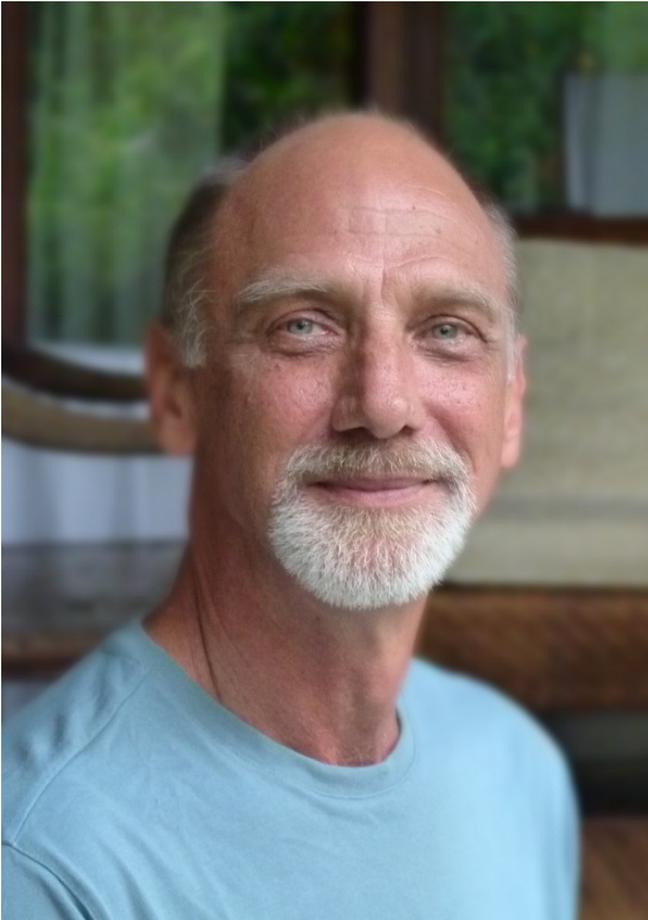


Mansur Geiger talks about Kalimantan Gold Corporation's (KGC) responsibility towards the local Dayak people and towards the environment



Mansur Geiger, April 2012

In a sense, it all started with me going up river in a canoe and establishing strong relationships with the local Dayak people. Living and working closely with them created a special connection from the very beginning, and this all evolved into the need to support them in preparation for the future impact of a possible mining operation.

Apart from the community development work, we trained the locals in all areas rather than bringing in outsiders, which also created an on-going responsibility towards them. The first landmark (up to that point, our community efforts had been rather informal) was when Murray Clapham and I set up the Kalimantan Kids Club (KKC) in 1992 to help kids with their education. It started with a young girl who was a gold panner. She was an

orphan who wanted to be a sports teacher, so we took her and the son of my original Dayak guide, Pak Sumbin, and put them into Palangkaraya University. Murray and I jointly funded the club, then other Subud members joined in, like Michael David and his mother, Miriam, then Susila Dharma. Within a couple of years we were sponsoring over a dozen kids. The first we funded completely, but later we learned to evaluate how much to give. We also got the kids to do community work, and to agree that they would pay 30% of what they received back into the KKC. There was no time frame for them to do it, but they committed to the intention. The KKC eventually became assimilated into Yayasan Tambuhak Sinta (YTS), the foundation that we formerly established in 1997.

We set up YTS once we understood the primary importance of integrating our work with the local communities, and of looking into the future and finding the best way for us to all move forward together. In 1997, the mineral exploration team and the Dayaks signed a common agreement on a river bank, committing to a joint effort to work together into the future for the benefit of all. Last year they came back to say they would like to put up a monument on that spot, and we've agreed to build it. With all seriousness and a good dose of Dayak humour, they suggest a bronze statue including me and Pak Sumbin, who is now 99 and has been opened in Subud!

We started out by establishing fish ponds, vegetable gardens and other projects that have evolved over the years. Initially, we were working in about five villages towards the top of the Kahayan river, including Tumbang Mahuroi, our base village. Now we work with 31. Another big thing we did was to introduce hydro-ram water pumps to provide clean water to the villages. It's a very simple device that you stick in a waterfall or any place where water's moving fast.

