ore reserves increased by an exceptional 66% in 2017 to 88 million tonnes; an increase of 35 million tonnes for the year, net of mining depletion. Contained Gold increased by 47% or 1.6 million ounces net of depletion to 4.7 million ounces and Contained Silver increased by 24% or 7.2 million ounces net of depletion to 36 million ounces.

Mineral Resources increased significantly by 15% in 2017 to 217 million tonnes; an increase of 29 million tonnes for the year, net of current year mining depletion. Contained Gold increased by 17% or 1.4 million ounces net of depletion to 8.8 million ounces and Contained Silver increased by 7% or 4.3 million ounces net of depletion to 72 million ounces.

EKSPLORASI

2017 merupakan tahun yang luar biasa bagi eksplorasi. Dengan program terbesar Martabe yang mencapai hingga 15 rig serta pembelanjaan sebesar \$28 juta, kegiatan eksplorasi berjalan lebih cepat dengan hasil yang luar biasa. Penambahan substansial dilakukan pada Sumber Daya dan Cadangan baik emas, dan perak, yang memperpanjang umur ekonomi tambang sebesar 60% atau 6 tahun hingga tahun 2033.

Cadangan bijih meningkat pesat sebesar 66% pada tahun 2017 menjadi 88 juta ton; meningkat sebanyak 35 juta ton selama tahun ini, setelah dikurangi deplesi penambangan. Emas Terkandung meningkat sebesar 47% atau 1,6 juta ons setelah dikurangi deplesi menjadi 4,7 juta ons dan Perak Terkandung meningkat sebesar 24% atau 7,2 juta ons setelah dikurangi deplesi menjadi 36 juta ons.

Sumber Daya Mineral meningkat secara signifikan sebesar 15% pada tahun 2017 menjadi 217 juta ton; meningkat 29 juta ton selama tahun ini, setelah dikurangi deplesi penambangan tahun ini. Emas Terkandung meningkat sebesar 17% atau 1,4 juta ons setelah dikurangi deplesi menjadi 8,8 juta ons dan Perak Terkandung meningkat sebesar 7% atau 4,3 juta ons setelah dikurangi deplesi menjadi 72 juta ons.

Ore Reserves	Reserve Tonnes (Mt)	Contained Gold (Moz)	Contained Silver (Moz)
Statement as at 31 December 2017	88	4.7	36

Mineral Resources	Reserve Tonnes (Mt)	Contained Gold (Moz)	Contained Silver (Moz)
Statement as at 31 December 2017	217	8.8	72

BUSINESS REVIEW & RESULTS

TINJAUAN USAHA & HASILNYA

Profit & Loss

Laba Rugi

\$'000 unless otherwise stated	2017	2016	\$'000 kecuali dinyatakan lain
Revenue	484,438	426,439	Pendapatan
Cost of sales	(217,572)	(220,269)	Biaya penjualan
Gross profit	266,866	206,170	Laba kotor
EBITDA*	327,293	279,918	EBITDA*
Profit before taxation	203,205	162,016	Laba sebelum pajak
Income tax	(51,868)	(41,350)	Pajak penghasilan
Profit after tax	151,337	120,666	Laba setelah pajak
AISC (\$/oz)	405.39	429.13	AISC (\$/ons)
Gold sold (oz)	351,828	309,457	Penjualan emas (ons)
Silver sold (oz)	2,394,681	2,415,707	Penjualan perak (ons)
Gold average selling price (\$/oz)	1,262.47	1,245.65	Harga jual rata-rata emas (\$/ons)
Silver average selling price (\$/oz)	16.81	16.96	Harga jual rata-rata perak (\$/ons)
Gross profit margin (%)	55.1	48.3	Margin laba kotor (%)
EBITDA margin (%)	67.6	65.6	Margin EBITDA (%)
Profit after tax margin (%)	31.2	28.3	Margin laba setelah pajak (%)

The Company continued to post record operational and financial results this year. Profit After Tax (PAT) was \$151.3 million; an increase of 25.4% over the previous record of \$120.7 million achieved in 2016. The net profit margin of 31.2% in 2017 was above an already impressive 28.3% booked in 2016, reflecting higher sales volume and lower costs. This higher net profit was despite a \$14.4 million charge during the year for unrealised losses on mark-to-market fair value of derivatives against a \$7.3 million unrealised gain in 2016.

Sales for 2017 totalled \$484.4 million, an increase of 13.6% above \$426.4 million in 2016. Total gold sold was 351,828 ounces, 13.7% above 309,457 ounces in 2016. Silver sales totalled \$40.3 million, slightly below \$41.0 million in 2016 for reasons mentioned above.

Perusahaan terus membukukan hasil operasional dan keuangan tahun ini. Laba Bersih Setelah Pajak (PAT) sebesar \$151,3 juta; meningkat 25,4% dari catatan sebelumnya sebesar \$120,7 juta yang dicapai pada tahun 2016. Margin laba bersih sebesar 31,2% pada tahun 2017 di atas margin laba bersih mengesankan sebesar 28,3% yang dibukukan pada tahun 2016, yang mencerminkan kenaikan volume penjualan dan penurunan biaya. Kenaikan laba bersih ini terlepas dari biaya sebesar \$14,4 juta selama tahun ini atas kerugian yang belum terealisasi pada nilai wajar *mark-to-market* derivatif terhadap kenaikan yang belum terealisasi sebesar \$7,3 juta pada tahun 2016.

Penjualan selama tahun 2017 adalah sebesar \$484,4 juta, meningkat sebesar 13,6% di atas \$426,4 juta pada tahun 2016. Total emas terjual adalah 351,828 ons, sebesar 13,7% di atas 309.457 ons pada tahun 2016. Penjualan perak adalah sebesar \$40,3 juta, sedikit di bawah \$41,0 juta pada tahun 2016 karena alasan-alasan tersebut di atas.

The average realised sale price for gold was \$1,262 per ounce, 1.4% above \$1,246 per ounce in 2016. The average realised sale price for silver was \$16.8 per ounce, similar to \$17.0 per ounce in 2016.

The Company recorded an EBITDA of \$327.3 million, an increase of 17.2% above \$279.9 million in 2016. EBITDA margin of 67.6% is amongst the best in the industry.

The Company recorded a Gross Profit of \$266.9 million, 29.4% above \$206.2 million in 2016. This increase resulted from higher sales revenue and lower cost of sales. Gross profit margin was 55.1%, significantly above 48.3% in 2016 mainly due to an increase in sales and a small decrease in cost of goods sold. Despite higher production and sales, cost of goods sold decreased by 1.2% due to efficiency and effectiveness of spending as part of the Martabe Improvement Program (MIP) coupled with a lower depreciation owing to an increase in reserves and consequent increase in mine life to 2033.

The Company's income before tax was \$203.2 million, a significant increase over \$162.0 million in 2016 for the abovementioned reasons.

AISC

The All-in Sustaining Cost (AISC) of gold sold for the year was \$405 per ounce, a further 5.5% reduction from \$429 per ounce in 2016. Increased sales and lower operating costs were the primary contributing factors to achieve a lower AISC.

Martabe Improvement Programme

The MIP is the embodiment of the Company's culture of continuous improvement. This program reflects a company-wide 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.

Harga jual rata-rata emas terealisasi adalah \$1.262 per ons, sebesar 1,4% di atas \$1.246 per ons pada tahun 2016. Harga jual rata-rata perak terealisasi adalah \$16,8 per ons, serupa dengan \$17,0 per ons pada tahun 2016.

Perusahaan mencatat EBITDA sebesar \$327,3 juta, meningkat sebesar 17,2% di atas \$279,9 juta pada tahun 2016. Margin EBITDA sebesar 67,6% termasuk yang terbaik di industri ini.

Perusahaan membukukan Laba Kotor sebesar \$266,9 juta, sebesar 29,4% di atas \$206,2 juta pada tahun 2016. Kenaikan ini disebabkan oleh kenaikan pendapatan penjualan dan penurunan biaya penjualan. Margin laba kotor sebesar 55,1%, jauh di atas 48,3% pada tahun 2016 terutama disebabkan oleh kenaikan penjualan dan penurunan kecil pada harga pokok penjualan. Meski terdapat kenaikan produksi dan penjualan, harga pokok penjualan turun sebesar 1,2% karena efisiensi dan efektivitas belanja sebagai bagian dari Program Perbaikan Martabe atau "MIP" ditambah dengan depresiasi yang lebih rendah karena peningkatan cadangan dan umur tambang hingga tahun 2033.

Laba sebelum pajak Perusahaan adalah \$203,2 juta, meningkat signifikan dari \$162,0 juta pada tahun 2016 karena alasan-alasan tersebut di atas.

AISC

All-in Sustaining Cost (AISC) per ons emas terjual pada tahun ini adalah \$405 per ons, berkurang lebih jauh sebesar 5,5% dari \$429 per ons pada tahun 2016. Peningkatan penjualan dan penurunan biaya operasi merupakan faktor utama yang berkontribusi terhadap pencapaian AISC yang lebih rendah.

Martabe Improvement Program

Martabe Improvement Program (MIP) merupakan perwujudan budaya perbaikan perusahaan. Program ini mencerminkan fokus perusahaan secara keseluruhan dalam mengupayakan perbaikan seluruh aspek usaha. Selain itu, Perusahaan percaya bahwa salah satu penanggulangan utama risiko volatilitas harga emas adalah melalui optimalisasi produktivitas aset dan pengurangan struktur biaya, selain peningkatan cadangan dan sumber daya dan perpanjangan umur tambang.

Since inception in 2013, the MIP has consistently resulted in further optimisation of our assets and reduction in costs. During 2017, more than 40 projects contributed in excess of \$23 million in value across all key business units. The primary drivers were increases in mill throughput rate and processing capacity, and more cost effective energy supply solutions.

Sejak awal tahun 2013, MIP secara konsisten menyebabkan optimalisasi aset kami lebih lanjut dan pengurangan biaya. Selama tahun 2017, lebih dari 40 proyek memberikan kontribusi lebih sebesar \$23 juta di seluruh unit usaha utama. Penggerak utamanya adalah peningkatan tingkat *throughput* penggilingan dan kapasitas pengolahan dan solusi pasokan energi hemat biaya.

Review of Financial Position

Tinjauan Posisi Keuangan

\$'000 unless otherwise stated	2017	2016	\$'000 kecuali dinyatakan lain
Current assets	137,740	135,743	Aset lancar
Non-current assets	739,746	709,336	Aset tidak lancar
Total assets	877,486	845,079	Total aset
Total liabilities	538,644	501,214	Total liabilitas
Net assets	338,842	343,865	Aset bersih
Net Debt to EBITDA (x)	1.17	1.17	Utang bersih terhadap EBITDA (x)
Fixed assets turnover (x)	0.80	0.66	Perputaran aktiva tetap (x)
Return on total assets (%)	17.2	14.3	Tingkat pengembalian total aset (%)

Total assets at the close of 2017 were \$877.5 million, compared with \$845.1 million in 2016. Net assets at the close of 2017 were \$338.8 million, a 1.5% or \$5.0 million decrease compared with \$343.9 million for 2016. The Company has strengthened its balance sheet during 2017, through focused capital expenditures, improvements in working capital, and the refinancing of loan liabilities, discussed immediately below.

Fixed assets turnover increased from 0.7 in 2016 to 0.8 in 2017, reflecting the Company's success in utilizing assets more productively. Current ratio stood at a very healthy 1.7, a marked improvement above 1.3 in 2016.

Gross Debt to EBITDA was 1.3, while Net Debt to EBITDA was an extremely positive 1.2, providing the Company significant headroom and flexibility for raising capital for future expansion. This also provides the shareholders various options to leverage the Company's balance sheet and maximise shareholder value.

Total aset pada penutupan tahun 2017 adalah sebesar \$877,5 juta, dibandingkan dengan \$845,1 juta pada tahun 2016. Aset bersih pada penutupan tahun 2017 adalah sebesar \$338,8 juta, turun sebesar 1,5% atau \$5,0 juta dibandingkan dengan \$343,9 juta pada tahun 2016. Perusahaan telah memperkuat neraca keuangannya selama tahun 2017, melalui belanja modal terfokus, perbaikan modal kerja dan pembiayaan kembali liabilitas utang, segera dibahas di bawah ini.

Perputaran aset tetap meningkat dari 0,7 pada tahun 2016 menjadi 0,8 pada tahun 2017, yang mencerminkan keberhasilan Perusahaan dalam meningkatkan laba melalui aset perusahaan secara lebih produktif. Rasio lancar berada pada angka 1,7 yang sangat sehat, menandakan perbaikan di atas 1,3 pada tahun 2016.

Utang Bruto terhadap EBITDA adalah 1,3, sedangkan Utang Bersih terhadap EBITDA adalah 1,2 yang sangat sehat memberikan ruang yang signifikan bagi Perusahaan dan fleksibilitas dalam meningkatkan modal untuk ekspansi di masa depan. Hal ini juga memberikan beragam pilihan kepada para pemegang saham untuk memanfaatkan neraca Perusahaan dan memaksimalkan nilai pemegang saham.

Return on Total Assets (ROA) for the year was 17.2% against 14.3% in 2016, due to higher net profit amidst a modest increase in total assets base.

Refinancing of Senior Loan Facility

Strong operating cash flows, increased reserves and a longer mine life enabled the Company to refinance its senior debt. This provided the benefits of a longer debt tenor, lower interest rates and more favourable terms and conditions. The refinancing process also enabled the shareholders to reduce the overall cost of acquisition of the Company. The refinancing of \$425 million of debt was completed on 3 July 2017 with a syndicate of banks comprising Mandiri, SMBC, Maybank, and The Bank of Tokyo-Mitsubishi UFJ, Ltd (as Arranger). As part of this refinancing agreement, the Company's indirect parent company Marlin Enterprises Limited also entered into a \$135 million senior loan with the same bank syndicate, of which PTAR is one of the guarantors.

Return on Total Assets (ROA) (Tingkat Pengembalian Total Aset) selama tahun ini adalah sebesar 17,2% dibandingkan dengan 14,3% pada tahun 2016, karena kenaikan laba bersih di tengah kenaikan moderat basis total aset.

Pembiayaan Fasilitas Pinjaman Senior

Arus kas operasi yang kuat, cadangan yang meningkat dan umur tambang yang lebih panjang memungkinkan Perusahaan untuk membiayai kembali utang seniornya dengan tersedianya jangka waktu utang yang lebih panjang, suku bunga yang lebih rendah serta persyaratan dan ketentuan yang lebih menguntungkan dan fleksibel. Proses pembiayaan kembali tersebut juga memungkinkan para pemegang saham mengurangi keseluruhan biaya akuisisi Perusahaan pada tahun 2016. Pembiayaan kembali sebesar \$425 juta telah selesai pada tanggal 3 Juli 2017 dengan sindikasi bank yang terdiri dari Mandiri, SMBC, Maybank dan The Bank of Tokyo-Mitsubishi UFJ, Ltd., sebagai Arrangers. Sebagai bagian dari perjanjian pembiayaan kembali ini, perusahaan induk tidak langsung Perusahaan, Marlin Enterprises Limited, juga menandatangani pinjaman senior sebesar \$135 juta dengan sindikasi bank yang sama, di mana PTAR menjadi salah satu penjamin.

Cash Flow & Liquidity

Arus Kas & Likuiditas

\$'000	2017	2016	\$'000
Cash generated from operations	232,961	255,012	Kas dihasilkan dari operasi
Net cash from operation	178,777	216,133	Kas bersih dari kegiatan operasi
Net cash used in investing	(55,769)	(53,751)	Kas bersih untuk kegiatan investasi
Net cash used in financing	(142,720)	(129,806)	Kas bersih untuk kegiatan pendanaan
Net change in cash and cash equivalents	(19,712)	32,576	Kenaikan/(penurunan) kas dan setara
Cash and cash equivalents start-2017	50,392	17,816	Kas dan setara kas pada awal tahun
Cash and cash equivalents end-2017	30,680	50,392	Kas dan setara kas pada akhir tahun

Operating cash flows before changes in working capital was \$326.4 million, significantly above \$278.6 million in 2016. Cash generated from operations was \$233 million against \$255 million in 2016. This was due to various reasons including payment towards environment bond, transfer of excess cash to fund the debt service reserve account (one quarter's principal and interest payment) and extension of loan to the Company's indirect parent company.

Arus kas operasi sebelum perubahan modal kerja adalah \$326,4 juta, jauh di atas \$278,6 juta pada tahun 2016. Uang yang dihasilkan dari operasi adalah \$233 juta dibandingkan dengan \$255 juta pada tahun 2016. Hal ini disebabkan oleh berbagai alasan termasuk pembayaran obligasi lingkungan, pengalihan kelebihan kas untuk mendanai rekening cadangan pembayaran utang (pembayaran pokok dan bunga satu kuartal) dan perpanjangan pinjaman kepada perusahaan induk tidak langsung Perusahaan.

Dividends

The Company continues to pay a regular dividend to deliver a consistent return for the shareholders. For the year 2017, as decided and approved by the Board of Directors and the Board of Commissioners, the Company distributed a dividend of \$134 million.

Dividen

Perusahaan terus membayar dividen secara rutin untuk memberikan imbal hasil kepada para pemegang saham secara konsisten. Selama tahun 2017, sebagaimana telah diputuskan dan disetujui oleh Dewan Direksi dan Dewan Komisaris, Perusahaan telah membagikan dividen sebesar \$134 juta.

Taxes Paid

The Company's approach towards tax and other contribution to the government is to ensure sustainability over the long term and is not focused on short-term outcomes. We ensure full compliance with all laws and regulations and conduct intra group transactions on an arm's-length basis. We seek to maintain a long-term, open, constructive relationship with the tax authorities and government in relation to taxation and fiscal matters.

Pajak Dibayar

Pendekatan Perusahaan terhadap pajak dan kontribusi lainnya kepada pemerintah guna memastikan keberlanjutan jangka panjang dan tidak berfokus pada hasil jangka pendek. Kami memastikan kepatuhan penuh terhadap semua peraturan perundang-undangan dan melakukan transaksi intra kelompok berbasis kewajaran dan kelaziman usaha. Kami berusaha untuk menjaga hubungan jangka panjang, terbuka, konstruktif dengan otoritas pajak dan pemerintah terkait dengan hal perpajakan dan fiskal.

Payments to Governments	2017	2016	Pembayaran ke Pemerintah
Corporate income tax	54,176	38,420	Pajak penghasilan badan usaha
Withholding income tax	18,155	6,974	Pemungutan pajak
Royalties	2,657	2,312	Royalti
Land and building tax	1,008	1,111	Pajak bumi dan bangunan
Other taxes	1,447	1,768	Pajak lainnya
Total	77,443	50,585	Total

The Company's strong performance in 2017 resulted in higher fiscal payments to the government as summarised in the table below:

Reduction in authorised share capital

During the year, the Company reduced its authorised share capital from \$300 million to \$85 million to bring the authorised capital in line with the paid-up capital.

MANAGING FOR GROWTH

Operational and exploration achievements over 2017 reinforce the fact that the Martabe Gold Mine is a world class gold asset. Growth potential at Martabe is twofold:

- Optimisation of the asset to best utilise the known Mineral Resources and Ore Reserves.
- Expansion of the Mineral Resources and Ore Reserves through an aggressive and high-quality exploration program.

The strategy for growing the Company was highly successful in 2017. Increases in production and significant cost savings were augmented by the extraordinary results from the exploration program which has increased the mine life.

The program for 2018 will focus on increasing production and productivity, conversion of additional Resources into Reserves, and a preliminary pre-feasibility study addressing the potential for processing "sulphide" mineralisation, all of which have the potential to further increase Reserves and mine life.

Kinerja Perusahaan yang kuat pada tahun 2017 menghasilkan tingginya pembayaran fiskal kepada pemerintah sebagaimana dirangkum dalam tabel di bawah ini:

Pengurangan Modal Saham Dasar

Sepanjang tahun, Perusahaan mengurangi modal saham dasar dari \$300 juta menjadi \$85 juta untuk menyesuaikan modal dasar dengan modal disetor.

