

FREQUENTLY ASKED QUESTIONS ON  
THE PROPOSED WEDA BAY NICKEL (WBN) MINE PROJECT

MIGA welcomes dialogue with civil society organizations and other interested parties about the proposed Weda Bay Nickel project in Indonesia. We have held meetings with NGOs and community organizations in Indonesia and in Washington and will continue to do so. We want to hear your concerns and share our views so that we can continue a dialogue that is constructive and beneficial for all parties.

In this regard, we will publish in this space questions we receive -- with our responses.

---

Posted August 10, 2010

QUESTION 1: Did the overall assessment clearly consider alternatives to most of the impacts and provide clear documentation of the rationale for selection of alternatives, including for the exploration and feasibility stages, consistent with the requirements of MIGA's Performance Standard 1 on Social and Environmental Assessment and Management Systems? Why are zero discharge facilities, as indicated in mining EHS Guidelines, not an option considered in the ESIA?

MIGA RESPONSE: MIGA's Performance Standard 1 requires projects with potential significant adverse impacts that are "diverse, irreversible, or unprecedented" (i.e. Category A under MIGA's Policy on Social and Environmental Sustainability) to examine "technically and financially feasible alternatives" to the source of such impacts and document the selection rationale. As disclosed in the ANDAL (Environmental Impact Assessment), specific alternatives were assessed for process, residue storage, wastewater intake point and discharge, ore transportation, and the limestone quarry. For residue storage in particular, alternatives for the method of storage and the siting of the Residue Storage Facility were considered. Potential techniques studied included the discharge of slurry tailings to the sea, wet storage of slurry tailings behind a containment dam and dry storage of dewatered residues on land. The choice of dewatering and dry storing the residues on land was a higher cost option, however it was chosen because it is considered the environmentally preferred and best option to the alternatives.

The tailings management strategy designed for this project is consistent with the range of recommended tailings management strategies in the IFC Environmental, Health and Safety (EHS) Industry Sector Guidelines for Mining and international guidelines of the International Council on Mining and Metals (ICMM). Specifically, the IFC EHS Industry Sector Guidelines for Mining recommend, as one of a range of tailings management strategies, "[c]onsideration of zero discharge tailings facilities and completion of a full water balance and risk assessment for the mine process circuit including storage reservoirs and tailings dams. Consideration of use of natural or synthetic liners to minimize risks." The ANDAL provided a mass balance of all inputs and outputs in ore processing, including water, assessed and selected the environmentally preferred alternative to wet storage of slurry tailings in storage reservoirs and tailings dams, and the design features of the Residue Storage Facility include an impervious clay layer. The ore processing and metals extraction process was designed and optimized specifically for this site, with pilot testing beginning in 2006 and continuing to the present at Eramet's

research facility in France. After thorough study, it was concluded that the proposed approach is the optimal one.

QUESTION 2: Will the project contaminate the ocean with toxic chemicals and metals from processing effluent dumped into the ocean? Will the project threaten to contaminate waterways with sulfuric acid and toxic processing and waste chemicals? Which specific organic solvents and flocculants will be used? Can you provide information on the estimated quantities of each of these compounds to be used per year?

MIGA RESPONSE: There will be no tailings dumped into Weda Bay or any other body of water. As disclosed in the Environmental and Social Review Summary (ESRS) and ANDAL, all residues will be dried and then stored on land, to be progressively covered and revegetated. The Residue Storage Facility has been designed to include an impervious clay layer, seepage collection and rain water collection systems to control discharge and a monitoring system.

Ore processing will be conducted in a closed system. The neutralization of sulfuric acid with lime is an integral part of the metal recovery process. The composition and type of flocculants will be optimized during operations. Solvents are used for the extraction of metals, however this will occur in a closed loop system, where almost all of the solvents will be recycled for reuse through a regeneration process. The liquid effluent, which may also include sanitary wastewater and industrial cooling water, will be discharged via an outfall only after being treated in the wastewater treatment station. Any remaining dissolved metals or salts present in the wastewater at the end of the process are traces in concentrations that widely comply with Indonesian law for safe discharge to the sea. In addition to Indonesian law, concentrations of dissolved metals and salts present in the wastewater comply with IFC EHS Guidelines and other major international guidelines.