In 2003, Bardolf Paul joined YTS, then gradually took over from Pak Haryo Habiriono as director in 2004. Bardolf's expertise and knowledge (gained in Vietnam and India) was of great significance for us, as we realized that we were potentially finding a copper/gold mine, which would represent a much larger operation and, consequently, have an impact on the whole region rather than on just a few villages. So good governance and the capacity for people to manage their affairs became crucial.

This is no short-term effort and has to continue into the future; it not only involves villages, but also the local government. Government, people, the company and the environment – those are the four focal points. The first three have to understand their responsibilities to make it all work, and to establish good environmental practices that will bring about healthy development that is aware of and maintains the correct balance. Back in the day there was much less environmental awareness; but now the original triangle (company, villages, government) has become a diamond. Typically, mining involves 30 years of exploration, struggle and pain; then, suddenly, it can take off in a big way – though the odds make it one of the biggest gambles around. Our years of working with locals have prepared us for a situation where, historically speaking, things would become crazy and go askew. This is where our experience is greatly to our advantage.

Unfortunately, part of our struggles have been due to a shortage of money – especially over the past 5 years. Most companies in a similar situation would have died long ago, but it was the belief of a small number of people that kept things going. After the 2008 financial crisis, we had to stop pretty much everything. We couldn't go on funding the operation, and I had the very difficult and painful task of having to let everyone know; yet, they all took it very well and said they hoped we'd be back. For a year, Bardolf and I took no salaries, while trying to keep something afloat. We even had to stop directly funding YTS, but, thanks to the work that had already been done, Bardolf was able to

attract outside funding. Then the business environment changed (commodity markets recovered and boomed) and there was a sudden renewed interest. Ten companies were making serious moves towards us, but we didn't get the kind of deals we expected till Freeport came along. Since we did the deals with Freeport and Tigers in early 2011, we've been able to start funding YTS again, to the tune of \$30,000 a month.

Freeport took the old Geo-physical data that we had, and which we had been able to get thanks to funds raised when we went public in Canada in 2006. Nowadays you can look at all that material using a whole new range of technological means, and you can create 3D images of whatever is way below the surface. What Freeport discovered was very exciting in terms of having the size potential they're interested in (they won't consider anything if it's not gigantic). And, interestingly enough, mining on this kind of large scale has the potential of having minimal environmental impact compared to many other projects like coal mining or palm oil plantations. As a successful mining company we would be in a position to create enormous conservation areas within our concession, because we'd already be out in the jungle, with the infrastructure and the money to have a really positive impact. In addition to all the technical side, Freeport really sees, understands and appreciates the value of what KGC and YTS have done. From their own history, Freeport now understands the importance of taking care of the community aspect from the early days, and the value it would have for its damaged reputation. They realize our worth and are interested in letting us continue to work in the way we've been working till now. So, this reflects what Bapak told us so long ago, that we can be the initiators and the pioneers who will be able to influence the way things develop.

In the eyes of a company like Freeport, we have achieved an enormous amount, and this will influence how things develop in the future. It's going to be a massive challenge, but we are

managing the unfolding of an enormous potential for the benefit of Kalimantan. As for the mining operation itself – assuming we get to that point – it will make use of new techniques Freeport has invented, which are based on going deeper and deeper. As you go deeper, the hole gets narrower and the grade gets higher: a 2 kilometre shaft goes down, then sideways and then upwards. The biggest challenge is what to do with the tailings, the mineral-rich sand that is dug out of the mine; but interesting possibilities are being considered – including enriching the soil elsewhere.

In the meantime, YTS, as a foundation set up by a mineral exploration company, is recognized as

something quite unique in the world. In fact, there was a write up about us that was presented at the World Economic Forum in Davos, where both KGC and YTS were given as a leading example of best practice undertaken by an exploration company; in other words, the fact that we started our community efforts all those years ago and at a very early stage in our operations, is now very much acknowledged and appreciated.

OSANNA VAUGHN

[Ed: Another important area of YTS activity is the Mercury Project headed by Sumali Agrawal, and reported on earlier in SWN]