MENGELOLA PERTUMBUHAN

Pencapaian operasional dan eksplorasi tahun 2017 memperkuat fakta bahwa Tambang Emas Martabe merupakan aset emas berkelas dunia. Terdapat dua potensi pertumbuhan Martabe:

- Optimalisasi aset untuk memanfaatkan Sumber Daya Mineral dan Cadangan Bijih yang diketahui secara terbaik.
- Perluasan Sumber Daya Mineral dan Cadangan Bijih melalui program eksplorasi yang agresif dan berkualitas tinggi.

Strategi pertumbuhan Perusahaan sangat berhasil pada tahun 2017. Peningkatan produksi dan penghematan biaya yang signifikan ditambah dengan hasil luar biasa program eksplorasi yang telah meningkatkan umur tambang.

Program untuk tahun 2018 akan berfokus pada peningkatan produksi dan produktivitas, konversi Sumber Daya tambahan menjadi Cadangan, dan juga memulai studi prakelayakan awal untuk mineralisasi "sulfida". Ketiga program tersebut berpotensi untuk meningkatkan Cadangan dan umur tambang lebih lanjut.



HUMAN RESOURCES SUMBER DAYA MANUSIA

Nuresa Nugraha (Junior Geologist) and Naif Pangea (Geologist) logging core at the Martabe core shed.

Nuresa Nugraha (Junior Geologist) dan Naif Pangea (Geologist) melakukan pencatatan inti batuan di gudang batuan Martabe.



HUMAN RESOURCES

SUMBER DAYA MANUSIA

The ongoing success of PT Agincourt Resources reflects the contribution of a highly capable and committed workforce. In 2017, 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 2017 kami melanjutkan pengembangan tenaga kerja kami dan menjaga reputasi kami sebagai perusahaan pilihan.

HUMAN RESOURCES OVERVIEW

At the close of 2017, PT Agincourt Resources had 793 employees; 762 based at the Martabe Gold Mine and 31 employees based at the office in Jakarta. An additional 1,901 contractor employees were based at the mine. The majority of Company employees are Indonesian nationals. Only 42 expatriates were employed in total, representing 1.6 percent of the entire workforce. Local employees live off-site, while employees hired from other locations are employed on a fly-in fly-out basis, and live in the site camp while working.

HUMAN RESOURCES MANAGEMENT

The ongoing success of PT Agincourt Resources rests on maintaining a high-quality and stable workforce. Accountabilities for Human Resources (HR) management at the Company are distributed between the Board of Directors, line management, a Human Resources Department and a Training and Development Department.

GAMBARAN UMUM SUMBER DAYA MANUSIA

Di penghujung tahun 2017, PT Agincourt Resources mempekerjakan 793 karyawan; 762 orang diantaranya bekerja di *site* Tambang Emas Martabe dan 31 lainnya bekerja di kantor Jakarta. Selain itu, terdapat 1.901 karyawan kontraktor yang bekerja di lokasi tambang. Sebagian besar karyawan Perusahaan adalah penduduk Indonesia. Hanya ada total 42 tenaga kerja asing yang dipekerjakan oleh Perusahaan, yaitu mewakili 1,6 persen dari keseluruhan angkatan kerja. Karyawan yang berasal dari masyarakat lokal bertempat tinggal di luar *site*, sementara karyawan yang berasal dari lokasi lain bekerja dengan sistem *fly-in fly-out*, dan bertempat tinggal di *camp* ketika bekerja.

MANAJEMEN SUMBER DAYA MANUSIA

Keberhasilan PT Agincourt Resources yang berkesinambungan berawal dari mempertahankan tenaga kerja yang berkualitas tinggi dan stabil. Tanggung jawab dalam hal manajemen Sumber Daya Manusia (HR) di PT Agincourt Resources terbagi antara Dewan Direksi, manajemen lini, *Human Resources Department* dan *Training and Development Department*.

Company HR management has the following key goals:

- ▶ Full compliance with applicable laws and regulations.
- ▶ An efficient organisational structure in support of business outcomes.
- ▶ Development of a skilled workforce with competencies matched to roles.
- ▶ Maintaining a reputation as an employer of choice, thereby attracting and retaining quality employees.

Meeting these outcomes requires the effective application of HR processes such as recruitment, promotion, training and development, remuneration and performance management. A summary of these aspects is presented below. For greater detail, refer to the Company's 2017 Sustainability Report.

RECRUITMENT AND PROMOTION

The Company applies the principle that recruitment and promotion are always based on merit, as measured in terms of required role competencies and potential for future development. Positions for recruitment are advertised internally, locally and at the national level depending on need.

As a key measure to maintain the Company's licence to operate, PTAR has committed to providing local communities with access to employment opportunities at the Martabe Gold Mine. Since the beginning of the project the company has had the goal of 70 percent local workforce for the site. At the close of 2017 there were 2,026 local people working at the site, representing over 75 percent of our total workforce. In 2017, the Company launched the *Marsipature* Program which is aimed at increasing employment opportunities for local employees by addressing competency gaps.

Manajemen sumber daya manusia Perusahaan memiliki sasaran utama sebagai berikut:

- ▶ Kepatuhan penuh terhadap undang-undang dan peraturan yang berlaku.
- ▶ Struktur organisasi yang efisien yang mendukung pencapaian hasil-hasil bisnis.
- ▶ Pengembangan tenaga kerja berkeahlian dengan kompetensi yang sesuai dengan posisinya.
- ▶ Menjaga reputasi sebagai perusahaan pilihan untuk bekerja, sehingga dapat menarik dan mempertahankan kualitas karyawan.

Pemenuhan hasil-hasil tersebut memerlukan penerapan proses HR yang efektif seperti perekrutan, promosi, pelatihan dan pengembangan, remunerasi, dan manajemen kinerja. Ringkasan mengenai aspek tersebut disajikan pada bagian berikutnya. Untuk penjelasan lebih jelas, harap mengacu pada Laporan Berkelanjutan Perusahaan Tahun 2017.

PEREKRUTAN DAN PROMOSI

Perusahaan menerapkan prinsip bahwa perekrutan dan promosi senantiasa didasarkan atas prestasi, sebagaimana diukur dalam hal kompetensi posisi yang dibutuhkan dan potensi untuk pengembangan selanjutnya. Posisi lowongan kerja diiklankan secara internal, lokal, dan nasional tergantung pada kebutuhan.

Sebagai suatu ukuran utama untuk mempertahankan izin beroperasi Perusahaan, PTAR telah berkomitmen untuk menyediakan masyarakat setempat akses kesempatan bekerja di Tambang Emas Martabe. Sejak awal proyek, perusahaan telah memiliki sasaran untuk mempekerjakan 70 persen tenaga kerja lokal di *site*. Di penghujung tahun 2017, ada 2.026 orang lokal yang bekerja di *site*, mewakili lebih dari 75 persen total tenaga kerja. Pada tahun 2017, Perusahaan meluncurkan Program *Marsipature* yang bertujuan untuk meningkatkan peluang kerja bagi karyawan lokal dengan cara mengatasi kesenjangan kompetensi.

Mardiani Panggabean (Electrical and Engineering Tradesperson) repairing equipment.

Mardiani Panggabean (Electrical and Engineering Tradesperson) sedang memperbaiki peralatan.



The Company remains committed to providing ongoing opportunities for Indonesian employees within the management team. During 2017, there were three new national managers appointed, all of whom replaced expatriate roles.

The Company also has a policy of affirmative action for gender diversity, with the goal of 30 percent female employees for the site. In support of the PTAR Gender Diversity Program, 753 employees (93% of the total workforce), attended gender diversity training in 2017, and changes to the Company's recruitment process resulted in 36 percent of new employees in 2017 being female. Our total workforce of employees and contractors includes 476 females (20% of the total). In terms of PTAR employees, 21 percent the Company's our superintendents and managers are female.

Perusahaan senantiasa berkomitmen untuk menyediakan kesempatan bagi penduduk Indonesia di dalam tim manajemen. Selama tahun 2017, ada tiga manajer nasional yang diangkat untuk menggantikan posisi tenaga kerja asing.

Perusahaan juga memiliki kebijakan yang tegas terkait representasi gender, dan memiliki sasaran untuk mempekerjakan 30 persen karyawan perempuan di *site*. Dalam mendukung Program Keberagaman Gender PTAR, 753 orang atau 93 persen karyawan PTAR mengikuti pelatihan keberagaman gender di tahun 2017. Selain itu, perubahan yang terjadi dalam proses perekrutan Perusahaan juga berujung pada dipekerjakannya karyawan perempuan sebesar 36 persen pada tahun 2017. Total tenaga kerja karyawan Perusahaan dan kontraktor mencakup 476 karyawan perempuan atau 20 persen dari keseluruhan. Diantara seluruh karyawan PTAR, 21 persen dari *superintendent* dan manajer Perusahaan adalah perempuan.

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.

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 percent 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.

REMUNERASI DAN TUNJANGAN KARYAWAN

Remunerasi karyawan Perusahaan meliputi upah, gaji dan bonus serta pemberian non tunai atau tunjangan karyawan termasuk asuransi kesehatan bagi seluruh karyawan, bantuan pendidikan bagi anak karyawan, pembayaran premi sesuai dengan program jaminan sosial BPJS Ketenagakerjaan, dan tunjangan kematian.

Perusahaan menerapkan prinsip berikut untuk remunerasi karyawan:

- Remunerasi selalu memenuhi undang-undang dan peraturan Indonesia yang berlaku, terutama ketentuan upah minimum.
- Seluruh karyawan digaji berdasarkan sistem remunerasi berbasis kompetensi sesuai dengan *job grade* dan kinerja pekerjaan individual.
- Tidak ada perbedaan dalam paket remunerasi bagi perempuan dan laki-laki pada posisi yang sama.
- Remunerasi tetap bersaing di tingkat lokal dan industri tambang Indonesia.
- Remunerasi ditinjau dan disesuaikan setiap tahunnya dengan mengikuti proses tinjauan kinerja tahunan.

MANAJEMEN KINERJA

Semua staf Perusahaan diharuskan menjalani proses tinjauan kinerja tahunan dimana kinerja dalam memenuhi ketentuan posisi kerja selama tahun tersebut dinilai. Target pribadi untuk tahun berikutnya kemudian disepakati bersama. Pada tahun 2017, 100 persen karyawan menerima tinjauan berdasarkan program ini. Selain itu, seluruh karyawan berpartisipasi dalam skema bonus yang memberikan penghargaan untuk kinerja dalam bekerja. Selain itu, diberlakukan pula sistem sanksi yang telah terstandarisasi apabila ditemukan kinerja pekerjaan yang kurang memuaskan atau pelanggaran 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 and Development Department delivers site-wide training courses while job-specific training is delivered by departments. Employee training needs are determined systematically by means of Learning Needs Assessments (LNA) for each role. Employee competencies are managed through an on-line training management system.

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

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

PELATIHAN DAN PENGEMBANGAN KARYAWAN

Pengembangan kompetensi karyawan melalui pelatihan merupakan kunci pada keberhasilan Tambang Emas Martabe secara terus-menerus. *Training and Development Department* menyediakan pelatihan ke seluruh *site*, sedangkan pelatihan khusus pekerjaan diberikan oleh Departemen terkait. Kebutuhan pelatihan karyawan ditentukan secara sistematis melalui sarana *Learning Needs Assessments* (LNA) untuk setiap posisi. Kompetensi karyawan dikelola melalui sistem manajemen pelatihan *on-line*.

Pelatihan yang diberikan kepada karyawan dan kontraktor *site* terdiri dari empat jenis utama:

- ▶ Pelatihan kesehatan, keselamatan, dan lingkungan.
- ▶ Pelatihan pengembangan pribadi.
- ▶ Keahlian teknis.
- ▶ Pelatihan untuk izin mengoperasikan kendaraan dan peralatan.

Ahmad Ma'shum delivering Pengawas Operasional Pertama (operational supervisor) training to site employees.

Ahmad Ma'shum sedang memberikan pelatihan Pengawas Operasional Pertama kepada karyawan di *site*.



Given the importance of employee safety, a large proportion of the training delivered was safety training.

INDUSTRIAL RELATIONS

The Company supports the operation of an employee Labor Union in accordance with Indonesian law and aims to maintain harmonious and productive industrial relations at the Martabe Gold Mine in which the Company's goals and the needs and aspirations of its employees are both met. In 2017, there were no industrial disputes or serious concerns raised by the Labor Union and the obligations and rights of both parties were implemented in accordance with a Collective Labor Agreement (CLA) which will run until 2018.

Mengingat pentingnya keselamatan karyawan, proporsi terbesar pelatihan yang diberikan adalah pelatihan keselamatan.

HUBUNGAN INDUSTRI

Perusahaan mendukung kegiatan Serikat Pekerja karyawan sesuai dengan undang-undang di Indonesia dan bertujuan untuk menjaga hubungan industri yang harmonis dan produktif di Tambang Emas Martabe, dimana sasaran dan kebutuhan Perusahaan serta aspirasi karyawannya dapat terpenuhi. Pada tahun 2017, tidak ada sengketa industri atau masalah serius yang diajukan oleh Serikat Pekerja dan kewajiban. Hak kedua belah pihak telah dilaksanakan sesuai dengan Perjanjian Kerja Bersama (PKB) yang akan berlaku hingga tahun 2018.



OCCUPATIONAL HEALTH AND SAFETY KESEHATAN DAN KESELAMATAN KERJA

Emergency Response Team (ERT) members practicing water rescue.

Anggota *Emergency Response Team* (ERT) sedang berlatih penyelamatan di air.



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 2017, 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 2017, kami mempertahankan fokus kami pada pengurangan risiko keselamatan secara terus menerus, mempertahankan kinerja keselamatan terdepan di industri kami.

INTRODUCTION

There is no management outcome more important to the Board of Directors of PT Agincourt Resources than occupational health and safety. The Company has the goal of zero harm for all employees and contractors engaged in work for the Company, and continually assesses opportunities for reducing safety risk.

PTAR OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

To reduce the risk of accidents in a mining environment to very low levels requires a systematic and risk-based approach. To meet this need, the Company has implemented an Occupational Health and Safety (OHS) Management System based on industry-leading practice, and developed with attention to three key risk factors which determine the risk of accidents; workplace conditions, worker competency and worker behavior.

PENDAHULUAN

Tidak ada hasil yang lebih penting bagi Dewan Direksi PT Agincourt Resources daripada kesehatan dan keselamatan kerja. Perusahaan memiliki tujuan untuk mencapai nihil cedera bagi semua karyawan dan kontraktor yang bekerja bagi Perusahaan, dan secara terus-menerus mengoptimalkan peluang untuk mengurangi risiko keselamatan.

SISTEM MANAJEMEN KESELAMATAN DAN KESEHATAN KERJA PTAR

Untuk mengurangi risiko kecelakaan di lingkungan tambang hingga ke tingkat paling rendah diperlukan pendekatan sistematis dan berbasis risiko. Untuk memenuhi kebutuhan ini, Perusahaan telah menerapkan Manajemen Keselamatan dan Kesehatan Kerja berdasarkan praktik terdepan di industri dan dikembangkan dengan memperhatikan tiga faktor penting yang menentukan risiko kecelakaan, kondisi tempat kerja, kompetensi dan perilaku tenaga kerja.

The OHS Management System comprises an integrated set of elements including:

- ▶ OHS Policy.
- ▶ Health, Safety and Environment (HSE) Key Performance Indicators (KPIs) and targets.
- ▶ HSE Codes of Practice.
- ▶ 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.
- ▶ Safety committees.
- ▶ Critical controls for safe work (below).

The critical controls for safe work at the site are reflective of industry leading practice, and include:

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 & 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.

Sistem Manajemen Keselamatan dan Kesehatan Kerja (K3) meliputi serangkaian elemen terintegrasi termasuk:

- ▶ Kebijakan K3.
- ▶ KPI dan target Kesehatan, Keselamatan dan Lingkungan.
- ▶ Kode Praktik Kesehatan, Keselamatan dan Lingkungan.
- ▶ System *online* untuk mengelola insiden, investigasi, dan tindakan perbaikan.
- ▶ Program pelatihan keselamatan berbasis risiko (dibahas dalam Sumber Daya Manusia).
- ▶ Audit dan inspeksi.
- ▶ Pemantauan higiene industri.
- ▶ Komite Keselamatan Kerja.
- ▶ Kontrol penting untuk bekerja aman (dijelaskan seperti di bawah ini).

Kontrol penting untuk keselamatan kerja di *site* merupakan cerminan dari praktik terdepan industri, dan mencakup:

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 & Environmental Analysis (JSEA). JSEA dilakukan oleh seorang kru sebelum memulai sebuah pekerjaan, dan meliputi pengidentifikasian tugas-tugas yang harus dilakukan demi menyelesaikan pekerjaan, bahaya terkait setiap tugas, dan kontrol yang diperlukan untuk setiap bahaya yang ada.

Sistem Izin untuk Bekerja. 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 mereka pada pelaksanaan berbagai pengendalian keselamatan.

Akhri Matondang (Processing Production Supervisor) and Elis Hutabarat (Senior Engineer Short term Planning) interviewing Sumartono (PT. Minindo Fitter Mechanic) to assess knowledge of safety controls as part of the 2017 Critical Controls Safety Audit.

Akhri Matondang (Pengawas Produksi Pengolahan) dan Elis Hutabarat (Teknisi Senior untuk Perencanaan Jangka Pendek) sedang mewawancarai Sumartono (Petugas Instalasi PT. Minindo Fitter) untuk menilai pengetahuannya mengenai kontrol keamanan sebagai bagian dari Audit Kontrol Keselamatan 2017 (2017 Critical Controls Safety Audit).



SAFETY MANAGEMENT IMPROVEMENTS IN 2017

Development of the PTAR Safety Management System continued in 2017 with the implementation of two significant initiatives:

- In recognition of the critical role that supervisors have in preventing unsafe behaviour and ensuring safety controls such as JSEA are properly implemented, a Frontline Safety Leadership Program was delivered to all PTAR and contractor supervisors at site. This was based on a video demonstrating good and bad behaviour by a site supervisor, which proved to be very effective. By the close of 2017, 107 site supervisors had received this training, including 100% of Company supervisors.
- For the first time at the Martabe Gold Mine, a third-party safety audit was conducted in December 2017. This audit assessed the implementation of critical safety controls across the site and identified opportunities to further reduce the risk of serious accidents. On the basis of the audit's findings, it was agreed that work teams would implement a process to identify and record critical controls at the start of a shift, as well as strengthen awareness of, and compliance with, these controls in the workplace.

SAFETY PERFORMANCE IN 2017

In 2017, the Martabe Gold Mine experienced only one Lost Time Injury. A PT Promincon Indonesia (PMC) employee working on an exploration drill rig suffered a broken wrist bone due to the sudden release of a wireline. He later fully recovered from this injury. An incident investigation was conducted and corrective actions were implemented to minimise the risk of reoccurrence.

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 2017, the LTIFR for the entire site workforce was 0.15. By industry standards this was an excellent result, and a continuation of the very low incidence of Lost Time Injuries experienced at the site since before commencement of operations.