QUESTION 3: Is the pollution risk assessment related to solid residues adequate for all phases of the project? Sampling methods and sample size for solid residue composition are not available and without that information the accuracy of the data on toxic contamination potential of the waste is unknown. Was the potential impact of the Residue Tailings Storage Facility on groundwater adequately evaluated and do the Residue Tailings Storage plans include identified impervious liners? Does MIGA have access to independent information on the successful, long-term disposal of similar Co-Ni residues in similarly designed, unlined residual storage facilities (RSF's)? Have any such sites been operated and closed in similar high-rainfall, seismically-active environments? Can you provide specific information?

MIGA RESPONSE: PT Weda Bay Nickel (WBN) identified and described major deposits, profiled the laterite (red tropical soils), including ore zones, performed composition analysis and described the mineral characteristics of the resource, conducted leaching and toxicity tests on the solid residues and described the design features of the Residue Storage Facility, as disclosed in the ESRS and ANDAL.

The Residue Storage Facility was designed for the conditions at the site. The leaching and toxicity tests determined that the constituents present in the solid residues are not susceptible to leaching, other than traces of metals or metal related compounds that are not expected to significantly degrade ground water quality. In order to further limit impacts to ground water, the Residue Storage Facility design features an impervious clay layer, seepage collection and rain water collection systems to control discharge and a monitoring system, with an impervious cap and revegetation added as sections are

completed. An international benchmark has been done on environmental regulations applicable to residues management and the assessment is on-going.

QUESTION 4: Do the project plans adequately account for pollution risks for all phases of the project, including defining the type of sewage treatment?

MIGA RESPONSE: As disclosed in the ESRS, ANDAL, Exploration and Development Environmental and Social Impact Assessment (ESIA) and Environmental Management Plan, sanitary wastewater will be generated as a result of this project and the impacts mitigated. The project will operate at many different and disparate locations within the Contract of Work, creating the need for treatment facilities to be tailored to those locations. The option selected for a specific location will be consistent with Indonesian law, MIGA's Performance Standards and IFC EHS Guidelines.

QUESTION 5: Does the effluent composition data presented in the environmental and social impact assessment documents provided by WBN and disclosed by MIGA provide information necessary to assess the accuracy of the data?

MIGA RESPONSE: The project is in the exploration and feasibility phase and therefore there is no current liquid effluent. Because the ore processing plant has not yet been constructed, the characteristics of the liquid effluent were obtained through pilot metallurgical testing and the potential impacts from the next phases of the project were assessed through a dispersion model.

QUESTION 6: Does the baseline sediment and water quality data presented in the environmental and social impact assessment documents provided by WBN and disclosed by MIGA provide information (on sampling methods and effort) necessary to assess its accuracy?

MIGA RESPONSE: Baseline studies of the physical and biological environment of the Contract of Work have been conducted for the exploration and feasibility phase of the project. As disclosed in the ANDAL and Exploration and Development ESIA, analytical results of baseline data for surface water, ground water, marine water and sediments were provided by KAN (Komite Akreditasi Nasional – National Accreditation Committee of Indonesia) accredited laboratories, with the analysis of water samples conducted in accordance with standard methods of the American Public Health Association. Regular monitoring of the physical and biological environment is being conducted during the exploration and feasibility phase and further detailed environmental and social analyses will be carried out prior to the next phases of the project.

QUESTION 7: Sedimentation and erosion are a major concern that the project will probably not be able to adequately mitigate. Will the project contaminate water ways with large quantities of sediment from run-off and erosion? Are sedimentation and erosion risks for all phases clearly identified with respect to cumulative impacts from other deforestation and land use and with respect to proximity to ecologically sensitive (Protection Forest, coral reefs) and protected areas (national park) consistent with the requirements of MIGA's Performance Standard 3 on Pollution Prevention and Abatement?

