

## **Open Appeal to ANZ, Standard Bank and BNP Paribas: Stay away from the Toka Tindung gold mine on Sulawesi!**

We, the undersigned organisations, herewith express our deepest concern about the apparent interest of BNP Paribas, ANZ and Standard Bank to financially support the development of the gold mining operation Toka Tindung on the island of Sulawesi, Indonesia. The mine is owned by subsidiaries of Archipelago Resources; PT Meares Sopotan Mining (MSM) and PT Tambang Tondano Nusajaya (TTN). Given the history of this project we are appalled that banks of such international standing seriously consider entering this project.

The project is vigorously opposed by the people of North Sulawesi, who feel that their livelihoods and living environment are being threatened by the mine. We call upon BNP Paribas, ANZ and Standard Bank to terminate their due diligence processes, to refuse any financial support either to the project or to the project sponsors, and to withdraw completely from this project.

This in consideration of the following:

**That the project has always faced strong resistance by the people of North Sulawesi.** For good reason a majority of the people in North Sulawesi is strongly opposed to the gold mining operations. These include local fishing communities, the fishing industry, the North Sulawesi tourist industry, environmental groups and people living near the tailings dump, who are most at risk. People are determined to oppose the company and the project, as they risk losing everything they have.

Already various lawsuits have been filed. In December 2009, the Coastal people's alliance against tailing AMMALTA filed a lawsuit against the Minister of Environment asking for the approval of the Environmental Impact Assessment (EIA) to be cancelled as it violates several government regulations. This lawsuit is being processed and first results are to be expected soon. If Toka Tindung will come into operation this will likely lead to social, as coastal people vigorously reject the gold mine.

**That the project is surrounded by suspicions of bribery and corruption.** The Provincial Parliament and – in December 2007 - the Governor of North Sulawesi have clearly said "No" to Toka Tindung, but despite this the London AIM-registered mining company, Archipelago Resources, forced through the development of the mine, manipulating Indonesian law and bribing government authorities to approve the previously rejected EIA. This happened after the re-election of Indonesia's President Susilo Bambang Yudhoyono, whose campaign is known to have been financed by the majority shareholder of Archipelago Resources, Indonesian tycoon Peter Sondakh.

**That issuing of the Environmental Impact Assessment (EIA) violates two Indonesian laws.** On October 5, 2009, the former Minister of Environment, Rahmat Witoelar, finally approved the EIA, despite his own continued statements that he would not allow Toka Tindung to proceed. This was during his last five days in office and three days after a new government regulation had been passed. With the approval, Witoelar violated two Indonesian laws:

1. The approval of the EIA is the authority of the provincial governor, not of the minister's.
2. He signed on grounds of a government regulation that was cancelled and thus not valid any more.

**That the history of mining enterprises in Indonesia is laden with human rights violations.** The company's security forces have time and again attacked peaceful demonstrations by local people, severely injuring some of them. In July 2006, several thousand fishing and farming people staged a peaceful mass demonstration demanding that Archipelago Resources cancel the gold mine and leave North Sulawesi. On their way home they were attacked by men known to belong to MSMs security forces. Several demonstrators suffered severe head injuries and a woman seven months pregnant had a miscarriage. The case was never properly investigated. As vice governor Freddy Sualang is cited in Komentar (October 4, 2006 edition): "it cannot be that people who peacefully demonstrate are terrorized in their aspirations."

**That the project will cause severe economic damage for the people of North Sulawesi.** As Toka Tindung is located in a densely populated area it directly endangers the villages in its immediate surroundings with contamination. A possible overspill of fine tailings mud presents a real danger to the bay of Rinondoran which is the heart of the local fishing industry. North Sulawesi's main economic pillars are tourism, fishery and agriculture. All three are viable sectors which will suffer severe damage if Toka Tindung starts operating. Thousands of people will lose their jobs, in return for only a few hundred jobs for a period of -a company-projected mine life of- at most eight years. The destruction of a healthy environment and the very livelihood of thousands of people will lead to sudden man-made poverty in this rich province of North Sulawesi.

**That the project poses many environmental threats.** The area harbours some of the most biodiverse and most fragile ecosystems in the world, many of them unique. The nature reserves of Tangkoko and Dua Saudara, which are directly adjacent to the mining area, are home to many endangered mammal, bird and reptile species. Archipelago will extract the gold at Toka Tindung using cyanide lye, which it is feared will infiltrate the groundwater. There are also grave concerns regarding the storage of tailings, as the concession area is known for its frequent earthquakes and volcanic activity. It can therefore not be guaranteed that toxic waste will not enter the ecosystem, especially in a business environment as corrupt and inefficient as Indonesia's. The project will also have a devastating impact on local water supplies, as the gold mine will use large amounts of water. It thus endangers the clean water supply for the international harbour city Bitung which is the heart of North Sulawesi.

**That Archipelago is a small start up-company, which might cause severe financial risk (to your banks).** The Toka Tindung project is the first goldmine developed by Archipelago and Archipelago is therefore faced with enormous financial pressure. The company is currently operating at a loss, since it has no other viable operations aside from Toka Tindung.

We, the undersigned organisations, are appalled that after all previous banks and project finance syndicates (except ANZ) have pulled out of this project and did not provide

working capital for the Toka Tindung gold mine for the obvious reasons, BNP Paribas, ANZ, and Standard Bank are again considering this project.

BNP Paribas, ANZ, and Standard Bank have all adopted policies that publicly commit you to socially and environmentally responsible banking norms, such as the Equator Principles. The Toka Tindung gold mine project is in clear violation of your sustainability aspirations, and seriously puts into question the sincerity of your commitments.

We feel obliged to warn BNP Paribas, ANZ, and Standard Bank that supporting a project which local people reject, which will harm unique ecosystems and already endangered species, which will cause severe economic damage for the local communities, which is surrounded by corruption and bribery, and which violates basic human rights, will create a lot of damage to your reputation.

We therefore urge you to immediately reconsider your positions and to drop all considerations of financing this financially unstable, environmentally destructive, and socially insensitive project.

Signed:

BankTrack, International  
Les Amis de la Terre, France  
The Mineral Policy Institute, Australia  
AMMALTA North Indonesia, Indonesia  
Walhi/Friends of the Earth Indonesia  
Jatam, Indonesia  
Indigenous Peoples Links (PIPLinks), UK  
London Mining Network, UK  
Rainforest Rescue, Germany  
Watch Indonesia, Germany  
Robin Wood, Germany  
urgewald, Germany  
Friends of the Earth EU, Europe

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More information about the Toka Tindung goldmine project can be found on [http://www.banktrack.org/show/dodgydeals/toka\\_tindung\\_goldmine](http://www.banktrack.org/show/dodgydeals/toka_tindung_goldmine)

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