KEMAJUAN MANAJEMEN KESELAMATAN TAHUN 2017

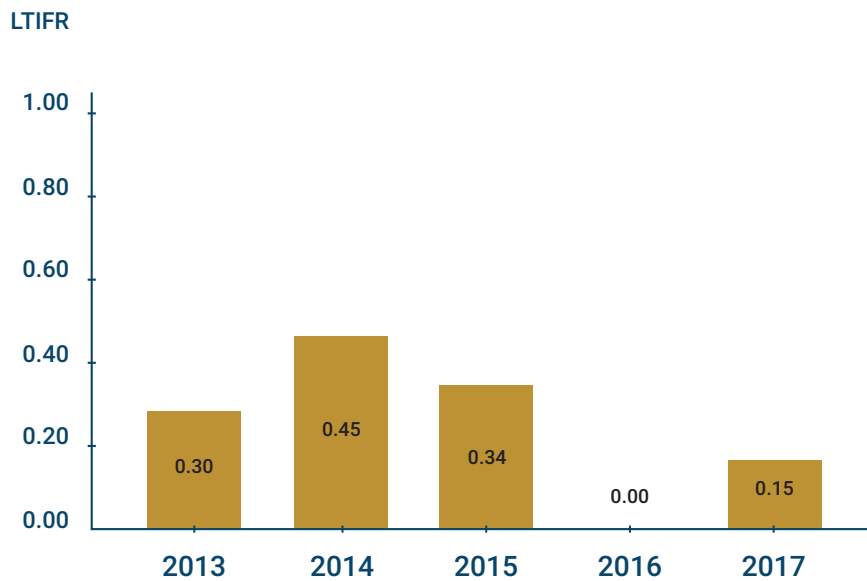
Pengembangan Sistem Manajemen Keselamatan PTAR terus berlanjut pada tahun 2017 dengan diberlakukannya dua inisiatif penting.

- Sebagai pengakuan atas peran penting supervisor dalam mencegah perilaku tidak aman dan memastikan bahwa kontrol keselamatan seperti JSEA dilaksanakan secara benar, sebuah Program Frontline Safety Leadership diberikan kepada semua supervisor PTAR dan kontraktor di *site*. Hal ini dilakukan berdasarkan video yang menunjukkan perilaku baik dan buruk oleh supervisor *site*, yang terbukti sangat efektif. Di penghujung tahun 2017, 107 supervisor *site* telah menerima pelatihan ini, termasuk 100% supervisor Perusahaan.
- Untuk pertama kalinya di Tambang Emas Martabe, audit keselamatan oleh pihak ketiga dilakukan pada bulan Desember 2017. Audit ini menilai implementasi kontrol keselamatan penting di seluruh *site* dan peluang yang ada untuk terus mengurangi risiko kecelakaan serius. Dengan basis temuan audit, telah disepakati bahwa tim kerja akan melaksanakan suatu proses untuk mengidentifikasi dan mencatat kontrol penting pada awal jadwal kerja, serta memperkuat kesadaran dan kepatuhan dengan kontrol tersebut di tempat kerja.

KINERJA KESELAMATAN TAHUN 2017

Pada tahun 2017, Tambang Emas Martabe hanya mengalami satu Lost Time Injury. Seorang karyawan PT Promincon Indonesia (PMC) yang bekerja di rig pengeboran eksplorasi menderita patah tulang karpal (pergelangan tangan) akibat terlepasnya *wireline* secara tiba-tiba. Karyawan tersebut sudah sepenuhnya pulih dari cedera ini. Investigasi kecelakaan dilakukan dan tindakan perbaikan pun diterapkan guna meminimalisasi risiko terulangnya kecelakaan serupa.

Indikator kinerja utama atau key performance indicator keselamatan dalam industri pertambangan adalah Lost-time Injury Frequency Rate (LTIFR), yaitu rasio hilangnya jam kerja akibat kecelakaan per satu juta jam kerja, dihitung sebagai rata-rata dalam 12 bulan yang berjalan. Pada tahun 2017, LTIFR untuk seluruh tenaga kerja *site* adalah 0,15. Berdasarkan standar industri, angka tersebut merupakan hasil yang sangat baik, dan merupakan kelanjutan dari sangat rendahnya tingkat insiden Lost Time Injuries yang ditemui di *site* sejak sebelum dimulainya operasi.



Lost Time Injury Frequency Rate (LTIFR) Martabe Gold Mine

The Company recognises that accident rate alone is not necessarily a good measure of the quality of safety management at a mine site. Nor is it a good measure of safety risk, particularly with regard to very serious accidents, that only rarely occur. Safety management performance at the Martabe Gold Mine is therefore measured by means of a balanced set of key performance indicators (KPIs), comprising three lagging indicators (measures of incident rate) and seven leading indicators (measures of safety management effort). In 2017, a site aggregate safety KPI score of 92% was achieved against a target of 80%. This indicates a high level of compliance with controls aimed at minimising the risk of incidents, and achieving a very low rate of accidents on site.

While the results for safety in 2017 were excellent, the Company will continue to work to reduce safety risk at the Martabe Gold Mine in 2018. For more detail on the management of safety at the Martabe Gold Mine, please refer to the Company's Sustainability Reports.

Perusahaan mengakui bahwa tingkat kecelakaan saja tidak dapat menjadi ukuran kualitas manajemen keselamatan yang baik di suatu *site* tambang. Hal tersebut juga bukan merupakan sebuah ukuran risiko keselamatan, terutama dalam hal kecelakaan dengan akibat sangat serius yang jarang terjadi. Oleh sebab itu, kinerja manajemen keselamatan di Tambang Emas Martabe diukur dengan *key performance indicators* (KPI), yang membandingkan tiga indikator akhir (ukuran angka insiden) dan tujuh indikator awal (ukuran usaha manajemen keselamatan). Pada tahun 2017, dicapai nilai agregat KPI keselamatan *site* sebesar 92% dari target awal 80%. Hal ini mengindikasikan tingkat kepatuhan yang tinggi terhadap kontrol yang bertujuan untuk meminimalkan risiko insiden, serta mencapai tingkat kecelakaan sangat rendah di *site*.

Meskipun telah tercapai hasil yang sangat baik untuk keselamatan pada tahun 2017, Perusahaan akan terus berupaya untuk mengurangi risiko keselamatan di Tambang Emas Martabe pada tahun 2018. Untuk penjelasan lebih lanjut mengenai manajemen keselamatan di Tambang Emas Martabe, harap mengacu pada Laporan Keberlanjutan Perusahaan.

GOOD CORPORATE GOVERNANCE

**TATA KELOLA
PERUSAHAAN YANG
BAIK**

View of the Batangtoru township and the Batangtoru River, in close proximity to operations at the Martabe Gold Mine.

Pemandangan Kota Batangtoru dan Sungai Batangtoru yang berdekatan dengan operasi di Tambang Emas Martabe.



GOOD CORPORATE GOVERNANCE

TATA KELOLA PERUSAHAAN YANG BAIK

Through the consistent application of good corporate governance, PT Agincourt Resources works to protect the interests of all its stakeholders, including our investors, local community, government, business partners and employees

Melalui pelaksanaan tata kelola perusahaan yang konsisten dan baik, PTAR bekerja untuk menjaga kepentingan seluruh pemangku kepentingan, termasuk pemegang saham, masyarakat setempat, pemerintah, mitra bisnis, dan karyawan.

INTRODUCTION

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled, and “good corporate governance” is key to ensuring the integrity and efficiency of a company. PT Agincourt Resources (the “Company”) is committed to the implementation of good corporate governance in order to protect the interests of its owners as well as those of its other stakeholders, including the local community, government, business partners and employees.

There is no recognised international standard for corporate governance. In its implementation of good corporate governance, the Company takes into account a number of important references including Law number 40/2007 on Limited Liability Companies, regulations under the Indonesian Financial Services Authority, obligations under the Contract of Work, and the prevailing laws stipulated by the Indonesian Government. More generally, the Company manages its business in accordance with its core business values: *Growth*, *Respect*, *Excellence*, *Action* and *Transparency*.

PENDAHULUAN

Tata kelola perusahaan merupakan sebuah sistem aturan, praktik, dan proses di mana sebuah perusahaan diarahkan dan dikendalikan, dan “tata kelola perusahaan yang baik” menjadi kunci dalam memastikan integritas dan efisiensi sebuah perusahaan. PT Agincourt Resources (“Perusahaan”) berkomitmen untuk melaksanakan tata kelola perusahaan yang baik guna melindungi kepentingan para pemilik serta pemangku kepentingan, termasuk masyarakat setempat, pemerintah, rekan bisnis, dan karyawannya.

Belum ada suatu standar internasional untuk tata kelola perusahaan. Dalam pelaksanaan tata kelola perusahaan yang baik, Perusahaan mempertimbangkan sejumlah referensi utama termasuk Undang-Undang Nomor 40/2007 tentang Perseroan Terbatas, peraturan-peraturan dari Otoritas Jasa Keuangan, kewajiban-kewajiban menurut Kontrak Karya, serta undang-undang yang berlaku yang ditetapkan oleh Pemerintah Indonesia. Secara umum, Perusahaan mengatur bisnisnya sesuai dengan nilai-nilai utama perusahaan, yaitu *Growth* (Pertumbuhan), *Respect* (Penghargaan), *Excellence* (Keunggulan), *Action* (Aksi Nyata), dan *Transparency* (Transparansi).

Henny Purnamasari (TSF Manager) discussing TSF construction with Sudaryanto (Government Dam Safety Unit).

Henny Purnamasari (Manajer TSF) sedang mendiskusikan konstruksi TSF bersama Sudaryanto (Unit Keselamatan Bendungan Pemerintah).



CORPORATE GOVERNANCE PRINCIPLES

PT Agincourt Resources adheres to the following principles of Good Corporate Governance:

- ▶ Transparency – ensuring accurate and consistent release of company information in a clear and timely manner.
- ▶ Accountability – defining and monitoring the roles and accountabilities of management and employees.
- ▶ Responsibility – aligning the roles and accountabilities of management and employees with relevant laws, regulations and best practice.

PRINSIP-PRINSIP TATA KELOLA PERUSAHAAN

Prinsip-Prinsip Tata Kelola Perusahaan Perusahaan mematuhi prinsip-prinsip Tata Kelola Perusahaan yang Baik berikut ini:

- ▶ Transparansi – memastikan ketersediaan informasi perusahaan yang akurat dan konsisten secara jelas dan tepat waktu.
- ▶ Akuntabilitas – menetapkan dan mengawasi peran dan akuntabilitas manajemen dan karyawan.
- ▶ Tanggung Jawab – menyelaraskan peran dan akuntabilitas manajemen dan karyawan dengan undang-undang, peraturan, dan praktik terbaik yang relevan.

- ▶ Independence – preventing conflicts of interest and improper decision-making due to pressure from internal or external parties.
- ▶ Fairness – ensuring the protection and equal fair treatment of stakeholder rights in all dealings.
- ▶ Independensi – mencegah adanya 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.

CORPORATE GOVERNANCE OBJECTIVES

The corporate governance framework of PT Agincourt Resources is directed towards meeting a range of outcomes, including:

- ▶ Maximising corporate value and return to shareholders.
- ▶ Protection of Company assets.
- ▶ Ongoing improvement in operational performance in line with industry leading practice.
- ▶ Meeting all compliance obligations.
- ▶ Development of management competency throughout the organisation.
- ▶ Meeting corporate social responsibilities including protection of the environment, stakeholder engagement, community development and employee welfare.
- ▶ Management of enterprise risk.

TUJUAN TATA KELOLA PERUSAHAAN

Kerangka kerja tata kelola perusahaan Perusahaan diarahkan untuk memenuhi serangkaian hasil, termasuk:

- ▶ Memaksimalkan nilai perusahaan dan imbal hasil kepada para pemegang saham.
- ▶ Perlindungan aset Perusahaan.
- ▶ Perbaiki secara terus-menerus dalam kinerja operasi yang selaras dengan praktik terbaik industri.
- ▶ Memenuhi seluruh kewajiban kepatuhan.
- ▶ Pengembangan kompetensi manajemen di seluruh organisasi.
- ▶ Memenuhi tanggung jawab sosial perusahaan termasuk perlindungan lingkungan, keterlibatan pemangku kepentingan, pembangunan masyarakat, dan kesejahteraan karyawan.
- ▶ Manajemen risiko perusahaan.

OVERVIEW OF THE CORPORATE GOVERNANCE FRAMEWORK

The corporate governance of PT Agincourt Resources is implemented through a hierarchy of bodies and appointments. Overarching Company governance is implemented through the General Meeting of Shareholders. Operationally, the Company is controlled by the Board of Directors, with oversight provided by a 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 day-to-day operations in the Company's various Departments.

The performance of the Company in implementing GCG 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 remuneration of the Company's key governance bodies are described as follows; together with a summary of activities in 2017.

GAMBARAN KERANGKA TATA KELOLA

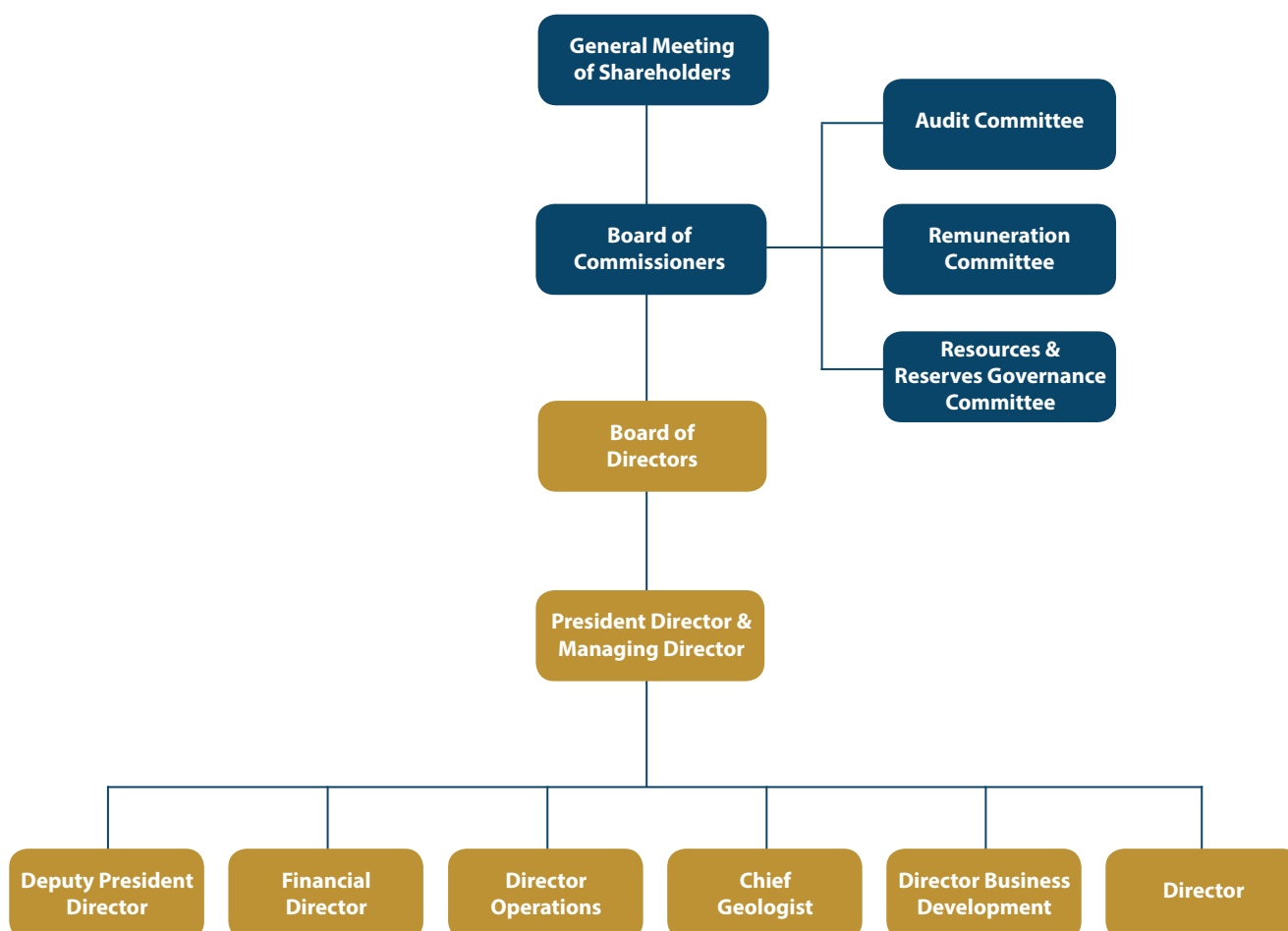
Tata kelola perusahaan PT Agincourt Resources dilaksanakan melalui hierarki organ dan penunjukan. Lingkup tata kelola Perusahaan dilaksanakan melalui Rapat Umum Pemegang Saham. Secara operasional, Perusahaan dikendalikan oleh Dewan Direksi, dengan pengawasan dari Dewan Komisaris. Operasi perusahaan didelegasikan kepada sebuah tim manajemen, yang dipimpin oleh Presiden Direktur, dengan beberapa kepala divisi yang bertanggung jawab atas berbagai aspek bisnis, serta para manajer yang bertanggung jawab dalam operasi harian di berbagai Departemen Perusahaan.

Kinerja Perusahaan dalam melaksanakan Tata Kelola Perusahaan yang Baik (GCG) ditinjau secara rutin di tingkatan Pemegang Saham dan Dewan Perusahaan berdasarkan laporan perusahaan dan sumber informasi lainnya seperti tinjauan dari Komite Audit dan audit independen laporan keuangan.

Susunan, fungsi, dan remunerasi organ tata kelola utama Perusahaan dijelaskan sebagai berikut; beserta ringkasan kegiatan tahun 2017.

KEY ELEMENTS OF PTAR CORPORATE GOVERNANCE FRAMEWORK

ELEMEN UTAMA KERANGKA TATA KELOLA



GENERAL MEETING OF SHAREHOLDERS

Composition and Function

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

Summary of Activities in 2017

The Company held the 2017 Annual General Meeting of Shareholders at the Sheraton Hotel, Jakarta, on 4 April 2017. The meeting was attended by the shareholders or their proxies representing 100% of issued shares with valid voting rights in the Company, and was also attended by the Board of Directors and the Board of Commissioners.

The 2017 Annual General Meeting of Shareholders resolved as follows:

1. To approve and accept the Annual Report and Financial Statements for the accounting year 2016.
2. To approve the distribution of dividends to the shareholders for the accounting year 2016 of value \$24,183,564.
3. To approve and authorise the Board of Directors of the Company to appoint accounting firm KAP Tanudiredja, Wibisana, Rintis & Rekan (in association with Pricewaterhouse Coopers) as the auditors for the accounting year 2017 and to determine the audit fee.

RAPAT UMUM PEMEGANG SAHAM

Susunan dan Fungsi

Rapat Umum Pemegang Saham merupakan organ pengambil keputusan tertinggi Perusahaan, dengan hak untuk mengangkat dan memberhentikan anggota Dewan Komisaris dan Dewan Direksi, menetapkan dividen, dan mengubah Anggaran Dasar PT Agincourt Resources. Rapat Umum Pemegang Saham Tahunan harus dilaksanakan setidaknya satu kali dalam setahun, dan Rapat Umum Pemegang Saham Luar Biasa dapat diadakan setiap saat jika dianggap perlu untuk kepentingan Perusahaan, sebagaimana diminta oleh salah satu atau lebih pemegang saham yang mewakili sekurang-kurangnya 10% modal yang ditempatkan Perusahaan, atau berdasarkan permintaan Dewan Komisaris.

Ringkasan Kegiatan Tahun 2017

Perusahaan mengadakan Rapat Umum Pemegang Saham Tahunan di Hotel Sheraton, Jakarta, pada tanggal 4 April 2017. Rapat tersebut dihadiri oleh para pemegang saham atau perwakilannya yang merepresentasikan 100% saham yang diterbitkan dengan hak suara sah di dalam Perusahaan, dan juga dihadiri oleh Dewan Direksi dan Dewan Komisaris.

Rapat Umum Pemegang Saham Tahunan 2017 membuat keputusan sebagai berikut:

1. Menyetujui dan menerima Laporan Tahunan dan Laporan Keuangan untuk tahun buku 2016.
2. Menyetujui pembagian dividen kepada para pemegang saham untuk tahun buku 2016 sebesar \$24.183.564.
3. Menyetujui dan mewenangkan Dewan Direksi Perusahaan untuk menunjuk kantor akuntan publik KAP Tanudiredja, Wibisana, Rintis & Rekan (bekerja sama dengan Pricewaterhouse Coopers) sebagai auditor untuk tahun buku 2017 dan menentukan biaya audit.