MIGA RESPONSE: The analyses, impacts and mitigation measures associated with erosion and runoff are disclosed in the ESRS, ANDAL, Exploration and Development ESIA, Environmental Management Plan and Environmental Monitoring Plan. Topographic, soil, land cover and rainfall data were used, in conjunction with Hazard Erosion Index data provided by the Indonesian Department of Forestry to

model erosion risk in the Contract of Work. This analysis estimated erosion risk to be “low” in about 27% of the Contract of Work and “medium” in the remaining 73%. Hydrological analysis performed by WBN has demonstrated that any potential runoff from the Contract of Work will not drain into the national park because the two are separated by a valley. Construction and operation of the test pit has enabled WBN to evaluate mining methods and mitigation measures and develop effective strategies for minimizing the impacts of soil erosion and runoff. During the exploration and feasibility phase of the project, these impacts are expected to be minor. During the construction and operations phases, a comprehensive erosion control strategy will be implemented to slow, accumulate and store runoff prior to entering waterways. Drainage will be constructed and the surface contoured to divert surface flows near the mining pits to detention ponds and sediment dams. Mining will not occur on slopes that exceed 30°; about 25% of the Contract of Work area slopes exceed 30°. Surface runoff from the Residue Storage Facility is diverted through drains to a sediment pond. When sections are of the Residue Storage Facility are complete, an impervious cap will be added with revegetation for erosion control.

QUESTION 8: Is the pollution risk assessment related to asbestos adequate for all phases of the project? Has the health threat posed by asbestos content in rock been adequately evaluated?

MIGA RESPONSE: Asbestos is suspected in a geologic unit at the bedrock below the saprolite ore zone. Risk analysis and sampling has been performed, with results forthcoming. The mining operation will be focused on the ore bodies above the bedrock layer, meaning that community and occupational health and safety risk related to mine operations are expected to be minimal to nonexistent. When mine operations are complete for an area, the overburden will be backfilled and any potentially exposed bedrock will be covered. However, WBN is concerned that this rock material with suspected potential asbestos may have been used as a building material in the past for local residences and is conducting a field survey for confirmation.

QUESTION 9: Some of the most fundamental aspects of the project, based on the ESIA, are missing or less clear. For example: there is no simple description of the basic mineral processing techniques, chemicals used, volumes of water, etc. [Some details are provided in ANDAL, but normally EISs contain tables summarizing all the specific process chemicals, fuels, explosives, pesticides, herbicides, fertilizers, etc. by name (scientific and commercial) and estimates of quantities to be used per year.]; no chemical details (or summaries) of the potentially toxic components of the ores or wastes is provided; no details of water sampling / handling procedures are provided; no statistical summary of baseline data is provided; and, regarding the liquid effluent to be disposed in Weda Bay, data in the ANDAL presents dissolved concentration, can you provide total concentrations from unfiltered samples?

MIGA RESPONSE: Information regarding the hydrometallurgical process, liquid effluent, mineral characteristics of ore, solid residue characteristics and water quality are provided in the disclosed ANDAL and Exploration and Development Environmental and Social Impact Assessment. Regarding the hydrometallurgical process, the ANDAL provides a description of the process, including a flow diagram, mass balance (including water volumes) and layout of the processing plant. The processing plant, including liquid effluent treatment, has not yet been constructed and therefore liquid effluent impacts are assessed through a model. The characteristics of liquid effluents were obtained through pilot metallurgical testing. The mineral characteristics of the ore are described in the ANDAL (see p. II-10 to II-11) and the Exploration and Development ESIA (see p. I-10 to I-12). Characteristics of the solid residues are provided in the ANDAL (see p. II-30 to II-39; p. V-62 to V-65). Baseline data, including laboratory analytical results, for surface water, ground water and the marine environment were

presented in the ANDAL (see p. III-43 to III-87) and the Exploration and Development ESIA and methods were reported as being in accordance with the standard methods of the American Public Health Association (see Appendix C, p. 32 to 74). All impact assessments will be updated through further detailed environmental and social analyses that will be carried out prior to the next phases of the project. This will result in more detail and precision with respect to the baseline data presented in the ANDAL, as a result of the progression of the project. For additional information regarding methods, please refer questions to PT Weda Bay Nickel.

