

Community Relations Management Action Plan 2008

Gold Ridge Gold Mine
Guadalcanal, Solomon Islands

Version 4.1 February 2009





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**GOLD RIDGE GOLD PROJECT
COMMUNITY RELATIONS MANAGEMENT ACTION PLAN
2008**



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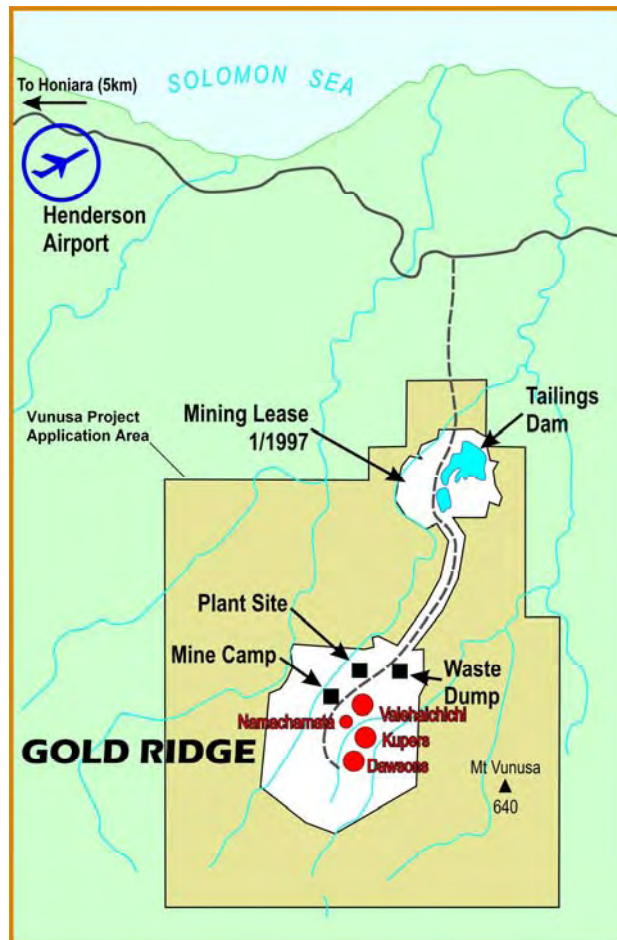
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1. BACKGROUND

1.1 Project Description

The Gold Ridge Project is located on Guadalcanal, Solomon Islands. The project is located approximately 40 km by road south east of Honiara. The project consists of a Mining Lease (No. 1/1997) that covers an area of 30 km² and surrounding this is a Special Prospecting License (SPL 194) that covers an area of 130 km².

Gold Ridge is a low sulphidation, disseminated epithermal gold/silver deposit. The Gold Ridge Mining Lease is located on the lower northern slopes of Mount Chaunapaho in the central ranges. The lease is divided into two sections: a six square kilometre northern section, which is generally below 120 m altitude and contains the tailings storage facility; and a 30 square kilometre southern section, which is generally between 400 m and 800 m altitude and contains the mine and processing plant. The southern lease contains three significant rivers. The Chovohoi, Charivunga and Tinahulu Rivers have relatively steep grades and flow through deeply incised valleys. The Tinahulu River flows on the western side of the lease, while the Chovohoi River, which converges with the Charivunga within the southern lease, runs on the eastern side. The topography is generally rugged mountainous terrain.



Location Map

The natural vegetation consists of grasses and various tropical trees and can be quite dense. Before the development of the Gold Ridge mine, the mine area had been extensively disturbed by humans through subsistence farming, logging, gold panning and settlement. Heavy logging in the Chovohoi River catchment occurred in 1974 and again during the last few years up to 1997. The tailings disposal site in particular had few merchantable trees remaining prior to mine construction.

Exploration and development of the mine site occurred in the early 1990s, and the original development process included undertaking a Social Impact Assessment, establishing land ownership in the mine area and identifying archaeological and cultural sites. A Mining Agreement, including provisions for relocation of affected landowners and a program of social infrastructure provision, education and other programs was agreed.