4. To discharge and acquit all members of the Board of Directors for their management actions and liabilities and the Board of Commissioners for their supervisory actions and liabilities during the accounting year 2016, to the extent such actions are reflected in the Company's Financial Statement for the year 2016.
 5. To reappoint the current members of the Board of Directors and the Board of Commissioners whose terms of office may be expired, for the period specified in the Company's Articles of Association.
 6. To authorise any member of the Board of Directors of the Company to appear before a notary to make a statement or certification (if necessary) of any or all of the resolutions made in the Meeting.
4. Pelunasan dan pembebasan tanggung jawab Dewan Direksi atas tindakan dan kewajiban manajemennya, dan Dewan Komisaris atas tindakan dan kewajiban pengawasannya selama tahun buku 2016, sepanjang tindakan-tindakan tersebut tercermin dalam Laporan Keuangan Perusahaan tahun 2016.
 5. Mengangkat kembali anggota Dewan Direksi dan Dewan Komisaris saat ini yang telah habis masa jabatannya, untuk periode yang ditetapkan dalam Anggaran Dasar Perusahaan.
 6. Mewenangkan anggota Dewan Direksi Perusahaan untuk menemui notaris untuk membuat pernyataan atau pengesahan (jika dibutuhkan) mengenai setiap atau semua keputusan yang dibuat dalam Rapat.

BOARD OF COMMISSIONERS

Composition and Function

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. In 2017, the Board of Commissioners comprised the following:

President Commissioner:

- Mr. Owen Hegarty

Commissioners:

- Mr. Antony Manini
- Mr. Anwar Nasution
- Mr. Ashish Gupta
- Mr. Benjamin Yrineo Santos Encarnacion
- Mr. Chien Min Chang
- Mr. Noke Kiroyan

JAJARAN DEWAN KOMISARIS

Susunan dan Fungsi

Komisaris diangkat untuk satu masa jabatan melalui Rapat Umum Pemegang Saham. Tugas-tugas Dewan Komisaris adalah untuk mengawasi tindakan Direksi dan memberikan masukan-masukan, memberikan persetujuan untuk tindakan-tindakan tertentu, menyetujui rencana bisnis tahunan, dan mewakili kepentingan para pemegang saham. Anggota Dewan Komisaris diundang untuk menghadiri seluruh rapat Direksi, dan menerima laporan rutin dari Direksi.

Susunan Dewan Komisaris sesuai dengan Undang-Undang Perseroan dan Anggaran Dasar PT Agincourt Resources. Pada tahun 2017, Dewan Komisaris terdiri dari:

Presiden Komisaris:

- Tn. Owen Hegarty

Komisaris:

- Tn. Antony Manini
- Tn. Anwar Nasution
- Tn. Ashish Gupta
- Tn. Benjamin Yrineo Santos Encarnacion
- Tn. Chien Min Chang
- Tn. Noke Kiroyan

Summary of Activities in 2017

During 2017, the BOC held two joint meetings with the Board of Directors.

Remuneration

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

BOARD OF DIRECTORS

Composition and Function

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 by 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.
- ▶ 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. In 2017, the Board of Directors comprised the following:

President Director:

- ▶ Mr. Tim Duffy

Directors:

- ▶ Mr. Ed Cooney
- ▶ Mrs. Linda Siahaan
- ▶ Mr. Navin Sonthalia
- ▶ Mr. Peter Chambers
- ▶ Mr. Washington Tambunan

Ringkasan Kegiatan Tahun 2017

Selama tahun 2017, Dewan Komisaris mengadakan dua rapat gabungan bersama Direksi.

Remunerasi

Total remunerasi untuk seluruh anggota Dewan Komisaris disetujui melalui Rapat Umum Pemegang Saham Tahunan.

JAJARAN DIREKSI

Susunan dan Fungsi

Direksi diangkat untuk satu masa jabatan melalui Rapat Umum Pemegang Saham. Tugas-tugas utama Direksi adalah:

- ▶ Memimpin dan mengatur bisnis perusahaan sesuai dengan sasaran dan kebijakan yang telah ditentukan.
- ▶ Meningkatkan efisiensi dan efektivitas perusahaan serta memaksimalkan imbal hasil atas investasi pemegang saham.
- ▶ Melindungi dan mengelola aset perusahaan.
- ▶ Menentukan sasaran bisnis tahunan, termasuk anggaran tahunan, untuk disetujui oleh Dewan Komisaris sebelum dimulainya tahun buku berikutnya.
- ▶ Memastikan kepatuhan hukum di seluruh kegiatan bisnis.
- ▶ Melaksanakan hasil-hasil tanggung jawab sosial perusahaan yang telah disepakati.
- ▶ Mengelola risiko perusahaan.

Susunan Direksi sesuai dengan Undang-Undang Perseroan dan Anggaran Dasar Perusahaan. Pada tahun 2017, Direksi terdiri dari:

Presiden Direktur:

- ▶ Tn. Tim Duffy

Direktur

- ▶ Tn. Ed Cooney
- ▶ Ny. Linda Siahaan
- ▶ Tn. Navin Sonthalia
- ▶ Tn. Peter Chambers
- ▶ Tn. Washington Tambunan

Summary of Activities in 2017

During 2017, the Board of Directors held two joint meetings with the Board of Commissioners.

Board of Directors Remuneration

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

AUDIT COMMITTEE

Composition and Function

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.

In 2017, the Audit Committee comprised the following:

Mr. Owen Hegarty
Mr. Tim Duffy
Mr. Benjamin Encarnacion
Mr. Jason Chang
Mr. Peter Chambers

Summary of Activities in 2017

During 2017 the Audit Committee held two meeting.

Ringkasan Kegiatan Tahun 2017

Selama tahun 2017, Direksi mengadakan dua rapat gabungan bersama Dewan Komisaris.

Remunerasi Direksi

Total remunerasi untuk seluruh anggota Direksi sebagaimana yang telah disetujui melalui Rapat Umum Pemegang Saham Tahunan.

KOMITE AUDIT

Susunan dan Fungsi

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-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 sebagaimana diarahkan melakukan tinjauan fungsi operasional di dalam Perusahaan.

Pada tahun 2017, Komite Audit terdiri dari:

Tn. Owen Hegarty
Tn. Tim Duffy
Tn. Benjamin Encarnacion
Tn. Jason Chang
Tn. Peter Chambers

Ringkasan Kegiatan Tahun 2017

Selama tahun 2017, Komite Audit mengadakan dua kali rapat.

REMUNERATION COMMITTEE

Composition and Function

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.

In 2017, the Remuneration Committee comprised the following:

Mr. Owen Hegarty
Mr. Tim Duffy
Mr. Jason Chang
Mr. Benjamin Encarnacion
Mr. Peter Chambers

Summary of Activities in 2017

During 2017, the Remuneration Committee held one meeting.

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.

RESOURCES AND RESERVES GOVERNANCE COMMITTEE

Composition and Function

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 code and the Company Resources and Reserves Policy. It oversees that all Resources and Reserves activities are completed with consistency, rigour, and to the highest technical standards.

KOMITE REMUNERASI

Komposisi dan Fungsi

Komite Remunerasi bertanggung jawab untuk menyetujui jumlah remunerasi Direksi, serta laporan langsung dari Presiden Direktur. Komite ini juga bertugas meninjau dan menyetujui rekomendasi untuk peninjauan remunerasi tahunan Perusahaan.

Pada tahun 2017, Komite Remunerasi terdiri dari:

Owen Hegarty
Tim Duffy
Jason Chang
Benjamin Encarnacion
Peter Chambers

Rangkuman Kegiatan di Tahun 2017

Selama tahun 2017, Komite Remunerasi mengadakan satu kali pertemuan.

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 menerapkan rencana audit internal tahunan berbasis risiko sebagaimana disetujui oleh Komite Audit.

KOMITE TATA KELOLA SUMBER DAYA DAN CADANGAN

Susunan dan Fungsi

Tujuan dari komite tata kelola ini adalah untuk meyakinkan Direksi dan Dewan Komisaris bahwa Sumber Daya dan Cadangan telah disusun sesuai dengan aturan JORC dan Kebijakan Sumber Daya dan Cadangan Perusahaan. Komite ini mengawasi bahwa kegiatan-kegiatan Sumber Daya dan Cadangan telah dilaksanakan secara konsisten, teliti, dan sesuai dengan standar teknis tertinggi.

In 2017, the Resources and Reserves Governance Committee comprised the following:

Mr. Owen Hegarty
Mr. Antony Manini
Mr. John Stover
Mr. Peter Chambers
Mr. Tim Duffy
Mr. Shawn Crispin

Pada tahun 2017, Komite Tata Kelola Sumber Daya dan Cadangan terdiri dari:

Tn. Owen Hegarty
Tn. Antony Manini
Tn. John Stover
Tn. Peter Chambers
Tn. Tim Duffy
Tn. Shawn Crispin

Summary of Activities in 2017

During 2017 the Resources and Reserves Governance Committee held one meeting.

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

Ringkasan Kegiatan Tahun 2017

Selama tahun 2017, Komite Tata Kelola Sumber Daya dan Cadangan mengadakan satu kali rapat.

KONTROL OPERASIONAL UNTUK TATA KELOLA PERUSAHAAN YANG BAIK

Selain organ-organ tata kelola dan penunjukan yang telah disebutkan sebelumnya, keputusan dan kegiatan bisnis Perusahaan diatur sesuai dengan tata kelola perusahaan yang baik melalui sebuah sistem kontrol operasional, yang secara umum disetujui pada tingkat pemegang saham dan dewan. Sistem ini terdiri dari:

- Anggaran Dasar Perusahaan.
- Keputusan Rapat Umum Pemegang Saham.
- Kebijakan Perusahaan, Kode Praktik, dan Prosedur Operasi Standar.
- Kode Etik dan Perilaku Usaha.
- Delegasi Panduan Kewenangan.
- Rencana Bisnis Tahunan.
- Deskripsi Jabatan.

OTHER CORPORATE GOVERNANCE ASPECTS

Public Accountant

The Company's financial statements for the year ended 31 December 2017 were audited by the accounting firm *Tanudiredja, Wibisana, Rintis & Rekan* (in association with *Pricewaterhouse Coopers*). The audit fee for this year was \$74,000 (excluding tax and expenses).

Legal Cases

In 2017, the Company was involved in three legal proceedings with progress as follows:

Civil Case 145/PDT.G/2015/PN.JKT.PST

Court proceedings in this case commenced in 2015. A claim was made by the plaintiff against three government institutions and two companies, including PT Agincourt Resources, that land owned by the plaintiff was sold to the two companies without permission. On 1 March 2016 this claim was dismissed by the Central Jakarta District Court, however the plaintiff appealed to the High Court against this verdict. On 1 March 2017, the Jakarta High Court upheld the decision of the District Court.

Civil Case 22/PDT.G/2016/PN.PSP

A claim for compensation was filed against PT Agincourt Resources in the Padangsidempuan Court on the basis that 500 hectares of land in Batangtoru has been occupied by the Company without agreement from the plaintiff, who claims ownership of the land. The Court ruled against this claim on 2 May 2017, however the plaintiff appealed to the Medan High Court against this verdict and the appeal is still in process.

ASPEK TATA KELOLA PERUSAHAAN LAINNYA

Akuntan Publik

Laporan keuangan Perusahaan untuk tahun yang berakhir pada 31 Desember 2017 diaudit oleh kantor akuntan *Tanudiredja, Wibisana, Rintis & Rekan* (bekerja sama dengan *Pricewaterhouse Coopers*). Biaya audit untuk tahun ini adalah sebesar \$74.000 (tidak termasuk pajak dan pengeluaran).

Kasus Hukum

Pada tahun 2017, Perusahaan terlibat dalam tiga proses hukum dengan perkembangan sebagai berikut:

Perkara Perdata 145/PDT.G/2015/PN.JKT.PST

Proses pengadilan dalam kasus ini dimulai pada tahun 2015. Gugatan dilakukan oleh penggugat terhadap tiga lembaga pemerintah dan dua perusahaan, termasuk PT Agincourt Resources, bahwa tanah yang dimiliki oleh penggugat telah dijual kepada dua perusahaan tersebut tanpa izin. Pada tanggal 1 Maret 2016, gugatan ini dibatalkan oleh Pengadilan Negeri Jakarta Pusat, namun demikian penggugat mengajukan banding ke Pengadilan Tinggi mengenai putusan tersebut. Pada tanggal 1 Maret 2017, Pengadilan Tinggi Jakarta menegaskan putusan yang dikeluarkan oleh Pengadilan Negeri.

Perkara Perdata 22/PDT.G/2016/PN.PSP

Gugatan yang menuntut kompensasi diajukan terhadap Perusahaan di Pengadilan Padangsidempuan dengan dasar bahwa 500 hektare tanah di Batangtoru telah dikuasai oleh Perusahaan tanpa adanya persetujuan dari penggugat, yang mengklaim kepemilikan atas tanah tersebut. Pengadilan membatalkan gugatan ini pada tanggal 2 Mei 2017, namun demikian penggugat mengajukan banding ke Pengadilan Tinggi Medan guna melawan putusan tersebut, dan banding ini masih dalam proses.

Civil Case 7/PDT.G/2017/PN.PSP

A claim for compensation and land ownership was filed against PT Agincourt Resources in the Sibolga Court in regards to 27,500 hectares of land located within the Company's Contract of Work area (the plaintiff being the same as in Civil Case 145/PDT.G/2015/PN.JKT.PST). On 6 December 2017, the Court dismissed the case. The plaintiff waived his right to appeal, hence the Court Ruling is now final and binding.

Enterprise Risk Management

The Company implements an enterprise risk management programme based on an annual risk assessment workshop. The workshop identifies operational risks as assessed against safety, environmental, community, government, reputational, financial and compliance related consequences. The 2017 Enterprise Risk Workshop was held on 16 October 2017 and included participation by the President Director, three directors, and two of the senior management team. The highest risks identified by this process are being addressed by means of risk management plans with progress reported to the board in the form of risk management scorecards.

Employee Stock Ownership Program

Currently, the Company does not have an employee stock ownership program.

External Communications

Information about the Company can be found at the website: www.agincourtresources.com
Also, the Company can 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

Perkara Perdata 7/PDT.G/2017/PN.PSP

Gugatan yang menuntut kompensasi dan kepemilikan tanah diajukan terhadap Perusahaan di Pengadilan Sibolga sehubungan dengan 27.500 hektare tanah yang terletak dalam lingkup area Kontrak Karya Perusahaan (penggugat adalah pihak yang sama dalam Perkara Perdata 145/PDT.G/2015/PN.JKT.PST). Pada tanggal 6 Desember 2017, Pengadilan membatalkan kasus ini. Penggugat tidak menggunakan haknya untuk melakukan banding, dengan demikian Putusan Pengadilan sudah berkekuatan hukum tetap dan mengikat.

Manajemen Risiko Perusahaan

Perusahaan melaksanakan program manajemen risiko perusahaan berdasarkan lokakarya penilaian risiko tahunan. Lokakarya ini mengidentifikasi risiko-risiko operasional sebagaimana dinilai terhadap konsekuensi-konsekuensi keselamatan, lingkungan, masyarakat, pemerintah, reputasi, keuangan, dan kepatuhan. Lokakarya Risiko Perusahaan Tahun 2017 diadakan pada tanggal 16 Oktober 2017 dan turut melibatkan Presiden Direktur, tiga orang direktur, dan dua orang dari tim manajemen senior. Risiko tertinggi yang teridentifikasi melalui proses penilaian ini sedang ditangani melalui rencana manajemen risiko yang perkembangannya dilaporkan kepada dewan dalam bentuk *scorecard* manajemen risiko.

Program Kepemilikan Saham Karyawan

Saat ini, Perusahaan tidak memiliki program kepemilikan saham karyawan.

Komunikasi Eksternal

Informasi mengenai Perusahaan dapat ditemukan di situs web: 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
Telepon: +62-21 7592 2808



CORPORATE SOCIAL RESPONSIBILITY

TANGGUNG JAWAB SOSIAL PERUSAHAAN

Fahri Hasibuan (Head of Aek Pining Farmer's Group) with Ruslan Simamora (Community Development Officer) during a certification visit for organic rice production.

Fahri Hasibuan (Kepala Kelompok Tani Aek Pining) bersama Ruslan Simamora (Community Development Officer) saat kunjungan sertifikasi produksi beras organik.



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 extended to the Company by the 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 2017. The implementation of corporate social responsibility and sustainable development by the Company is documented in greater detail in the Company's 2017 Sustainability Report.

GAMBARAN UMUM

Keberhasilan jangka panjang PT Agincourt Resources akan bergantung pada dukungan dan kepercayaan yang diberikan kepada Perusahaan oleh 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 2017. Pelaksanaan tanggung jawab sosial perusahaan dan pembangunan berkelanjutan oleh Perusahaan didokumentasikan secara lebih jelas dalam Laporan Berkelanjutan Perusahaan Tahun 2017.

COMMUNITY DEVELOPMENT

PEMBERDAYAAN MASYARAKAT

PT Agincourt Resources has actively supported community development since project commencement to ensure that our local communities directly benefit from our presence.

PT Agincourt Resources telah secara aktif mendukung pengembangan masyarakat 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. PT Agincourt Resources has been a supporter of community development since project commencement, as a way of ensuring that local communities directly benefit from the presence of the Martabe Gold Mine. This support is focused on 15 villages spanning the sub-districts of Batang Toru and Muara Batang Toru; villages categorised as Directly Affected Villages (DAVs).

The Company's community development strategy is to target programs that will meet immediate community needs and also provide sustainable benefits well after mine closure. The PTAR Community Management Plan (CMP) released in 2016, provides a framework for five years of community development activity by the Company. The CMP takes into account community needs, infrastructure assessments, risk assessments, local government development plans, and refers to a range of international guidelines such as the United Nations' Sustainable Development Goals.

GAMBARAN UMUM PENGEMBANGAN MASYARAKAT

Pengembangan masyarakat merupakan suatu proses untuk meningkatkan kekuatan dan efektivitas masyarakat. PT Agincourt Resources senantiasa mendukung usaha pengembangan masyarakat sejak dimulainya proyek tambang, sebagai cara untuk memastikan bahwa masyarakat setempat mendapatkan manfaat secara langsung dari kehadiran Tambang Emas Martabe. Dukungan Perusahaan ini difokuskan pada 15 desa yang berada di kecamatan Batang Toru dan Muara Batang Toru, yang merupakan desa-desa yang dikategorikan sebagai Desa Lingkar Tambang.

Strategi Perusahaan terkait pengembangan masyarakat adalah dengan menargetkan program-program yang akan memenuhi kebutuhan langsung masyarakat sekaligus memberikan manfaat berkelanjutan - bahkan setelah berakhirnya operasi tambang. Community Management Plan (CMP), yang dikeluarkan pada tahun 2016, telah menetapkan suatu kerangka kerja kegiatan Perusahaan dalam pengembangan masyarakat selama lima tahun. CMP mempertimbangkan kebutuhan masyarakat, penilaian infrastruktur, penilaian risiko, rencana pembangunan pemerintah daerah, serta mengacu pada berbagai pedoman internasional seperti Sustainable Development Goals atau Tujuan Pembangunan Berkelanjutan dari PBB.

Based on these considerations, the CMP targets five main program areas for delivering support to local communities over the five-year period, namely health, education, local business and economic development, public infrastructure, and community relations.

In 2017, PT Agincourt Resources spent \$1.8 million implementing the CMP. This was in addition to dividends paid to the community and regency.