QUESTION 10: Does the baseline biodiversity information presented in the environmental and social impact assessment documents provided by WBN and disclosed by MIGA provide adequate and sufficient information to evaluate its accuracy? Survey effort information (e.g. species accumulation curves) is absent and faunal surveys remain incomplete.

MIGA RESPONSE: The biodiversity assessment disclosed in the ANDAL and Exploration and Development ESIA was conducted by experts consistent with international guidelines. Survey design, data collection and analyses, including qualitative data, quantitative data (species distribution, abundance and density) and ecological indices (Margalef richness index, Shannon-Wiener diversity index, Importance Value Index, Evenness index and Dominance index) for terrestrial and aquatic biota were presented. This assessment builds on numerous flora and fauna surveys have been conducted by WBN between 2001 and 2008 to establish biodiversity baseline data for the project study area, identify components of flora with special economic or ecological value, provide data on flora species to support future land rehabilitation and compile a comprehensive list of the vertebrate fauna on the island. A few knowledge gaps on fauna biodiversity still exist, however further detailed environmental and social analyses will be carried out prior to the next phases of the project.

QUESTION 11: Protected area issues are not adequately accounted for in the ESIA. The Protection Forests are a form of legally protected area. In addition, a national park is within 4km of the project area yet the ESIA does not discuss buffer zone management plans of the national park.

MIGA RESPONSE: Under Republic of Indonesia Forestry Law No. 41 of 1999, there are three forest classifications determined according to its main function, as follows: (1) Conservation Forest, (2) Protection Forest, and (3) Production Forest.

(1) Conservation Forest is defined as “a forest area with specific characteristics, having the main function of preserving plant and animal diversity and its ecosystem” (Art. 1). Sub-categories of Conservation Forest include nature reserve forest area, nature conservation forest area, and hunting park (Art. 7). Both nature reserve forest area and nature conservation forest area are defined as “having the main function of preserving plant and animal diversity and its ecosystem” and “protecting life-supporting system”, however the definition of the latter also includes the “sustainable use of biological resources and its ecosystem” (Art. 1). Use of Conservation Forest is allowed “except in nature reserve forests and core and preservation zones of national parks” (Art. 24), must be undertaken “in accordance with” and “as long as it does not disturb” the main function (Art. 36) and “shall be regulated in accordance with prevailing laws and regulations” (Art. 25). Conservation Forest is established and directly managed by the Directorate General for Forest Protection and Nature Conservation (PHKA).

(2) Protection Forest is defined as “a forest area having the main function of protecting life-supporting systems for hydrology, preventing floods, controlling erosion, preventing seawater intrusion and maintaining soil fertility” (Art. 1). Allowable uses of Protection Forest include, “utilising its area,

environmental services, and collection of non-timber forest products” (Art. 26). Use of Protection Forest for “utilising its area” must be undertaken “in accordance with” and “as long as it does not disturb” the main function (Art. 36). Use of Protection Forest “for development needs for non-forestry purposes can only be made...without changing the main function” (Art. 38). Mining activities in Protection Forest are allowed provided a license is granted “taking area limitations, timeframe and environmental sustainability into account” (Art. 38). “Open-cast mining is prohibited in protection forest” with thirteen licenses or agreements that existed prior to enactment of the Forestry Law, including PT Weda Bay Nickel (WBN) exempted through Government Regulation in Lieu of Law No. 1 of 2004 and Presidential Decree No. 41 of 2004 (Article 38). Protection Forest is managed by the local government and supervised by the Department of Forestry.

(3) Production Forest is defined as “a forest area having the main function of producing forest products” (Art. 1). Allowable uses of Production Forest include, “utilising its area, environmental services, utilisation of timber and non-timber forest products, and collection of timber and non-timber forest products” (Art. 28). Use of Production Forest “for development needs for non-forestry purposes can only be made...without changing the main function” (Art. 38). Mining activities in Production Forest are allowed provided a license is granted “taking area limitations, timeframe and environmental sustainability into account” (Art. 38). Sub-categories of Production Forest include permanent production forest, limited production forest, and convertible production forest. Production Forest is managed by the Directorate General for Forest Production Development (BPK).

