



COORDINATING MINISTRY FOR PEOPLE'S WELFARE
REPUBLIC of INDONESIA

Joint Statement – For Release to Media – 16 February, 2006

**Government of Indonesia and PT Newmont Minahasa Raya Sign
Goodwill Agreement on Post-Mining Monitoring and
Sustainable Development in North Sulawesi**

16 February 2006 (Jakarta). The Government of the Republic of Indonesia and PT Newmont Minahasa Raya (PTNMR) jointly announce that they have signed a goodwill agreement regarding post-mining scientific monitoring and sustainable development initiatives in North Sulawesi.

The agreement centers around two key elements: extended and new community development programs and, through a ten-year scientific monitoring program, long-term assurance of a safe and healthy environment to the communities in the vicinity of PTNMR's mining operations. In doing so, the Government and PTNMR reconfirm their commitment to work together to improve the lives of the people of North Sulawesi. This agreement will be implemented through additions and extensions to the existing approved post-closure community development and environmental monitoring programs.

Aburizal Bakrie, Coordinating Minister for the People's Welfare, said: "With this agreement, we have put the people first and have demonstrated our commitment to proper care of the environment and to sustainable development. We believe this reiterates that our joint commitment to responsible mining is more than just words. Newmont has undertaken extensive community development and environmental programs over the life of the mine. In moving forward together, our priorities are the welfare of the communities around the mine and the long-term health and safety of the environment."

Robert Gallagher, Newmont's Vice President for Australia and Indonesia Operations, said: "Our commitment to being good stewards of the environment remains as strong as ever. Together, we believe this goodwill agreement helps resolve this matter in a way that is beneficial to the communities where we operate and helps assure them of a healthy environment. We expect this ten-year monitoring program will support several recent scientific studies and our continuous mine monitoring, which already have shown no environmental impact on Buyat Bay and no health issues related to our activities. With today's announcement we reaffirm our long-term presence and investment in Indonesia and our commitment to the communities where we operate. We look forward to a productive partnership for years to come."



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Funding for the program extensions and additions will be provided by PTNMR, which has pledged 30 million US dollars over a ten-year period to cover the cost of the programs. Environmental monitoring reports will be issued annually to provide the communities with transparent and objective scientific information about the condition of the environment. Furthermore, PTNMR has agreed to collaborate with the Government and local communities to develop the programs' specifics and to provide resources to assist in implementation.

The funds will be managed by a soon-to-be-created foundation with multiple stakeholders from the national and local governments, the community and the company. Accountability and transparency of the fund will be ensured through yearly reports available to the public. The program extensions will be funded with an initial investment of 12 million US dollars, with the balance paid annually in 3 million US dollar installments during the period 2010 - 2015.



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Goodwill Agreement on Post-Mining Monitoring and Sustainable Development Initiatives in North Sulawesi between the Government of Indonesia and PT Newmont Minahasa Raya

Main Points

The party's first priorities are the welfare of the communities in the vicinity of the Mesel Mine and the long-term health and safety of the environment.

Scientific Environmental Monitoring Program

- Both parties agree to carry out an environmental monitoring program for ten years to ensure that there are no negative impacts from mining operations.
- The Goodwill Agreement stipulates that an independent scientific panel will be established within 60 days from today.
- The Government and PTNMR will each appoint three scientists as members of the Scientific Panel.
- The monitoring program, to be designed by the Scientific Panel, will be under coordination of the Ministry of Research and Technology.
- The Scientific Panel will report the results of its data analysis and study results annually to the public.
- If the Scientific Panel determines that a negative environmental impact occurred, the Panel must notify the Government and PTNMR. If both parties reach a mutual agreement or if an arbitration decision orders rehabilitation action, PTNMR would be bound to implement those actions.

Sustainable Development Initiatives

- The Government and PTNMR remain committed to leaving a post-mine closure legacy that creates improved living conditions for the communities around the mine.
- To achieve this goal, programs to improve health, education and infrastructure will be implemented through a foundation or legal entity to be created within 90 days of signing this agreement.



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- The Management of the Foundation will be jointly determined by the National and Regional Governments and PTNMR.
- The Foundation will control the funds provided by PTNMR and provide audited and publicly available annual reports.
- Programs funded under this program will emphasize those areas adjacent to the mine operations area.

Program Financing

- Within ten days of the Goodwill Agreement's signing, PTNMR will transfer US\$12 million to an escrow account for the initial funding required for the monitoring and community programs.
- From the 5th through the 10th years after the signing date of the Goodwill Agreement, PTNMR will transfer a sum of US\$3 million annually to the account of the Foundation, bringing the total to US\$30 million.
- Newmont issued a corporate guarantee to ensure that the programs in the Goodwill Agreement are fully funded and to ensure the implementation of a decision if the scientific panel monitoring results require any action.

Other Provisions

- Within 10 days of signing this Goodwill Agreement and on receipt of proof of the transfer of the funds to the escrow account, the Government will withdraw the appeal of the civil suit.
- After the appeal against the ruling in South Jakarta District Court is withdrawn by the Government and after the Foundation has been established, an escrow agent will transfer these funds to the newly formed Foundation.
- The Goodwill Agreement does not have any provisions related to the Government's criminal case currently being heard in Manado District Court.
- Although PTNMR maintains that its operations did not cause environmental pollution, both parties recognize that other parties have expressed different views.