This assistance was largely focused on the continuation of existing programs, summarised as follows:

HEALTH

- ▶ The Company maintained its 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 6,200 people have received surgery under this program since commencement in 2011.
- ▶ Support for a Clean and Healthy School Competition involving 31 schools including prizes for winners such as school furniture and ablution facilities.
- ▶ Training for community health officers and midwives.
- ▶ Monthly visits by staff to Infant Health Care Clinics (Posyandu) and Elderly Health Care Clinics to provide supplies and assist in delivery of services.
- ▶ Provision of monthly gymnastics classes for the elderly in local villages.
- ▶ Monthly free health care visits to local villages (delivery of services such as infant health checks, pregnancy examinations, general health checks, and treatment of common diseases).
- ▶ Training of 25 village-based tuberculosis prevention cadres.
- ▶ Coaching of adolescent health counsellors.

Berdasarkan pertimbangan tersebut, CMP menargetkan lima bidang program utama untuk mendukung masyarakat setempat selama lima tahun; yaitu kesehatan, pendidikan, pengembangan usaha lokal dan pengembangan ekonomi, infrastruktur publik, dan hubungan masyarakat.

Pada tahun 2017, PT Agincourt Resources telah mengeluarkan \$1,8 juta untuk pelaksanaan CMP. Dana tersebut adalah dana tambahan di samping dividen yang dibayarkan kepada masyarakat dan kabupaten.

Bantuan Perusahaan sebagian besar difokuskan untuk memastikan kesinambungan program-program yang sudah berjalan, yaitu sebagai berikut:

KESEHATAN

- ▶ Perusahaan terus mendukung program operasi katarak bagi masyarakat setempat melalui kerja sama dengan A New Vision dan Komando Daerah Militer Indonesia. Total 6.200 orang telah dioperasi melalui program ini sejak dimulai pada tahun 2011.
- ▶ Dukungan untuk Lomba Kebersihan dan Kesehatan Sekolah yang melibatkan 31 sekolah, termasuk untuk keperluan pembelian hadiah bagi para pemenang seperti perabotan sekolah dan fasilitas kebersihan.
- ▶ Pelatihan bagi petugas kesehatan masyarakat dan bidan.
- ▶ Kunjungan bulanan staf ke Posyandu Bayi dan Balita serta Posyandu Lansia untuk membagikan perlengkapan dan membantu penyediaan layanan.
- ▶ Pelaksanaan kelas senam bagi para lansia setiap bulannya di desa-desa setempat.
- ▶ Kunjungan perawatan kesehatan bebas biaya ke desa-desa setempat (penyediaan layanan seperti penimbangan berat balita, pemeriksaan kehamilan, pemeriksaan kesehatan umum, dan pengobatan penyakit umum).
- ▶ Pelatihan 25 orang kader pencegahan penyakit tuberkulosis berbasis desa.
- ▶ Pembinaan konselor kesehatan remaja.

EDUCATION

- ▶ Support for a Government school improvement program.
- ▶ Support for performing arts and “Reading Garden” (children libraries) competitions for children.
- ▶ Provision of 130 scholarships for local children ranging from elementary school to university degrees.
- ▶ Monthly coaching for Reading Garden staff.
- ▶ Traditional dance classes for children.
- ▶ Renovation of school buildings.

LOCAL BUSINESS DEVELOPMENT

- ▶ Procurement of local goods and services to the value of \$20.7 million.
- ▶ Support for the commercial production of rice seed.
- ▶ Support for the production of various crops and fruits in local villages (sweet corn, kale, spinach, cocoa, corn, peanuts, cucumber, cassava, pineapple, banana and papaya).
- ▶ Support for organic compost production.
- ▶ Hosting workshops and field schools for farmers.
- ▶ Support for the establishment of village cooperatives.
- ▶ Providing assistance for the establishment of fish ponds.
- ▶ Construction of huts and toolsheds for farmers.

PUBLIC INFRASTRUCTURE

- ▶ Construction of a large amphitheater in Batangtoru suitable for public events.
- ▶ Construction of roads, drains and a bridge.
- ▶ Renovation of mosques, churches and related ablution facilities.

PENDIDIKAN

- ▶ Dukungan untuk program perbaikan sekolah yang dilaksanakan Pemerintah.
- ▶ Dukungan untuk lomba pentas seni dan Taman Baca untuk anak-anak.
- ▶ Pembagian 130 beasiswa kepada para siswa setempat mulai dari tingkat sekolah dasar sampai tingkat sarjana.
- ▶ Pembinaan bulanan untuk staf Taman Baca.
- ▶ Kelas tarian tradisional bagi anak-anak.
- ▶ Perbaikan gedung sekolah.

PENGEMBANGAN USAHA LOKAL

- ▶ Pengadaan barang dan jasa secara lokal yang mencapai nilai \$20,7 juta.
- ▶ Dukungan untuk produksi komersil benih padi.
- ▶ Dukungan untuk produksi berbagai macam hasil tani sayur dan buah di desa-desa setempat (jagung manis, kangkung, bayam, coklat, jagung, kacang tanah, mentimun, singkong, nanas, pisang, dan pepaya).
- ▶ Dukungan untuk produksi kompos organik.
- ▶ Penyelenggaraan lokakarya dan sekolah lapangan bagi para petani.
- ▶ Dukungan untuk pendirian koperasi desa.
- ▶ Pemberian bantuan untuk pembuatan kolam ikan.
- ▶ Pembangunan pondok dan gudang peralatan bagi para petani.

INFRASTRUKTUR PUBLIK

- ▶ Pembangunan gedung serba guna besar di Batangtoru yang dapat digunakan untuk acara umum.
- ▶ Pembangunan jalan, saluran air, dan jembatan.
- ▶ Perbaikan masjid dan gereja serta fasilitas wudhu.

Local children attending activities at the Aek Pining "Reading Garden".

Anak-anak desa setempat mengikuti kegiatan di "Taman Baca" Aek Pining.



- ▶ Provision of beds for boarding schools.
- ▶ Provision of public toilets and clean water infrastructure.
- ▶ Construction of a sports field.

- ▶ Pembagian tempat tidur untuk pesantren.
- ▶ Penyediaan toilet umum dan infrastruktur air bersih.
- ▶ Pembangunan lapangan olahraga.

COMMUNITY RELATIONS

- ▶ Providing site tours to over 1500 people to explain operational aspects such as water management.
- ▶ Emergency assistance for flood affected communities.
- ▶ Support for the celebration of Kartini Day in 23 villages.
- ▶ Support for religious events.
- ▶ Support for community sport and entertainment events.

HUBUNGAN MASYARAKAT

- ▶ Penyelenggaraan kunjungan ke site untuk lebih dari 1500 orang dalam rangka menjelaskan aspek-aspek operasional tambang seperti pengelolaan air.
- ▶ Bantuan darurat bagi masyarakat yang terkena dampak banjir.
- ▶ Dukungan untuk perayaan Hari Kartini di 23 desa.
- ▶ Bantuan untuk acara keagamaan.
- ▶ Bantuan untuk acara olahraga dan hiburan masyarakat.

ENVIRONMENT

LINGKUNGAN

The Martabe Gold Mine is surrounded by forest, waterways, agriculture and settlements, and the highest standard of environmental performance 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 kinerja lingkungan sangat penting untuk menjaga nilai alam dan mempertahankan izin sosial kami untuk beroperasi.

INTRODUCTION

The Martabe Gold Mine is located at the edge of the Batangtoru Forest and in close proximity to streams and rivers, plantations, farming and local communities. Protection of the environment through the implementation of effective controls at the site is therefore essential for the ongoing success of the Company. The environmental performance of the Martabe Gold Mine remained strong in 2017, with no significant environmental incidents reported, and full compliance with the site's permit for discharge of treated water to the Batangtoru River. The site received a UTAMA (Silver) award under the Ministry of Energy and Mineral Resources (ESDM) environmental management assessment program for mines.

The significant environmental aspects at the Martabe Gold Mine are typical of those for open-cut mining operations in the tropics, and the key operational goals for environmental management at the site have remained consistent since the project commenced:

PENDAHULUAN

Tambang Emas Martabe berada di tepian Hutan Batangtoru dan berdekatan dengan sungai kecil dan besar, perkebunan, pertanian dan tempat tinggal masyarakat setempat. Perlindungan lingkungan hidup melalui pelaksanaan kontrol yang efektif di *site* karenanya sangat penting bagi sukses berkelanjutan Perusahaan. Kinerja lingkungan hidup Tambang Emas Martabe tetap bertahan kuat di tahun 2017, tanpa adanya laporan insiden lingkungan hidup yang signifikan, serta dipatuhinya izin *site* untuk pembuangan air olahan ke Sungai Batangtoru. *Site* menerima penghargaan UTAMA (Perak) dalam program penilaian pengelolaan lingkungan hidup untuk tambang dari Kementerian Energi dan Sumber Daya Mineral.

Aspek lingkungan hidup yang signifikan di Tambang Emas Martabe merupakan hal yang umum pada operasi penambangan terbuka di daerah tropis, dan tujuan operasional utama untuk pengelolaan lingkungan hidup di *site* masih tetap konsisten sejak dimulainya proyek:

Zunaidi Tanjung (Environment Senior Field Assistant) working in the Martabe plant nursery.

Zunaidi Tanjung (Environment Senior Field Assistant) bekerja di tempat pembibitan tanaman Martabe.



- ▶ Minimisation of impacts on downstream waterways from site discharge.
- ▶ Safe disposal of tailings and waste rock.
- ▶ Minimisation of unnecessary impacts on biodiversity.
- ▶ Rehabilitation of disturbed areas following mining to restore biodiversity as far as practicable.
- ▶ Avoidance of significant chemical releases or spills.
- ▶ Meminimalkan dampak dari pembuangan air *site* pada aliran air hilir.
- ▶ Pembuangan *tailing* (sisa hasil akhir tambang) dan penempatan batuan buangan secara aman.
- ▶ Meminimalkan dampak yang tidak perlu pada keanekaragaman hayati.
- ▶ Rehabilitasi area yang terganggu setelah penambangan untuk mengembalikan keanekaragaman hayati sepanjang dapat diterapkan.
- ▶ Menghindari pelepasan atau tumpahan bahan kimia yang signifikan.

An overview of how these goals are being managed at the site, and progress in 2017, is provided below. For more detail on environmental management at the Martabe Gold Mine, please refer to the Company's 2017 Sustainability Report.

Gambaran umum tentang bagaimana tujuan-tujuan tersebut dikelola di *site*, serta perkembangannya di tahun 2017, akan dijelaskan selanjutnya. Untuk detail lebih jelas mengenai pengelolaan lingkungan hidup di Tambang Emas Martabe, harap mengacu pada Laporan Berkelanjutan Perusahaan Tahun 2017.

MINIMISATION OF IMPACTS ON DOWNSTREAM WATERS

Water management and the site water balance are universal management concerns for mining operations in high rainfall environments such as the Martabe Gold Mine. The site operates an integrated site water management system to meet the water requirements of the process plant and to prevent potentially contaminated surface water from leaving the site. Under this system, excess water at the Tailings Storage Facility (TSF) is pumped to a Water Polishing Plant (WPP) to remove contaminants before being safely released to the Batang Toru River. To ensure protection of the receiving environment, water released from the WPP must meet quality limits specified in the site's discharge permit.

In 2017, discharge of treated water from the site remained fully compliant with the site's discharge permit and Ministerial Regulation KepMen No. 202/2014, maintaining an unbroken record of WPP discharge compliance since commencement of operations. For the fourth consecutive year, an independent monitoring team established by Decision of the Governor of North Sumatra, provided independent verification of compliance. This team comprises representation from local government, local community and the University of North Sumatra.

The University of North Sumatra continued to monitor the condition of streams and rivers surrounding the site under a River Health Monitoring Program that has been running since 2014. Under this program, aquatic life at sites in the Batang Toru River was surveyed four times in 2017. The results of this monitoring confirmed that there were no significant environmental impacts resulting from WPP discharge in 2017.

As a measure to reduce the volume of runoff water pumped to the WPP, a system to allow lime dosing of water in runoff ponds downstream of the TSF was fully implemented in 2017. This arrangement increases the availability of the WPP for receiving excess water from the TSF during storm periods.

MEMINIMALKAN DAMPAK PADA ALIRAN AIR HILIR

Pengelolaan air dan neraca air site merupakan persoalan pengelolaan yang bersifat universal bagi operasi tambang di lingkungan bercurah hujan tinggi seperti Tambang Emas Martabe. Site menggunakan sistem pengelolaan air *site* terpadu untuk memenuhi ketentuan air pabrik pengolahan dan untuk mencegah terlepasnya air permukaan yang berpotensi tercemar dari *site*. Berdasarkan sistem ini, kelebihan air di *Tailings Storage Facility* (TSF) dipompa ke *Water Polishing Plant* (WPP) untuk menghilangkan kontaminan sebelum dialirkan ke Sungai Batang Toru. Untuk memastikan perlindungan terhadap lingkungan penerima, air yang dialirkan dari WPP wajib memenuhi batasan kualitas yang ditetapkan dalam izin pembuangan air *site*.

Pada tahun 2017, pembuangan air olahan dari *site* tetap senantiasa mematuhi izin pembuangan *site* dan KepMen No. 202/2014, mempertahankan rekor tanpa cacat atas kepatuhan pembuangan air olahan WPP sejak dimulainya operasi. Selama empat tahun berturut-turut, tim pemantau independen yang didirikan berdasarkan Surat Keputusan Gubernur Sumatera Utara memberikan verifikasi kepatuhan independen. Tim ini meliputi perwakilan dari pemerintah daerah, masyarakat setempat, dan Universitas Sumatera Utara.

Universitas Sumatera Utara terus melakukan pemantauan kondisi sungai kecil dan besar yang berada di sekitar *site* di bawah Program Pemantauan Kesehatan Sungai yang telah berjalan sejak tahun 2014. Di bawah program ini, kehidupan air yang ada di *site* di Sungai Batang Toru telah disurvei sebanyak empat kali pada tahun 2017. Hasil pemantauan ini menegaskan bahwa tidak terjadi dampak lingkungan hidup yang signifikan dari pembuangan air olahan WPP selama tahun 2017.

Sebagai usaha untuk mengurangi volume air limpasan yang dipompa ke WPP, diterapkan suatu sistem yang memungkinkan pemberian dosis kapur pada air di hilir kolam air limpasan TSF pada tahun 2017. Pengaturan ini meningkatkan ketersediaan WPP untuk menerima air berlebih dari TSF selama masa badai.

Integrated Team members sampling discharge from the Water Polishing Plant to the Batangtoru River.

Anggota Tim Terpadu mengambil sampel air olahan yang disalurkan dari *Water Polishing Plant* ke Sungai Batangtoru.



To assist in the management of the site water balance under changes associated with new pits, a review of the site water balance model was conducted in 2017 by consultants.

Untuk memudahkan pengelolaan neraca air *site* yang sedang berubah akibat adanya pit-pit baru, suatu kajian model neraca air *site* sudah dilakukan oleh konsultan pada tahun 2017.

SAFE DISPOSAL OF TAILINGS

All tailings at the Martabe Gold Mine are permanently disposed of in a Tailings Storage Facility (TSF). The TSF features an earth and rock-fill embankment with a central clay core and associated sand filter zones. The design and construction of the TSF was in line with industry leading practice and a range of measures were applied to maximise safety. It was designed by an internationally recognised engineering consultancy and the design was also reviewed and certified by the Indonesian Dam Safety Committee. The embankment's stability design complies with the International Committee on Large Dams (ICOLD) dam stability criteria. Construction of the embankment is tightly controlled and is subject to ongoing quality assurance.

PEMBUANGAN AMAN TAILING

Seluruh *tailing* di Tambang Emas Martabe ditempatkan secara permanen di *Tailings Storage Facility* (TSF). Sarana ini merupakan tanggul yang terbuat dari timbunan tanah dan batuan dengan inti lempung serta zona-zona filter pasir yang terkait. Rancangan dan konstruksi TSF telah sesuai dengan praktik unggulan di industri dan sudah diterapkan serangkaian usaha untuk memaksimalkan keamanannya. TSF dirancang oleh konsultan teknik yang diakui secara internasional dan rancangan tersebut juga telah dikaji dan disahkan oleh Komite Keselamatan Bendungan Indonesia. Stabilitas rancangan tanggul telah memenuhi kriteria stabilitas bendungan dari *International Committee on Large Dams* (ICOLD). Konstruksi tanggul ini dikontrol secara ketat dan tunduk pada jaminan kualitas secara terus-menerus.

To provide for a high level of assurance on TSF safety, the Company has in place the following controls:

- ▶ An annual independent technical review of the safety of the facility conducted by recognised TSF experts, addressing design, construction and operational aspects.
- ▶ A Company Code of Practice Safe Tailings Placement. This lays out mandatory outcomes and related accountabilities important in ensuring TSF safety. First released in 2017, this Code of Practice was revised in 2017 to fully address principles laid out in the ICMM Tailings Governance Framework (2017).
- ▶ A monthly TSF Stewardship Report provided to senior management and the Board of Directors which presents key TSF safety monitoring information.

SAFE DISPOSAL OF WASTE ROCK

The Martabe Gold Mine is unusual in that construction of the TSF embankment utilises almost all of the waste rock produced from the pits. The TSF embankment is therefore a fully engineered structure addressing both tailings and waste rock disposal requirements for the site.

As for most metalliferous mines, some of the waste rock at the Martabe Gold Mine contains significant levels of sulphide minerals which, if exposed to the atmosphere, will oxidise to produce acid and metals. This process, called acid mine drainage (AMD), can result in significant long-term pollution of receiving waters if not properly managed. At the Martabe Gold Mine, the risk of AMD is being successfully mitigated by the ongoing placement of all potentially acid forming rock within engineered cells in the TSF embankment. These cells are sealed by compaction to reduce oxygen entry and hence oxidation rates to very low levels.

Untuk memberikan jaminan tingkat tinggi atas keamanan TSF, Perusahaan melakukan kontrol berikut:

- ▶ Kajian teknis independen mengenai keamanan fasilitas yang dilakukan oleh para ahli TSF yang diakui, yang menangani aspek rancangan, konstruksi, dan operasional.
- ▶ Kode Praktik Perusahaan mengenai Pembuangan Aman *Tailings*. Kode Praktik ini menjabarkan hasil wajib dan tanggung jawab penting dalam memastikan keamanan TSF. Dikeluarkan pertama kali pada tahun 2017, Kode Praktik ini direvisi pada tahun 2017 untuk sepenuhnya mencakup prinsip-prinsip yang dijelaskan dalam *Tailings Governance Framework ICMM (2017)*.
- ▶ Laporan Pengelolaan TSF bulanan kepada manajemen senior dan Dewan Direksi yang menyajikan informasi penting tentang pemantauan keamanan TSF.

PENEMPATAN AMAN BATUAN BUANGAN

Tambang Emas Martabe memiliki perbedaan dari site lain dari segi konstruksi tanggul TSF-nya yang menggunakan hampir seluruh batuan buangan yang dihasilkan dari pit tambang. Karena itu, Tanggul TSF merupakan sepenuhnya struktur buatan untuk kebutuhan penempatan *tailings* dan batuan buangan untuk *site*.

Sama seperti sebagian besar tambang mineral logam, sejumlah batuan buangan di Tambang Emas Martabe mengandung mineral sulfida tingkat tinggi yang apabila terpapar dengan atmosfer, akan beroksidasi untuk menghasilkan asam dan logam. Proses yang disebut sebagai air asam tambang (AMD) ini dapat menimbulkan pencemaran jangka panjang yang serius pada limpasan air jika tidak dikelola secara benar. Di Tambang Emas Martabe, risiko AMD berhasil diatasi dengan terus ditematkannya batuan yang berpotensi membentuk asam ke dalam sel-sel buatan di tanggul TSF. Sel-sel tersebut ditutup dengan pemadatan untuk mengurangi masuknya oksigen sehingga tingkat oksidasi menurun hingga ke tingkat paling rendah.