The project’s Contract of Work does not include any Conservation Forest or national park and the Contract of Work and national park are geographically separated by a valley. Eramet is supporting the national park through providing logistical and other support to park management. Buffer zone management is a sovereign obligation/prerogative of the government of Indonesia.

QUESTION 12: Will the project destroy a large portion of Protection Forest in a tropical biodiversity hotspot?

MIGA RESPONSE: The total area of the Contract of Work is 54,874 hectares, with 25,118 hectares designated as Protection Forest under the Forestry Law. Out of the total, approximately 1,800 hectares will be used for mining activities over the 30-year concession period, including less than 500 hectares of Protection Forest. In addition, approximately 850 hectares will be used for ore processing, residue storage and other mining support functions, increasing the total footprint of the project over the 30-year concession period to approximately 2,650 hectares, less than 5% of the Contract of Work area. When the mine is fully operational, approximately 60 hectares of land will be used annually, with another 60 hectares simultaneously revegetated.

QUESTION 13: Why is critical habitat under MIGA’s Performance Standard 6 on Biodiversity Conservation and Sustainable Natural Resource Management present but not identified as such? Almost half of the Contract of Work area is identified as Protection Forest which, according to the Forestry Law No. 41 of 1999, is forest “having the main function of protecting life-supporting systems for hydrology, preventing floods, controlling erosion, preventing sea water intrusion and maintaining soil fertility.” Protection Forests are, thus, protected areas and in most cases are off-limits to mining. Moreover, endangered species were found in the area. The forests and coral reefs also represent biodiversity of key economic and other significance to local communities. These all indicate the presence of critical habitat, which the project cannot implement activities on unless it can guarantee no

measurable adverse impacts on the critical habitat (species or functions). The ESIA does not provide such guarantees. Critical habitat also requires evaluation by qualified and experienced external experts, which the limited data indicate was not part of the ESIA. In addition, natural forest harvesting (the clearing that is planned) cannot cause the conversion or degradation of critical habitat according to the Performance Standard. This appears to be likely to occur.

MIGA RESPONSE: There is no Conservation Forest or national park within the Contract of Work. Protection Forest is a functional classification under the Forestry Law and not equivalent to “legally protected area” under MIGA’s Performance Standards, nor indicative of the actual habitat type of a location. Mining in the Protection Forest within the WBN Contract of Work is allowed, provided a license is granted.

Protection Forest areas in the Contract of Work have been determined to have no particular special significance for endemic or restricted-range animal species and there is no area of critical importance and localized habitat to any particular endemic and/or vulnerable animal species. The animal species in Halmahera are generally small and medium size and thus do not require the ranges/habitat that large landscape species would. However, as precaution, the project will minimize fragmentation of as much forest as possible. There is some primary forest within the Contract of Work, however there is no “critical habitat” aside from caves located in the karst forest, and only one endangered species has been identified, a tree (*Hopea gregaria*). WBN is committed to conserving the karst area and would consider working with the relevant authorities to explore possibilities to get karst areas into conservation area status. Further detailed environmental and social analyses will be carried out prior to the next phases of the project, including a biodiversity study which will be conducted by independent experts.

Forest cover loss within the Contract of Work is less likely and forest cover gain is more likely than in areas outside the mining concession. According to a 2004 World Bank Group report, “Indonesia: Improving the Investment Climate for Sustainable Development”, issued jointly with the World Bank Indonesian Country Office and the Oil, Gas and Mining division, the rate of forest loss in Protection Forest allocated for mining is lower than in areas not allocated for mining, with even more pronounced results for forest on less steep slopes which is considered more “palatable” land. Furthermore, the study found a positive association between forest gain and mining areas, concluding that forests recover at a higher rate when inside a mining concession. These findings correlate with the identification of clear evidence of widespread clear-cutting and selective logging in coastal areas or near the transmigration villages, with only small traces and rare occurrences of these activities identified within the Contract of Work.

QUESTION 14: Timber for clearing is to be sold and this seems to represent a commercial logging operation. The forest has been “relatively untouched by human activity apart from selective logging” and “likely to be in pristine conditions;” parts would seem to qualify as “primary tropical moist forest.” This clearing would therefore go against the IFC exclusion on commercial logging operations for use in tropical moist forest.

MIGA RESPONSE: Some land clearing during the exploration and feasibility phase will occur in the Nuspera coastal zone, beginning in 2012. However, land clearing for mining activities will not commence until the start of the operations phase, around 2016. WBN will develop plans in consultation with local authorities and communities regarding the harvesting and disposition of any timber resulting from land clearing activities.

QUESTION 15: Claims of rehabilitation and recovery potential of forest habitat appear unsubstantiated. The ESRS states that habitat loss impacts are "deemed to be reversible through rehabilitation" but the evidence of Eramet succeeding in restoring forest in New Caledonia is not provided. The ESRS also states that "the complete restoration of rainforest ecosystems is known to be difficult, if not impossible" but the ESIA claims that "impacts on the forest as terrestrial habitat are reversible and full recovery is expected in about 20 years" and "complete recovery of terrestrial fauna in restored areas is expected after about 10 years".

MIGA RESPONSE: MIGA chose to be conservative in its ESRS statements to emphasize that rehabilitation is not easy. However, Eramet's experience in New Caledonia provides MIGA with assurance that the WBN site can be rehabilitated and restored to conditions acceptable to those prior to disturbance. In 2009, WBN undertook a number of concrete actions for long term preservation of marine and terrestrial biodiversity in the project location. Ongoing rehabilitation and plant nursery trials are being conducted to determine which local tree species grow well for revegetation purposes. Permanent plots have been identified in order to monitor the impacts from mining operations on the surrounding environment. These plots generate growth rate data, improve accuracy in carbon sequestration and act as a fauna refuge, as well as providing a source of seedlings and a seed bank. A marine biodiversity study that included a survey of mangrove ecosystems, coral reefs and intertidal zones, along with measurements of bathymetry, sediment quality and sea water quality was conducted along the coast line of the Contract of Work.

QUESTION 16: Does MIGA have independent technical information or applied information from actually operated and closed sites demonstrating that such laterite Co-Ni deposits can be successfully reclaimed following mine closure?

MIGA RESPONSE: MIGA has reviewed WBN mine closure plans, and mitigation measures for the test pit. They are in compliance with Indonesian law and good international industry practice. Rehabilitation and closure activities will be an ongoing process throughout the operation phase that will be required to comply with Indonesian law, and good international industry practice.

QUESTION 17: Will the project displace communities whose livelihoods depend on the areas to be mined and physically displace the indigenous Forest Tobelo, who live in the area of the mine? The presence of Forest Tobelo living in the Contract of Work area contradicts the statement that "no physical displacement of families from their homes is expected" and the claim that no Resettlement Action Plan is needed. Physical displacement could occur with all phases of the project. The ESRS states that "the extent to which the Forest Tobelo depend on resources within or close to areas to be mined is not known" and that "Forest Tobelo are currently present in the ... proposed location of the [Residue Storage Facility]." The project has yet to document probable impacts, adequately obtain information on, consult and plan with indigenous peoples and obtain the informed participation of indigenous peoples in the project area as required under MIGA's Performance Standard 7 on Indigenous Peoples.

MIGA RESPONSE: Based on current surveys, no communities will be resettled during any phase of the project. Forest Tobelo people are nomadic groups. The project is not expected to have adverse impacts on the Forest Tobelo. WBN will design and implement community development plans for all communities likely to be affected by the project, in compliance with MIGA's Performance Standard 7 on Indigenous Peoples. The community development plans will also include the Sawai and Village Tobelo

groups, although they are “adat” (traditional) communities and not indigenous groups. Meetings and focus group discussions have already been carried out with communities, including the Forest Tobelo.

QUESTION 18: The project has not adequately documented cultural heritage that could be adversely affected by all phases of the project. The ESRS states that "the full project area has not yet been subjected to detailed scoping and appraisal for tangible cultural heritage" so the project cannot successfully be "responsible for sitting and designing of a project to avoid significant damage to cultural heritage" as required under MIGA's Performance Standard 8 on Cultural Heritage or protect critical cultural heritage that could be affected by exploration and feasibility phases, or construction, operation, and closure phases.