To ensure that the site is meeting industry best practice in the management of AMD, the Company has engaged a specialist consultancy to implement quarterly reviews of all required outcomes from initial waste sampling and analysis to performance monitoring of waste sealing layers in the TSF embankment. There were four reviews conducted in 2017 together with implementation of an ongoing action plan. Monitoring of conditions within the TSF embankment using specialised instrumentation indicated that the sealing technique being used to control AMD was performing to plan.

The site's AMD management program was recognised in 2017 with the publication of a paper at the 13th International Mine Water Association Congress (Finland). This was the third conference paper published to-date presenting aspects of the site's AMD management program in the context of industry-leading practice.

MINIMISATION OF IMPACTS ON BIODIVERSITY

The Martabe Gold Mine is located on the southern boundary of the Batangtoru Forest, recognised for its high biodiversity value. Forest clearing has been recognised as a significant aspect of operations at the Martabe Gold Mine, requiring careful management. This need is addressed by PTAR Code of Practice Biodiversity Management. The Code of Practice documents mandatory operational requirements for key outcomes such as minimisation of unnecessary clearing, restoration of habitat post-mining and minimisation of impacts on downstream waterways. Key requirements include:

- ▶ Fauna and flora surveys must be conducted for all new mining areas prior to clearing.

Untuk memastikan bahwa *site* telah memenuhi praktik terbaik industri dalam hal pengelolaan AMD, Perusahaan telah melibatkan konsultan spesialis untuk melaksanakan kajian triwulan mengenai semua hasil yang diperlukan dari pengambilan sampel awal serta analisis pada pemantauan kinerja lapisan-lapisan penutup limbah di tanggul TSF. Ada empat kajian pada tahun 2017 yang dilakukan bersamaan dengan dilaksanakannya rencana tindakan yang sedang berlangsung. Pemantauan kondisi di dalam tanggul TSF yang dilakukan menggunakan instrumentasi khusus mengindikasikan bahwa teknik penutupan yang digunakan untuk mengontrol AMD telah berfungsi sesuai rencana.

Program pengelolaan AMD di *site* mendapat pengakuan di tahun 2017 dengan dipublikasikannya sebuah makalah di *13th International Mine Water Association Congress* (Finlandia). Makalah tersebut merupakan makalah konferensi ketiga yang dipublikasikan sampai saat ini yang menyajikan aspek-aspek program pengelolaan AMD *site* dalam konteks praktik industri terdepan.

MEMINIMALKAN DAMPAK PADA KEANEKARAGAMAN HAYATI

Tambang Emas Martabe terletak di perbatasan selatan Hutan Batangtoru, yang dikenal karena nilai keanekaragaman hayatinya yang tinggi. Pembukaan hutan telah diakui sebagai aspek penting operasi di Tambang Emas Martabe, dan memerlukan pengelolaan secara cermat. Kebutuhan ini dijelaskan melalui Kode Praktik PTAR mengenai Pengelolaan Keanekaragaman Hayati. Kode ini mendokumentasikan ketentuan operasional wajib untuk hasil-hasil utama seperti meminimalkan terjadinya pembukaan lahan yang tidak perlu, pemulihan habitat pasca tambang, dan meminimalkan dampak pada aliran air hilir. Ketentuan utama mencakup:

- ▶ Survei fauna dan flora wajib dilakukan untuk semua area penambangan baru sebelum dilakukan pembukaan hutan.

- All clearing must be authorised by a Land Access & Disturbance Request. This requires all land clearing to be approved by senior management and imposes specific controls to minimise environmental impact.

During 2017, there was no unauthorised clearing conducted at the site, and fauna and flora surveys were conducted as part of impact assessment studies addressing the planned Tor Ulu Ala pit area.

An important operational control, to mitigate biodiversity impacts resulting from clearing, is the requirement to rehabilitate areas after mining forest areas similar in composition to local natural forests. If cleared areas are not yet available for final rehabilitation they are stabilised with fast growing legume species to control erosion. During 2017 no additional areas were made available for final rehabilitation, so total area rehabilitated remained unchanged at 12.1 hectares.

In November 2017, the orangutan population in the Batangtoru Forest was recognised as a new species, named Tapanuli Orangutan or *Pongo tapanuliensis*. The number of *Pongo tapanuliensis* is estimated to be no more than 800 individuals, occurring in a small number of forest fragments in the districts of Central, North, and South Tapanuli. This finding has no immediate implications for operations at the Martabe Gold Mine, however it has elevated the conservation status of remaining orangutan habitat.

During 2017 the Company continued sponsorship of a non-government conservation organisation active in the protection of endangered forest fauna in Sumatra.

- Seluruh pembukaan hutan wajib mendapatkan persetujuan melalui Permohonan Akses dan Gangguan Lahan. Hal ini mengharuskan semua lahan yang dibuka untuk disetujui oleh manajemen senior dan tunduk pada kontrol khusus untuk meminimalkan dampak lingkungan hidup.

Selama tahun 2017 tidak ada pembukaan lahan di site yang dilakukan tanpa persetujuan, serta survei fauna dan flora pun dilaksanakan sebagai bagian dari kajian penilaian dampak yang membahas perencanaan area pit Tor Ulu Ala.

Salah satu kontrol operasional penting untuk mengatasi dampak keanekaragaman hayati akibat pembukaan lahan adalah adanya persyaratan untuk merehabilitasi area hutan setelah penambangan agar komposisinya sesuai dengan hutan alam lokal. Apabila area yang dibuka masih belum tersedia untuk rehabilitasi akhir, lahan tersebut distabilkan dengan jenis tanaman kacang-kacangan yang dapat tumbuh dengan cepat guna mengontrol erosi. Selama tahun 2017, tidak ada area tambahan yang tersedia untuk rehabilitasi akhir, sehingga total area yang direhabilitasi tetap tidak berubah yaitu seluas 12,1 hektare.

Pada bulan November 2017, populasi orangutan yang ditemukan di Hutan Batangtoru diakui sebagai spesies baru yaitu Orangutan Tapanuli atau *Pongo tapanuliensis*. Jumlah *Pongo tapanuliensis* diperkirakan tidak lebih dari 800 ekor, dan bertempat tinggal di sejumlah kecil fragmen hutan di Kabupaten Tapanuli Tengah, Utara, dan Selatan. Temuan ini tidak memiliki implikasi langsung bagi operasi di Tambang Emas Martabe, namun hal ini telah meningkatkan status konservasi bagi habitat orangutan yang tersisa tersebut.

Selama tahun 2017, Perusahaan terus memberikan dukungan pada sebuah organisasi swadaya masyarakat di bidang konservasi yang bergerak aktif dalam perlindungan satwa hutan terancam punah di Sumatera.



**CORPORATE
IDENTITY**
IDENTITAS
PERUSAHAAN

CORPORATE IDENTITY

IDENTITAS PERUSAHAAN

Name of Company Nama Perusahaan	PT Agincourt Resources
Address and Contact Details Alamat dan Detil Kontak	Corporate Office / 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 Mining Location / Lokasi Tambang Martabe Gold Mine / Tambang Emas Martabe Batangtoru, Kabupaten Tapanuli Selatan, Sumatera Utara. Website / Situs Web www.agincourtresources.com
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. 37 dated 31 January 2017 of Notary Shella Falianti, SH. 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. 37 tanggal 31 Januari 2017 oleh Notaris Shella Falianti, SH.
Shareholders Pemegang Saham	Agincourt Resources (Singapura) Pte. Ltd. (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	793 permanent and contract employees as of 31 December 2017. 793 karyawan tetap dan tidak tetap pertanggal 31 Desember 2017.

Statement of Responsibility of Board of Commissioners for the 2017 Annual Report of PT Agincourt Resources.

Pernyataan Tanggung Jawab Dewan Komisaris atas Laporan Tahunan 2017 PT Agincourt Resources.

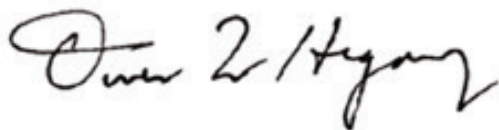
I, the undersigned, hereby declare that all information in the 2017 Annual Report of PT Agincourt Resources has been presented in its entirety and that I am fully accountable for the accuracy of the contents of this report.

This statement is duly made in all integrity.

Saya yang bertandatangan di bawah ini, dengan ini menyatakan bahwa semua informasi dalam Laporan Tahunan 2017 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 2018



OWEN HEGARTY
President Commissioner
Presiden Komisaris

Statement of Responsibility of the Board of Directors for the 2017 Annual Report of PT Agincourt Resources.

Pernyataan Tanggung Jawab Dewan Direksi atas Laporan Tahunan 2017 PT Agincourt Resources.

I, the undersigned, hereby declare that all information in the 2017 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.

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Demikian pernyataan ini dibuat dengan sebenar-benarnya.

Jakarta, March 2018



TIM DUFFY

President Director & Managing Director
Presiden Direktur & *Managing Director*



AUDITED FINANCIAL STATEMENTS

LAPORAN KEUANGAN AUDIT

**BOARD OF DIRECTORS' STATEMENT LETTER
REGARDING THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017**

PT AGINCOURT RESOURCES

We, the undersigned:

1. Name : Timothy John Vincent Duffy
Office address : Level 12 Suite 1201, Wisma Pondok Indah 2,
Jl. Sultan Iskandar Muda Kav. V-TA, Pondok Indah,
Jakarta Selatan 12310
Phone Number : 021-80672000
Position : President Director
2. Name : Navin Sonthalia
Office address : Level 12 Suite 1201, Wisma Pondok Indah 2,
Jl. Sultan Iskandar Muda Kav. V-TA, Pondok Indah,
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, 14 February 2018


Timothy John Vincent Duffy
President Director


Navin Sonthalia
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 2017, 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 2017, and its financial performance and its cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

JAKARTA
14 February 2018

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

Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan
Plaza 89, Jl. H.R. Rasuna Said Kav. X-7 No.6 Jakarta 12940 - INDONESIA, P.O. Box 2473 JKP 10001
T: +62 21 5212901, F: + 62 21 52905555 / 52905050, www.pwc.com/id

PT AGINCOURT RESOURCES

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(Expressed in US Dollars, unless otherwise stated)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4a	30,679,967	50,391,590
Restricted cash	4b	20,555,529	2,896,890
Trade receivables - third parties	5	20,322,003	11,552,748
Other receivables - third parties		2,308,007	899,027
Prepayments	6	6,095,364	5,906,820
Inventories	7	43,533,757	46,692,792
Claims for tax refund - current portion	10a	12,643,104	12,873,187
Derivative assets - current portion	14	227,031	3,761,921
Other assets		<u>1,375,548</u>	<u>767,976</u>
Total Current Assets		<u>137,740,310</u>	<u>135,742,951</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	163,540,234	177,791,143
Mining properties	9	376,239,091	403,619,762
Development properties	9	3,025,928	3,025,928
Exploration and evaluation assets	9	50,809,942	37,103,093
Inventories - non-current	7	4,900,150	4,899,812
Loan receivable - related party	22b	110,690,076	52,058,292
Restricted time deposits	4c	13,291,546	5,987,276
Loan receivable - third party		938,951	1,240,021
Claims for tax refund - net of current portion	10a	14,433,692	12,720,681
Derivative assets - net of current portion	14	<u>1,876,337</u>	<u>10,890,057</u>
Total Non-current Assets		<u>739,745,947</u>	<u>709,336,065</u>
TOTAL ASSETS		<u>877,486,257</u>	<u>845,079,016</u>

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

PT AGINCOURT RESOURCES

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

(Expressed in US Dollars, unless otherwise stated)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade payables - third parties	11	2,617,372	2,879,303
Other payables - related parties	22b	875,374	12,587,457
Accrued expenses	12	21,272,896	20,016,687
Short-term employee benefit liabilities	12	2,473,141	2,381,232
Taxes payable:			
- Corporate income tax payable	10b	12,293,360	11,886,207
- Other taxes payable	10b	6,721,432	2,360,807
Working capital bank loan	13	10,000,000	-
Current portion of long-term bank loan	13	22,545,858	55,000,000
Derivative liabilities	14	2,582,188	-
Total Current Liabilities		<u>81,381,621</u>	<u>107,111,693</u>
NON-CURRENT LIABILITIES			
Long-term bank loan	13	386,903,606	326,250,000
Employee benefit liabilities	15	7,131,439	5,412,423
Provision for mine rehabilitation and closure	16	23,979,753	20,260,904
Deferred tax liabilities	10d	39,247,577	42,178,701
Total Non-current Liabilities		<u>457,262,375</u>	<u>394,102,028</u>
TOTAL LIABILITIES		<u>538,643,996</u>	<u>501,213,721</u>
EQUITY			
Share capital - authorised capital 85,000,000 shares (2016: 300,000,000 shares), issued and fully paid 85,000,000 shares with par value US\$1 per share	17a	85,000,000	85,000,000
Other reserves	17c	(28,669,128)	(28,046,939)
Retained earnings		282,511,389	286,912,234
TOTAL EQUITY		<u>338,842,261</u>	<u>343,865,295</u>
TOTAL LIABILITIES AND EQUITY		<u>877,486,257</u>	<u>845,079,016</u>

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 2017**

(Expressed in US Dollars, unless otherwise stated)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
SALES	18	484,437,867	426,439,594
COST OF GOODS SOLD	19	<u>(217,572,066)</u>	<u>(220,269,476)</u>
GROSS PROFIT		<u>266,865,801</u>	<u>206,170,118</u>
General and administrative expenses	20	(26,096,223)	(25,197,311)
Finance income	21	6,030,140	9,535,087
Finance costs	21	(43,493,664)	(27,871,145)
Other (expenses)/income - net		<u>(101,118)</u>	<u>(620,260)</u>
INCOME BEFORE TAX		203,204,936	162,016,489
INCOME TAX EXPENSE	10c	<u>51,867,537</u>	<u>41,350,717</u>
NET INCOME FOR THE YEAR		<u>151,337,399</u>	<u>120,665,772</u>
OTHER COMPREHENSIVE (LOSS)/INCOME - NET OF TAX			
Items that may not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on employee benefit liabilities	15	(829,585)	(441,499)
Related income tax	10d	<u>207,396</u>	<u>110,375</u>
Total other comprehensive (loss)/income, net of tax		<u>(622,189)</u>	<u>(331,124)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>150,715,210</u>	<u>120,334,648</u>

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 2017**

(Expressed in US Dollars, unless otherwise stated)

	Notes	Share capital	Other reserves			Total
			Shareholder costs	Actuarial (loss)/gain on employee benefit liabilities	Retained earnings	
Balance as of 31 December 2015		85,000,000	-	335,013	170,246,462	255,581,475
Dividend	22d	-	-	-	(4,000,000)	(4,000,000)
Income for the year		-	-	-	120,665,772	120,665,772
Derivative costs and interest expenses incurred by shareholders	17c	-	(28,050,828)	-	-	(28,050,828)
Remeasurement of post-employment benefit liabilities, net of tax		-	-	(331,124)	-	(331,124)
Balance as of 31 December 2016		85,000,000	(28,050,828)	3,889	286,912,234	343,865,295
Dividends	22d	-	-	-	(155,738,244)	(155,738,244)
Income for the year		-	-	-	151,337,399	151,337,399
Remeasurement of post-employment benefit liabilities, net of tax		-	-	(622,189)	-	(622,189)
Balance as of 31 December 2017		85,000,000	(28,050,828)	(618,300)	282,511,389	338,842,261

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

PT AGINCOURT RESOURCES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017 (Expressed in US Dollars, unless otherwise stated)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	203,204,936	162,016,489
Adjustments to reconcile income before tax to net cash provided from operating activities:		
Amortisation of mining properties	61,511,719	69,893,113
Depreciation of property, plant and equipment	25,011,551	29,052,187
Amortisation of loan transaction costs	1,175,671	-
Interest expense on loans	24,264,617	24,513,704
Interest income from loan	(5,631,784)	(2,215,424)
Unrealised foreign currency exchange (gain)/loss	656,967	(629,888)
Unrealised fair value adjustments on derivative instruments	14,386,866	(7,293,752)
Unwinding of discount	702,648	1,970,049
Provision for employee benefit liabilities	889,431	1,285,922
Loss on disposal of property, plant and equipment	186,538	-
Operating cash flows before changes in working capital	<u>326,359,160</u>	<u>278,592,400</u>
Changes in working capital:		
Restricted cash	(17,658,639)	(2,896,890)
Trade receivables	(8,769,255)	2,269,111
Other receivables	(54,408,980)	(55,273)
Prepayments	(188,544)	(1,169,271)
Inventories	3,158,697	987,839
Claims for tax refund	(2,139,895)	2,044,435
Restricted time deposits and other assets	(7,911,842)	(4,341,386)
Derivative assets	743,932	(32,651,823)
Loan receivables - third party	301,070	3,085
Trade payables - third parties	(261,931)	(782,308)
Other payables	(11,712,083)	11,683,447
Accrued expenses and short-term employee benefit liabilities	1,089,144	1,526,688
Other taxes payable	4,360,625	(198,163)
Cash generated from operations	<u>232,961,459</u>	<u>255,011,891</u>
Payment of income tax	(54,184,112)	(38,418,895)
Payment of post-employment benefits	-	(460,353)
Net cash flows provided from operating activities	<u>178,777,347</u>	<u>216,132,643</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(24,986,527)	(30,582,759)
Additions to exploration and evaluation assets	(23,609,872)	(15,014,863)
Additions to mining properties	(7,172,477)	(7,754,793)
Additions to development expenditure	-	(398,443)
Net cash flows used in investing activities	<u>(55,768,876)</u>	<u>(53,750,858)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of bank loans	435,000,000	5,000,000
Payment of bank loans	(381,250,000)	(38,750,000)
Payment of loan from Global Eagle Limited	-	(70,435,943)
Payment of interest on loans	(24,005,643)	(21,619,882)
Payment of loan transaction costs	(16,726,207)	-
Payment of dividends (including withholding taxes)	(155,738,244)	(4,000,000)
Net cash flows used in financing activities	<u>(142,720,094)</u>	<u>(129,805,825)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(19,711,623)	32,575,960
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>50,391,590</u>	<u>17,815,630</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>30,679,967</u>	<u>50,391,590</u>

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

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

(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. 37 dated 31 January 2017 of Notary Siti Safarijah, S.H., Jakarta, in relation to reduction of authorised capital. The change was reported to the Minister of Law and Human Rights of the Republic of Indonesia on 17 February 2017 through letter No. AHU-000428.AH.01.02.

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 Purnama area. The Company's total CoW area as at 31 December 2017 covers 163,927 hectares.

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 803 and 694 employees (unaudited) as of 31 December 2017 and 2016, 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.

The immediate parent entity of the Company is Agincourt Resources (Singapore) Pte. Ltd. ("ARS"). The ultimate parent entities are EMR Capital Group, Farallon Capital Management, PGIH Ltd and Norton Gold Investment Ltd. The composition of the Company's Board of Commissioners and Board of Directors as at 31 December 2017 and 2016 were as follows:

		<u>2017 and 2016</u>
President Commissioner	:	Owen Leigh Hegarty
Commissioners	:	Anwar Nasution Noke Kiroyan Chien Min Chang Antony James Manini Ashish Gupta Benjamin Y S Encarnacion
President Director	:	Timothy John Vincent Duffy
Directors	:	Linda Helena Darmalina Navin Sonthalia Washington Tambunan Edward John Cooney Peter John Chambers

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

(Expressed in US Dollars, unless otherwise stated)

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 14 February 2018.