MIGA RESPONSE: The construction phase will not commence before 2012. As disclosed in the ESRS, cultural heritage studies and scoping analysis have already begun. A Community Social Assessment (CSA) was undertaken from November to December 2009. The CSA included interviews with locals whose knowledge indicates the presence of sacred sites within the project impact area. In order to prevent disturbance of such sites, the project will develop mechanisms for identification of areas of potentially significant cultural heritage. Such mechanisms would likely be organized into two categories: those investigating and mapping oral accounts of sacred sites (a process to be conducted and completed before construction) and those designed to test and “clear” mining and construction sites prior to disturbing the land (an ongoing process).

Further analysis began in May 2010 to identify natural features of past. This will supplement a desk study of archaeological and archival information undertaken during May and June 2010. The study also will include a review of national and international laws, regulations and policies to ensure that all cultural resource management laws are acknowledged, and will include consultation with government, academic, and civil society experts for “good practice” recommendations. Local experts from the area, including a noted anthropologist from Khairun University in Ternate, will be carrying out the desk studies. Their work will be peer reviewed by an international expert on cultural heritage preservation and indigenous cultural resource management. If the screening determines that more analysis is needed, then a Cultural Heritage Assessment (CHA) will be carried out in close collaboration with, and securing the permission of, local authorities. A CHA would involve a more rigorous appraisal of the potential heritage sites, such as shovel testing, either at random or in a grid pattern, to try to find evidence of artefact rich areas. WBN will develop a Cultural Heritage Preservation Plan before the construction phase starts, which will include a “Chance Finds Protocol” in compliance with MIGA's Performance Standard 8 on Cultural Heritage.

QUESTION 19: According to the ESRS, WBN apparently has already constructed an airport, a base camp, a mine test pit and other facilities. Is this correct and are these facilities necessary during the 3-year feasibility and exploration stages?

MIGA RESPONSE: The facilities enable smooth progress of exploration activities.

QUESTION 20: Do the extracted nickel and cobalt mineral concentrates go overseas for refining and if so, where (Japan, France or India, etc)? Often, there are other valuable commercial products recovered from the refining of the concentrates (gold, silver, platinum, rare earth elements, etc) and they generate a significant amount of profit for whoever directly benefits from them, is the Indonesian government aware of this? Have any such additional products been identified?

MIGA RESPONSE: For information regarding commercial operations, please refer questions to Weda Bay Nickel.

QUESTION 21: Did MIGA look into the impacts from other (local-regional) cobalt-nickel mines, such as the P.T. Antam site that closed in 2004 and had operated for 25 yrs?

MIGA RESPONSE: MIGA is aware of the risks associated with other mining projects.

QUESTION 22: Although the ANDAL covers all phases of the project, does the Assessment (“Exploration and Development ESIA”) cover construction, operations, and decommissioning or closure phases of the project?

MIGA RESPONSE: The Exploration and Development ESIA assesses the exploration and feasibility phases of the project, corresponding to MIGA’s scope. While the ANDAL covers all phases of the project, further detailed environmental and social analyses will be carried out prior to the next phases of the project.

QUESTION 23: Has MIGA reviewed any form of Feasibility Study, particularly one that details metallurgical testing results and the geochemical properties of the ores and wastes?

MIGA RESPONSE: As disclosed in the ESRS, the Feasibility Study was reviewed by MIGA.

QUESTION 24: On the ESRS, it mentions that one of the key documents and scope of MIGA review is the Contract of Work Feasibility Study which was prepared last February 2009. Could you send us the electronic copy of this contract? The ESRS also mentions a Bankable Feasibility Study, ESHIA. Could you share these documents?

MIGA RESPONSE: The Contract of Work is an agreement that was signed between WBN and the Government of Indonesia, please refer inquiries to either party to obtain this document. As disclosed in the ESRS, WBN will complete the Bankable Feasibility Study, ESHIA in 2011.

---