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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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 2017 which do not have a material impact to the financial statements of the Company are as follows:

- Amendment to Statement of Financial Accounting Standards ("SFAS") No. 1 "Presentation of Financial Statements"
- Interpretation of Financial Accounting Standards ("IFAS") No. 31 "Interpretation of Scope of SFAS No. 13 "Investment Property"
- IFAS No. 32 "Definition and Hierarchy of Financial Accounting Standards"
- SFAS No. 3 "Interim Financial Statements"
- SFAS No. 24 "Employee Benefits"
- Amendment to SFAS No. 58 "Non-current Assets Held for Sale and Discontinued Operations"
- Amendment to SFAS No. 60 "Financial Instruments: Disclosure"

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

(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 (continued)

New standards, amendments and interpretations issued but not yet effective for the financial year ended on 31 December 2017 are as follows:

- SFAS No. 69 "Agriculture"
- SFAS No. 71 "Financial Instruments"
- SFAS No. 72 "Revenue from Contracts with Customers"
- SFAS No. 73 "Leases"
- IFAS No. 33 "Foreign Currency Transactions and Advance Consideration"
- Amendment to SFAS No. 2 "Statement of Cash Flows"
- Amendment to SFAS No. 15 "Investment in Associates and Joint Ventures"
- Amendment to SFAS No. 13 "Investment Property"
- Amendment to SFAS No. 16 "Property, Plant and Equipment"
- Amendment to SFAS No. 46 "Income Taxes"
- Amendment to SFAS No. 53 "Share-based Payment"
- Amendment to SFAS No. 62 "Insurance Contracts"
- Amendment to SFAS No. 67 "Disclosure of Interests in Other Entities"
- Amendment to SFAS No. 71 "Financial Instruments"

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.

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.

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

(Expressed in US Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2017, 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.

(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.

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

(Expressed in US Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial assets (continued)

(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.

g. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

h. Inventories

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

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

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

(Expressed in US Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Inventories (continued)

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.

i. Prepayments

Prepayments are amortised over the periods benefited using the straight-line method.

j. 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

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.

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

(Expressed in US Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Property, plant and equipment (continued)

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 2o.

k. 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 are comprised of 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 expenditures are 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.

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 2o.

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

(Expressed in US Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Development properties

Development expenditures incurred by the Company are accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditures are comprised of 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 2o.

m. 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 expenditures, 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 2o.

Starting on 1 January 2016, the Company reviewed and changed the capitalisation and amortisation rates of several mining properties. The changes were made after considering the pattern of consumption of the future economic benefits embodied in those assets.

n. 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.

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(Expressed in US Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. 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 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”.

o. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. 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.

q. 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

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(Expressed in US Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. 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 expenditures 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 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 estimating 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

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(Expressed in US Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. 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 the accrual basis.

t. 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

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(Expressed in US Dollars, unless otherwise stated)

3. CRITICAL ACCOUNTING JUDGEMENTS 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 judgements 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 judgements, 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 judgements 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 2017

(Expressed in US Dollars, unless otherwise stated)

3. CRITICAL ACCOUNTING JUDGEMENTS 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 8.

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 9 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 judgement 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 2017

(Expressed in US Dollars, unless otherwise stated)

3. CRITICAL ACCOUNTING JUDGEMENTS 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 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

Judgements 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.

Derivatives

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

PT AGINCOURT RESOURCES

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4. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED TIME DEPOSITS

a. Cash and cash equivalents

	<u>2017</u>	<u>2016</u>
Cash on hand	27,709	32,404
Cash in banks		
US Dollar	25,457,923	47,279,873
Rupiah	3,460,634	2,586,510
Australian Dollar	<u>1,733,701</u>	<u>492,803</u>
Total	<u>30,679,967</u>	<u>50,391,590</u>

All of the Company's bank accounts are pledged to the Lenders under the Senior Loan Facility Agreement (refer Note 13). Under the terms of the Cash and Accounts Management Agreement ("CAMA"), the Company is 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).

b. Restricted cash

	<u>2017</u>	<u>2016</u>
Restricted cash in bank - US Dollar	<u>20,555,529</u>	<u>2,896,890</u>

The restricted cash in bank represents cash under the Debt Service Account and Debt Service Reserves Account under the CAMA.

c. Restricted time deposits

	<u>2017</u>	<u>2016</u>
Restricted time deposits in relation to mine closure (US Dollar)	13,206,033	5,864,135
Restricted time deposits in relation to reclamation guarantee (Rupiah)	<u>85,513</u>	<u>123,141</u>
Total	<u>13,291,546</u>	<u>5,987,276</u>

As at 31 December 2017, the Company has placed time deposits in favour of the Directorate General of Minerals and Coal ("DGMC") amounting to US\$13,206,033 for mine closure guarantees (31 December 2016: US\$5,864,135).

The placement of time deposits for mine closure is required under DGMC letter No. 2111/30/DJB/2014 dated 1 December 2014. For 2018, the Company is required to place additional funds in time deposits for mine closure amounting to US\$10,250,508. The time deposits for mine closure shall not be withdrawn until a written notification is received from DGMC.

5. TRADE RECEIVABLES - THIRD PARTIES

Trade accounts receivable consist of sales of gold and silver made during the last week of December which had not yet been collected by the Company as of 31 December 2017 and 2016.

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in US Dollars, unless otherwise stated)

5. TRADE RECEIVABLES - THIRD PARTIES (continued)

The accounts receivable are neither past due nor impaired as of 31 December 2017.

	<u>2017</u>	<u>2016</u>
ICBC Standard Bank PLC	<u>20,322,003</u>	<u>11,552,748</u>

The proceeds of trade accounts receivable as of 31 December 2017 were received in January 2018.

6. PREPAYMENTS

	<u>2017</u>	<u>2016</u>
Consumables	3,102,124	2,695,951
Insurance	1,753,722	1,268,899
Rental	250,483	175,289
Others	<u>989,035</u>	<u>1,766,681</u>
Total	<u>6,095,364</u>	<u>5,906,820</u>

Consumables pertain to advance payments made for purchases of mine supplies.

Insurance pertains to premium paid for insurance policies taken out for inventories, property, plant and equipment, mining properties, development properties and exploration and evaluation assets (Notes 7, 8 and 9).

7. INVENTORIES

	<u>2017</u>	<u>2016</u>
Current:		
Warehouse inventories	22,257,083	22,774,873
Gold in-safe	2,937,071	1,537,793
Ore inventories	9,280,716	9,218,606
Gold in-transit	7,403,986	10,698,289
Gold in-circuit	2,374,901	2,703,231
Provision for obsolescence in warehouse inventories	<u>(720,000)</u>	<u>(240,000)</u>
Total current inventories	<u>43,533,757</u>	<u>46,692,792</u>
Non-current:		
Ore inventories	<u>4,900,150</u>	<u>4,899,812</u>

Warehouse inventories are comprised of spare parts, chemicals, oil and lubricants.

As of 31 December 2017 and 2016, inventories of gold, silver, spare parts and supplies were covered by insurance against material damage and business interruption risks (Note 8). 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

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(Expressed in US Dollars, unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT

	1 January 2017	Additions	Disposals	Reclassifications	Transferred to mining properties (Note 9)	31 December 2017
Cost						
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
Total	313,913,467	24,986,527	(646,837)	-	(14,039,347)	324,213,810
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)
Total	(136,122,324)	(25,011,551)	460,299	-	-	(160,673,576)
Net book value	<u>177,791,143</u>					<u>163,540,234</u>
Transferred to mining properties (Note 9)						
	1 January 2016	Additions	Disposals	Reclassifications	Transferred to mining properties (Note 9)	31 December 2016
Cost						
Land	285,489	-	-	-	-	285,489
Buildings	17,868,903	56,663	-	3,403,799	-	21,329,365
Plant equipment	263,550,315	561,972	-	2,297,607	-	266,409,894
Motor vehicles	1,294,650	209,091	(271,666)	-	-	1,232,075
Office equipment	1,350,941	24,527	-	9,851	-	1,385,319
Information technology	8,383,551	231,668	-	406,177	-	9,021,396
Construction in-progress	5,037,335	29,498,838	-	(6,117,434)	(14,168,810)	14,249,929
Total	297,771,184	30,582,759	(271,666)	-	(14,168,810)	313,913,467
Accumulated depreciation						
Buildings	(7,011,527)	(1,814,009)	-	-	-	(8,825,536)
Plant equipment	(92,016,153)	(25,808,657)	-	-	-	(117,824,810)
Motor vehicles	(985,756)	(72,107)	271,666	-	-	(786,197)
Office equipment	(1,226,897)	(66,481)	-	-	-	(1,293,378)
Information technology	(6,101,470)	(1,290,933)	-	-	-	(7,392,403)
Total	(107,341,803)	(29,052,187)	271,666	-	-	(136,122,324)
Net book value	<u>190,429,381</u>					<u>177,791,143</u>

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\$720,180,342 and US\$611,780,122 as at 31 December 2017 and 2016, 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 2017 and 2016, were allocated as follows:

	2017	2016
Cost of goods sold (Note 19)	24,048,091	27,503,811
General and administrative expenses (Note 20)	963,460	1,548,376
Total	<u>25,011,551</u>	<u>29,052,187</u>

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8. 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.

9. MINING PROPERTIES, DEVELOPMENT PROPERTIES, AND EXPLORATION AND EVALUATION ASSETS

	<u>1 January 2017</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Transferred from property, plant and equipment (Note 8)</u>	<u>31 December 2017</u>
Mining properties					
Cost	724,482,502	10,188,678	9,903,023	14,039,347	758,613,550
Accumulated amortisation	<u>(320,862,740)</u>	<u>(61,511,719)</u>	-	-	<u>(382,374,459)</u>
Net book value	<u>403,619,762</u>				<u>376,239,091</u>
Development properties	<u>3,025,928</u>	-	-	-	<u>3,025,928</u>
Exploration and evaluation assets	<u>37,103,093</u>	<u>23,609,872</u>	<u>(9,903,023)</u>	-	<u>50,809,942</u>
	<u>1 January 2016</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Transferred from property, plant and equipment (Note 8)</u>	<u>31 December 2016</u>
Mining properties					
Cost	701,780,217	5,313,433	3,220,042	14,168,810	724,482,502
Accumulated amortisation	<u>(250,969,627)</u>	<u>(69,893,113)</u>	-	-	<u>(320,862,740)</u>
Net book value	<u>450,810,590</u>				<u>403,619,762</u>
Development properties	<u>620,136</u>	<u>398,443</u>	<u>2,007,349</u>	-	<u>3,025,928</u>
Exploration and evaluation assets	<u>27,315,621</u>	<u>15,014,863</u>	<u>(5,227,391)</u>	-	<u>37,103,093</u>

Amortisation of mining properties for the years ended 31 December 2017 and 2016 were allocated as follows:

	<u>2017</u>	<u>2016</u>
Cost of goods sold (Note 19)	58,126,030	65,646,455
General and administrative expenses (Note 20)	<u>3,385,689</u>	<u>4,246,658</u>
Total	<u>61,511,719</u>	<u>69,893,113</u>

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 2017, mining properties, development properties and exploration and evaluation assets were covered by insurance against material damage and business interruption risks (Note 8).

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in US Dollars, unless otherwise stated)

10. TAXATION

a. Claims for tax refund

	<u>2017</u>	<u>2016</u>
Value added tax ("VAT")		
- 2015	-	12,873,187
- 2016	12,643,104	12,720,681
- 2017	<u>14,433,692</u>	<u>-</u>
Total	<u>27,076,796</u>	<u>25,593,868</u>
Current portion	<u>(12,643,104)</u>	<u>(12,873,187)</u>
Claims for tax refund - net of current portion	<u>14,433,692</u>	<u>12,720,681</u>

Claims for tax refund represent VAT receivable from the Government of Indonesia. Amounts are refundable in Indonesian Rupiah ("Rp") and hence are subject to movements in exchange rates.

In 2017, the Company has received the refund for 2015 VAT claims, partially offset with other tax penalties amounting to Rp5.6 billion (equivalent to US\$422,677) for which the Company has filled an objection with the Tax Office. The Company has claimed VAT refunds for 2016 totaling Rp171.6 billion (equivalent to US\$12,643,104) from the Tax Office.

As of 31 December 2017, the VAT claimable for 2017 has not yet been claimed to the Tax Office.

b. Taxes payable

	<u>2017</u>	<u>2016</u>
Corporate income tax payable	<u>12,293,360</u>	<u>11,886,207</u>
Income taxes		
- Article 26	5,497,600	818,336
- Article 21	86,031	90,211
- Article 4(2)	14,136	76,416
- Article 23	40,928	41,875
- Article 15	3,571	2,864
VAT	<u>1,079,166</u>	<u>1,331,105</u>
Subtotal	<u>6,721,432</u>	<u>2,360,807</u>
Total	<u>19,014,792</u>	<u>14,247,014</u>

Corporate income tax payable for 2017 is based on preliminary calculations, as the Company's income tax return has not yet been submitted to the Tax Office.

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in US Dollars, unless otherwise stated)

10. TAXATION (continued)

c. Income tax expense

	<u>2017</u>	<u>2016</u>
Current	54,591,265	40,409,864
Deferred	<u>(2,723,728)</u>	<u>940,853</u>
Total	<u>51,867,537</u>	<u>41,350,717</u>

The reconciliation between income before tax for the Company and current income tax expense is as follows:

	<u>2017</u>	<u>2016</u>
Income before tax	203,204,936	162,016,489
Fiscal adjustments:		
- Differences in depreciation and amortisation between commercial and tax	(758,337)	325,951
- Employee benefit liabilities, mine closure and other provisions	(2,733,618)	3,204,388
- Unrealised loss/(gain) from fair value of derivative instruments	14,386,866	(7,293,752)
- Non-deductible expenses	<u>4,265,214</u>	<u>3,386,378</u>
Taxable income	<u>218,365,061</u>	<u>161,639,454</u>
Current income tax expense calculated at 25%	54,591,265	40,409,864
Less prepaid taxes:		
- Article 25	(41,718,768)	(27,862,719)
- Article 23	(8,080)	(720)
- Article 22	<u>(571,057)</u>	<u>(660,218)</u>
Corporate income tax payable	<u>12,293,360</u>	<u>11,886,207</u>

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:

	<u>2017</u>	<u>2016</u>
Profit before income tax	<u>203,204,936</u>	<u>162,016,489</u>
Tax expense calculated at 25%	50,801,234	40,504,122
Tax expense effect of:		
- Non-deductible expenses	<u>1,066,303</u>	<u>846,595</u>
Income tax expense	<u>51,867,537</u>	<u>41,350,717</u>

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

(Expressed in US Dollars, unless otherwise stated)

10. TAXATION (continued)

d. Deferred tax liabilities

	<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
Total	<u>(42,178,701)</u>	<u>2,723,728</u>	<u>207,396</u>	<u>(39,247,577)</u>
	<u>1 January 2016</u>	<u>Credited/ (charged) to income for the year</u>	<u>Credited to other comprehensive income for the year</u>	<u>31 December 2016</u>
Differences in depreciation and amortisation between commercial and tax	(45,389,049)	81,488	-	(45,307,561)
Employee benefit liabilities, mine closure and other provisions	4,040,826	801,097	110,375	4,952,298
Unrealised gain from fair value of derivative instruments	-	(1,823,438)	-	(1,823,438)
Total	<u>(41,348,223)</u>	<u>(940,853)</u>	<u>110,375</u>	<u>(42,178,701)</u>

e. 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.

11. TRADE PAYABLES - THIRD PARTIES

Details of trade payables based on currency are as follows:

	<u>2017</u>	<u>2016</u>
- Indonesian Rupiah	1,807,326	2,547,803
- US Dollars	679,978	110,602
- Others	130,068	220,898
Total	<u>2,617,372</u>	<u>2,879,303</u>

The trade payables arose from the purchase of goods and services.

PT AGINCOURT RESOURCES

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(Expressed in US Dollars, unless otherwise stated)

12. ACCRUED EXPENSES AND SHORT-TERM EMPLOYEE BENEFIT LIABILITIES

	<u>2017</u>	<u>2016</u>
Accrued expenses		
Consultants and contractors	19,898,687	18,859,964
Royalty	746,432	705,028
Others	<u>627,777</u>	<u>451,695</u>
Subtotal	21,272,896	20,016,687
Short-term employee benefit liabilities	<u>2,473,141</u>	<u>2,381,232</u>
Total	<u>23,746,037</u>	<u>22,397,919</u>

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.

13. LOANS

	<u>2017</u>	<u>2016</u>
Refinanced Senior Facility Agreement	425,000,000	-
Unamortised loan transaction costs	(15,550,536)	-
Senior Facility Agreement	<u>-</u>	<u>381,250,000</u>
Total	<u>409,449,464</u>	<u>381,250,000</u>
Less:		
Portion due within one year	<u>(22,545,858)</u>	<u>(55,000,000)</u>
Non-current portion	<u>386,903,606</u>	<u>326,250,000</u>
Working Capital Facility Agreement	<u>10,000,000</u>	<u>-</u>

Senior Facility Agreement

On 3 November 2015, Marlin Enterprise Limited ("Marlin"), an indirect shareholder of the Company, entered into a Senior Facility Agreement ("SFA") with a total facility of US\$425,000,000 from a syndicate of banks consisting of Sumitomo Mitsui Banking Corporation ("SMBC"), Maybank Kim Eng Securities Pte, Ltd. ("Maybank"), the Hongkong and Shanghai Banking Corporation Limited ("HSBC") and PT Bank Mandiri (Persero) Tbk as Arrangers (together referred to as the "Syndicate"). SMBC was designated as the facility agent. Effective 17 March 2016, Marlin indirectly acquired control of the Company through acquisition of the Company's majority shareholder ARS.

Based on an Accession Deed dated 1 June 2016, the Company acceded to, and assumed the liabilities of Marlin under, the SFA with an outstanding loan balance of US\$415,000,000 effective 17 June 2016. Marlin was thereby released and discharged from its obligations in respect of the loan under the SFA.

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in US Dollars, unless otherwise stated)

13. LOANS (continued)

Senior Facility Agreement (continued)

On the same date, the Company's outstanding loan with Global Eagle Limited, a related party, amounting to US\$365,157,132 was satisfied through the Company's accession to the SFA. The difference between the loan from Global Eagle Limited and the SFA from the Syndicate amounting to US\$49,842,868 was recognised as a loan receivable from Marlin (see Note 22b). On 8 and 17 June 2016, as part of its accession to the SFA, the Company was also charged US\$28,712,083 by Marlin with respect to novation of derivative instruments (interest rate swaps, gold forwards and gold put options) and US\$2,757,230 with respect to interest expense on the SFA for the period 3 May 2016 to 16 June 2016. As the fair value of the derivatives at that date was a net asset of US\$3,418,485, the excess of the billing from Marlin over the fair value of the derivatives and the on-charged interest expense of US\$28,050,828 has been recorded as a negative equity reserve (refer Note 17c).

The SFA bore interest at the London Interbank Offered Rate ("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 SFA comprises the fixed assets, insurance proceeds, moveable assets, receivables and other assets of the Company. The SFA had a final maturity date of 3 November 2020 and was payable in installments on a quarterly basis. In 2016, the Company made principal installment payments of US\$33,750,000 and interest payments of US\$16,152,147 (including the US\$2,757,230 interest expense reimbursement to Marlin).

Refinanced Senior Facility Agreement

On 3 July 2017, the Company refinanced the SFA with a total facility of US\$425,000,000 ("refinanced SFA") with a syndicate of banks consisting of Mandiri, SMBC, Maybank and The Bank of Tokyo-Mitsubishi UFJ, Ltd., 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 also entered into a SFA with the same syndicate of banks with PTAR as one of the guarantors.

The refinanced SFA bears interest at LIBOR plus 4.2% per annum for onshore lenders and at LIBOR plus 3.7% per annum for offshore lenders, payable quarterly. The collateral for the refinanced SFA comprises the fixed assets, insurance proceeds, moveable assets, receivables and other assets of the Company. The refinanced SFA has a final maturity date of 3 July 2024 and is payable in installments on a quarterly basis. For 2017, the Company has made interest payments of US\$24,005,643 on the outstanding loan during 2017. There were no principal installment payments made by the Company during 2017. Total interest expense on the loan was US\$24,126,455 during 2017 (2016: US\$24,513,704).

In accordance with the refinanced SFA, the Company is required to maintain certain financial ratios. The Company is also required to comply with certain terms and conditions with regards to its mine plan, dividends, financing activities, investment and other matters.

As at 31 December 2017, management believes that the Company is in compliance with all the loan covenants under the refinanced SFA.

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 has been amended on 27 April 2017.

The working capital facility agreement bears interest at LIBOR plus 2.75% per annum. The collateral for this working capital facility comprises the fixed assets, insurance proceeds, moveable assets, receivables and other assets of the Company.

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in US Dollars, unless otherwise stated)

13. LOANS (continued)

Working Capital Facility Agreement (continued)

The working capital facility has a final maturity date of 26 April 2018. During 2017, the Company had drawn down an amount of US\$10,000,000 from the total outstanding facility. The interest expense on the working capital loan during 2017 was US\$138,162.

In accordance with the working capital facility agreement, the Company is required to maintain certain financial ratios, which are effective after the initial drawdown. The Company is also required to comply with certain terms and conditions with regards to its dividends, financing activities and other matters.

As at 31 December 2017, management believes that the Company is in compliance with all the loan covenants.

14. DERIVATIVE ASSETS AND LIABILITIES

	<u>2017</u>	<u>2016</u>
<u>Derivative Assets</u>		
Not designated as hedges:		
- Gold put options	1,163,613	10,105,484
- Gold forwards	-	3,657,586
- Interest rate swaps	<u>939,755</u>	<u>888,908</u>
Total	<u>2,103,368</u>	<u>14,651,978</u>
Less non-current portion:		
- Gold put options	(1,021,137)	(8,894,851)
- Gold forwards	-	(1,995,206)
- Interest rate swaps	<u>(855,200)</u>	<u>-</u>
	<u>(1,876,337)</u>	<u>(10,890,057)</u>
Current portion	<u>227,031</u>	<u>3,761,921</u>
<u>Derivative Liabilities</u>		
Not designated as hedges:		
- Gold forwards	<u>2,582,188</u>	<u>-</u>

The derivatives are not designated or do not qualify for hedge accounting. The balances represent the fair value of the instruments at 31 December 2017.

a. Gold put options

Below are the gold put option agreements entered into by the Company.

<u>Counterparty</u>	<u>Number of agreements</u>	<u>Hedging period*</u>	<u>Strike price per ounce (US Dollars)**</u>	<u>Total quantity (ounces)</u>
The Hongkong and Shanghai Banking Corporation Ltd ("HSBC")	4	1 March 2016 - 28 Feb 2020	1,050 - 1,100	109,914
SMBC	4	1 March 2016 - 30 Nov 2019	1,050 - 1,100	57,764
Morgan Stanley & Co. International plc	21	1 March 2016 - 28 Feb 2020	1,050 - 1,100	291,668

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

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(Expressed in US Dollars, unless otherwise stated)

14. DERIVATIVE ASSETS AND LIABILITIES (continued)

a. Gold put options (continued)

<u>Counterparty</u>	<u>Number of agreements</u>	<u>Hedging period*</u>	<u>Strike price per ounce (US Dollars)**</u>	<u>Total quantity (ounces)</u>
Macquarie Bank Limited	3	1 March 2017 - 20 Feb 2020	1,050 - 1,100	31,680
Goldman Sachs International	3	1 Dec 2017 - 30 Nov 2019	1,000 - 1,084	63,377

* Represents range of hedging periods from the earliest to latest hedging dates as the gold put option agreements have various hedging periods.

** Represents range of strike prices of the gold put option agreements.

In 2017, loss from changes in fair value of gold put options (unrealised portion) amounting to US\$8,197,938 was charged to profit or loss (recognised as part of "finance costs").

In 2016, loss from changes in fair value of gold put options (unrealised portion) amounting to US\$805,620 was charged to profit or loss (recognised as part of "finance income, net").

b. Gold forwards

Below are the gold forward agreements entered into by the Company.

<u>Counterparty</u>	<u>Number of agreements</u>	<u>Hedging period*</u>	<u>Strike price per ounce (US Dollars)**</u>	<u>Total quantity (ounces)</u>
HSBC	1	1 Jan 2017 - 28 Feb 2019	1,234.2	61,662

* Represents range of hedging periods from the earliest to latest hedging dates as the gold forward agreements have various hedging periods.

** Represents range of strike prices of the gold forward agreements.

In 2017, loss from changes in fair value of gold forwards (unrealised portion) amounting to US\$6,239,774 was recognised in profit or loss (recognised as "finance costs").

In 2016, gain from changes in fair value of gold forwards (unrealised portion) amounting to US\$6,822,043 was recognised in profit or loss (recognised as "finance income").

c. Interest rate swaps

Below are the interest rate swap agreements entered into by the Company.

<u>Counterparty</u>	<u>Number of agreements</u>	<u>Hedging period*</u>	<u>Fixed interest rate per annum**</u>	<u>Average notional amount (US Dollars)</u>
Maybank	2	31 Mar 2017 - 30 June 2019	1.04% - 1.29%	21,893,958
HSBC	1	3 May 2016 - 30 June 2019	0.71% - 1.29%	61,083,984
SMBC	1	31 Mar 2017 - 31 Mar 2018	1.04%	27,527,344

* Represents range of hedging periods from the earliest to latest hedging dates as the interest rate swap agreements have various hedging periods.

** Represents range of fixed interest rates per annum of the interest rate swap agreements.

In 2017, gain from changes in fair value of interest rate swaps (unrealised portion) amounting to US\$50,846 was recognised in profit or loss (recognised as "finance costs, net").

In 2016, gain from changes in fair value of interest rate swaps (unrealised portion) amounting to US\$1,277,329 was recognised in profit or loss (recognised as "finance income").

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15. 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 2017 and 2016 were 711 and 671, respectively (unaudited). The employee benefit program is unfunded.

	<u>2017</u>	<u>2016</u>
Post-employment benefits	6,432,972	4,739,467
Long service leave and awards	<u>698,467</u>	<u>672,956</u>
Total	<u>7,131,439</u>	<u>5,412,423</u>

The amounts recognised in the statements of profit or loss and other comprehensive income with respect to these post-employment benefits are as follows:

	<u>2017</u>	<u>2016</u>
Current service cost	1,127,529	919,907
Interest cost	376,998	311,040
Past service cost	(576,929)	(169,253)
(Gain)/loss on foreign exchange	<u>(63,678)</u>	<u>70,884</u>
Total charged to profit or loss	<u>863,920</u>	<u>1,132,578</u>

Remeasurement losses:

- Actuarial losses arising from changes in demographic and financial assumptions	281,585	50,019
- Actuarial losses arising from changes in experience adjustments	<u>548,000</u>	<u>391,480</u>

Total charged to other comprehensive loss **829,585** **441,499**

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:

	<u>2017</u>	<u>2016</u>
Opening balance of present value of unfunded obligations	4,739,467	3,625,743
Current service cost	1,127,529	919,907
Interest cost	376,998	311,040
Remeasurement losses:		
- Actuarial losses arising from changes in demographic and financial assumptions	281,585	50,019
- Actuarial losses arising from changes in experience adjustments	548,000	391,480
Benefits paid	-	(460,353)
Past service cost	(576,929)	(169,253)
(Gain)/loss on foreign exchange	<u>(63,678)</u>	<u>70,884</u>
Closing balance of present value of unfunded obligations	<u>6,432,972</u>	<u>4,739,467</u>

PT AGINCOURT RESOURCES

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15. EMPLOYEE BENEFIT LIABILITIES (continued)

The cost of providing employee benefit liabilities was calculated by Padma Radya Aktuaria, an independent actuary, on 18 January 2018, using the projected unit credit method. The actuarial valuation was carried out using the following key assumptions:

	<u>2017</u>	<u>2016</u>
Discount rate	7.25% per annum	8% 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	55

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\$542,629, while a decrease of 1% in the discount rate would increase the post-employment benefits by US\$621,897.
- If the expected salary increment rate was 1% higher, the post-employment benefits would increase by US\$628,051, while a decrease of 1% in the salary increment rate would decrease the post-employment benefits by US\$558,713.

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 2017 and 2016 is 13.20 and 8.68 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	358,772	2,708,865	8,072,553	34,594,396

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16. 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, expenditures to comply with such laws and regulations, but cannot predict the amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

The following is a reconciliation of the reclamation and closure liabilities:

	<u>2017</u>	<u>2016</u>
Beginning balance	20,260,904	20,732,215
Additions/(deductions)	3,016,201	(2,441,360)
Unwinding of discount (Note 21)	<u>702,648</u>	<u>1,970,049</u>
Ending balance	<u>23,979,753</u>	<u>20,260,904</u>

17. SHARE CAPITAL AND RESERVES

a. Share capital

<u>Shareholders</u>	<u>31 December 2017 and 2016</u>		
	<u>Number of Shares</u>	<u>Percentage of Ownership</u>	<u>Total Paid-up Capital</u>
ARS	80,750,000	95%	80,750,000
PT Artha Nugraha Agung ("ANA")	<u>4,250,000</u>	<u>5%</u>	<u>4,250,000</u>
Total	<u>85,000,000</u>	<u>100%</u>	<u>85,000,000</u>

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.

c. Other reserves

	<u>2017</u>	<u>2016</u>
Derivative costs and interest expenses incurred by shareholders (refer Note 13)	(28,050,828)	(28,050,828)
Actuarial gain on employee benefit liabilities	<u>(618,300)</u>	<u>3,889</u>
Total	<u>(28,669,128)</u>	<u>(28,046,939)</u>

PT AGINCOURT RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

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18. SALES

	<u>2017</u>	<u>2016</u>
Gold	444,171,781	385,473,921
Silver	<u>40,266,086</u>	<u>40,965,673</u>
Total	<u>484,437,867</u>	<u>426,439,594</u>

19. COST OF GOODS SOLD

	<u>2017</u>	<u>2016</u>
Spare parts and consumables	56,866,815	55,261,010
Amortisation (Note 9)	58,126,030	65,646,455
Contractors	24,900,761	19,598,272
Depreciation (Note 8)	24,048,091	27,503,811
Salaries and wages	16,010,280	15,202,657
Rental	9,159,217	9,978,032
Transportation	7,604,563	8,489,634
Drilling and assays	5,055,277	6,327,454
Housing allowance	3,190,784	3,800,465
Refining charges	3,028,720	2,544,816
Travel	1,634,562	1,616,577
Consultants	1,544,781	1,585,141
Others	<u>4,241,278</u>	<u>3,765,877</u>
Total production costs	<u>215,411,159</u>	<u>221,320,201</u>
Inventory at beginning of the year	29,057,731	28,007,006
Less: inventories at end of the year (Note 7)		
Gold in-safe	(2,937,071)	(1,537,793)
Ore inventories	(14,180,866)	(14,118,418)
Gold in-transit	(7,403,986)	(10,698,289)
Gold in-circuit	<u>(2,374,901)</u>	<u>(2,703,231)</u>
Cost of goods sold	<u>217,572,066</u>	<u>220,269,476</u>

20. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2017</u>	<u>2016</u>
Salaries and wages	5,687,913	4,958,175
Amortisation (Note 9)	3,385,689	4,246,658
Royalty	2,698,306	2,389,884
Professional fees	2,200,480	2,566,586
Insurance cost	1,473,603	1,596,121
Land and building tax	1,085,321	1,846,439
Depreciation (Note 8)	963,460	1,548,376
Travel	690,656	681,781
Others	<u>7,910,795</u>	<u>5,363,291</u>
Total	<u>26,096,223</u>	<u>25,197,311</u>

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21. FINANCE INCOME AND COSTS

	<u>2017</u>	<u>2016</u>
Finance costs		
Interest expense on loans (Note 13)	24,264,617	24,513,704
Unwinding of discount (Note 16)	702,648	1,970,049
Realised loss on derivative instruments, net	2,281,974	458,079
Unrealised loss from changes in fair value of derivative instruments, net (Note 14)	14,386,866	-
Other expenses	<u>1,857,559</u>	<u>929,313</u>
Total finance costs	<u>43,493,664</u>	<u>27,871,145</u>
Finance income		
Unrealised gain from changes in fair value of derivative instruments, net (Note 14)	-	7,293,752
Interest income	<u>6,030,140</u>	<u>2,241,335</u>
Total finance income	<u>6,030,140</u>	<u>9,535,087</u>

22. RELATED PARTY INFORMATION

a. Nature of relationships

<u>Related parties</u>	<u>Nature of relationships</u>	<u>Nature of transactions</u>
ARS	Direct majority shareholder	Expense reimbursements, dividend payment
Marlin	Intermediate holding company	Novation of derivative instruments, loan and interest receivables
Global Eagle Limited	Entity under common control	Loan and interest payable
Commissioners and Directors	Key management personnel	Remuneration

b. Balances with related parties

	<u>2017</u>	<u>2016</u>
Loan receivable		
Marlin	<u>110,690,076</u>	<u>52,058,292</u>
Other payables		
Marlin	-	11,712,083
ARS	<u>875,374</u>	<u>875,374</u>
Total other payables	<u>875,374</u>	<u>12,587,457</u>

On 17 June 2016, as part of its accession to the senior loan facility, the Company entered into a loan agreement with Marlin amounting to US\$49,842,868 (Note 13). The loan was due on 16 June 2020. The agreement has been amended, effective from 8 July 2017, to change the interest rate. The amended agreement bears 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).

PT AGINCOURT RESOURCES

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22. RELATED PARTY INFORMATION (continued)

b. Balances with related parties (continued)

On 3 July 2017, the Company entered into another loan agreement with Marlin amounting to US\$53,000,000. The loan is due on 5 July 2022. The agreement bears interest at LIBOR plus a margin of 5.2% per annum.

For 2017, interest income amounting to US\$5,631,784 (2016: US\$2,215,424) has been capitalised to the loan receivable. No payments of principal or interest were received in 2017 and 2016.

c. Key management compensation

Key management personnel includes the Board of Commissioners ("BOC") and Board of Directors ("BOD").

Total remuneration and benefits provided by the Company to the key management personnel was as follows:

	<u>2017</u>	<u>2016</u>
Salaries and other emoluments	2,028,662	1,849,462
Discretionary bonus	<u>481,612</u>	<u>342,205</u>
Total	<u>2,510,274</u>	<u>2,191,667</u>

d. Dividends

2016 Interim Dividend

Based on a Circular Resolution of the Board of Directors and Board of Commissioners, the Company declared an interim dividend in the amount of US\$4,000,000 in September 2016.

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\$20,183,564.

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.

The Company's pricing policies in relation to transactions (mainly loans and interest) with related parties is set based on the contracted rates.

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23. 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.

As of the date of these financial statements, the Company is closely monitoring the progress of the implementing regulations for the Law and is also renegotiating with the government regarding the terms of the Company's CoW. The Company will consider the impact on its operations, if any, as the regulations are issued and the results of CoW renegotiations are finalised.

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 2017, the Company has placed US\$13,206,033 in time deposits (refer Note 4c). For 2018, the Company is required to fund an additional time deposit for mine closure amounting to US\$10,250,508.

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23. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

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.

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.

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	31-Aug-18	Supply, install and operate temporary power plant services. Total contract value is US\$55.2 million.
3	PT Promincon	1-May-16	30-Apr-18	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 Gobel Dharma Sarana Karya	1-Feb-17	31-Jul-18	Camp services. Total contract value is Rp65.5 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 Indodril	1-May-16	30-Apr-18	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	PT Sumberdaya Sewatama	1-Jul-16	30-Jun-26	Heavy fuel oil power rental contract.

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24. FINANCIAL ASSETS AND LIABILITIES

	Fair value through profit or loss	Loans and receivables	Liabilities at amortised cost	Total
31 December 2017				
Financial assets				
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 receivables - third party	-	938,951	-	938,951
Claims for tax refund	-	27,076,796	-	27,076,796
Other assets	-	1,375,548	-	1,375,548
Derivative assets	2,103,368	-	-	2,103,368
Total financial assets	2,103,368	227,238,423	-	229,341,791
	Fair value through profit or loss	Loans and receivables	Liabilities at amortised cost	Total
31 December 2017				
Financial liabilities				
Trade payables - third parties	-	-	2,617,372	2,617,372
Other payables - related parties	-	-	875,374	875,374
Accrued expenses	-	-	21,272,896	21,272,896
Short-term employee benefit liabilities	-	-	2,473,141	2,473,141
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
Total financial liabilities	2,582,188	-	446,688,247	449,270,435
31 December 2016				
Financial assets				
Cash and cash equivalents	-	50,391,590	-	50,391,590
Restricted cash	-	2,896,890	-	2,896,890
Trade receivables - third party	-	11,552,748	-	11,552,748
Other receivables - third parties	-	899,027	-	899,027
Loan receivable - related party	-	52,058,292	-	52,058,292
Restricted time deposits	-	5,987,276	-	5,987,276
Loan receivables - third party	-	1,240,021	-	1,240,021
Claims for tax refund	-	25,593,868	-	25,593,868
Other assets	-	767,976	-	767,976
Derivative assets	14,651,978	-	-	14,651,978
Total financial assets	14,651,978	151,387,688	-	166,039,666
Financial liabilities				
Trade payables - third parties	-	-	2,879,303	2,879,303
Other payables - related parties	-	-	12,587,457	12,587,457
Accrued expenses	-	-	20,016,687	20,016,687
Short-term employee benefit liabilities	-	-	2,381,232	2,381,232
Long-term bank loan	-	-	381,250,000	381,250,000
Total financial liabilities	-	-	419,114,679	419,114,679

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25. 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 expenditures are 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. The Company has entered into gold put option and gold forward agreements to minimise its exposure to fluctuations in the gold price. 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. The Company has entered into interest rate swap agreements to minimise its exposure to fluctuations in interest rates.

As at 31 December 2017, if the interest rate on long-term bank loans had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been US\$24,265 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

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25. 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 2017, total maximum exposure from credit risk is US\$229,314,082. Credit risk arises from cash in banks, trade receivables, other receivables, restricted cash, restricted time deposits, loans receivable, claims for tax refund, 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:

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Total</u>
31 December 2017			
Trade payables - third parties	2,617,372	-	2,617,372
Other payables - related parties	875,374	-	875,374
Accrued expenses	21,272,896	-	21,272,896
Short-term employee benefit liabilities	2,473,141	-	2,473,141
Working capital bank loan	10,275,408	-	10,275,408
Long-term bank loan	<u>47,675,520</u>	<u>456,155,428</u>	<u>503,830,948</u>
Total	<u>85,189,711</u>	<u>456,155,428</u>	<u>541,345,139</u>

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25. FINANCIAL RISK MANAGEMENT (continued)

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).

	Fair value at 31 December 2017			
	Total	Level 1	Level 2	Level 3
Asset:				
Derivative assets	2,103,368	2,103,368	-	-
Liabilities:				
Derivative liabilities	(2,582,188)	(2,582,188)	-	-
Total	(478,820)	(478,820)	-	-

The carrying amount of the financial assets and liabilities approximates their fair values.

Refer to Note 14 for detailed information regarding derivative assets and liabilities.

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.

26. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The non-cash transactions are as follows:

	2017	2016
Settlement of loan from Global Eagle Limited through long-term bank loan (refer Note 13)	-	(365,157,132)
Long-term bank loan novated from Marlin Enterprise Limited (refer Note 13)	-	415,000,000
Loan receivable from Marlin related to long-term bank loan (refer Note 13)	-	(49,842,868)
Equity reserve recognised due to initial recognition of derivative instruments	-	(25,293,598)

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27. ACCOUNT RECLASSIFICATION

To conform to the presentation of the financial statements as at and for the year ended 31 December 2017, an account in the statement of financial position as at 31 December 2016 has been reclassified as follows:

	<u>Before</u> <u>reclassification</u>	<u>Reclassification</u>	<u>After</u> <u>reclassification</u>
Inventories	51,592,604	(4,899,812)	46,692,792
Inventories - non-current	-	4,899,812	4,899,812

The reclassification above does not have a material effect on the prior year financial statements or the statement of financial position as at the beginning of the preceding year and therefore management believes that the presentation of a third statement of financial position is not required.



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