The mining lease was granted on 12 March 1997 to GRML, which was then a subsidiary of Ross Mining NL, an Australian based company. Ross Mining developed the mine and operated it from August 1998 to June 2000. During that 2 year period, the mine produced approximately 210,000 ounces of gold and at the time of closure there were considerable resources remaining in all four designated pit areas being Valehaichichi, Namachamata, Kupers and Dawsons. Ross Mining only partially mined the Valehaichichi pit which lies in close proximity to the process plant.

Before Gold Ridge mining operations commenced in 1998, the existing community of landowners and their extended families, approximately 1200 people in total, were relocated to the Lungga, Tataona and Obo Obo relocation villages.

On 6 June 2000 the mine closed due to increased difficulty of operating brought about by the civil unrest which engulfed Guadalcanal. The majority of relocated villagers from the Lungga Village, which is some 9km away from the mine site, migrated back to their original homes within the vacated Mining Lease for safety reasons. Most of the homes at Lungga were destroyed during the unrest.

During the unrest, ownership of GRML passed to the political risk insurer American Home Assurance Company (AHAC). In the second half of 2004, when peace and stability had returned to the Solomon Islands, AHAC sought tenders internationally for acquisition of GRML. Australian Solomons Gold (ASG) was the successful bidder and signed an agreement to acquire, GRML, including the Mining Lease and SPL, on 20 December 2004, with settlement and possession taking place on 30 May 2005.

Since acquiring ownership of the project, ASG, through GRML, set about up updating agreements with the landowners, culminating in the signing of Subsidiary Agreements with landowners in May 2006. ASG also immediately commenced feasibility study activities aimed at returning the project to operations. Currently ASG is in discussions with prospective lenders for project financing arrangements.

1.2 Current Social Situation

The Solomon Islands are not extensively developed and Honiara is the only city of any size on Guadalcanal. During the civil unrest that occurred from 2000 to 2003, there was significant damage to infrastructure, a breakdown of public services and an emigration of skilled resources.

In spite of the return to peace, the range of business activity in the SI remains limited and unemployment rates are high. Youth unemployment is a particular problem, and the disruption of the education system during the civil unrest means that many young people have little education or training.

The large majority of the population are dependent on traditional activities such as gardening, hunting and gathering and fishing.

There is no significant manufacturing capacity and therefore it will be necessary for most equipment and material for the mine project, including fuel, to be imported from the most cost-effective overseas sources, primarily Australia. Locally sourced inputs will be largely confined to food and some building materials.

While there is some skilled labour available in the form of previous employees of the Gold Ridge project and workers from the forestry industry, most local labour is unskilled and local personnel will require significant training to attain competent mine operator standards. The disruption to education and training that occurred during the civil unrest will increase the need for training and supervision of younger employees.

The peoples of the Gold Ridge area traditionally lived in scattered villages within the Mining Lease area and in surrounding areas. The people were originally hunter gatherers, however following the discovery of gold in the 1930s, they have also adapted to panning gold as a means of acquiring their basic needs.

Before Gold Ridge mining operations commenced in 1998, the existing community of landowners and their extended families, approximately 1200 people in total, were relocated to the Lungga, Tataona and Obo Obo relocation villages.

However, during the civil unrest, many of the relocated villagers returned to the mine area. This was a result both of safety issues in the Lungga relocation village, and the scope to obtain an income through a resumption of gold panning, mostly on ground that had been opened by the mining project.

There are now up to 400 families currently residing within the Mining Lease area. Of these, 300 families are the customary landowners of the area. The landowners belong to seventeen different tribal groups, and are situated in forty-three villages spotted on and around Gold Ridge. The other people residing in the Mining Lease area, mostly from related tribal groups, are without recognisable claim to the land (Non-Eligible Residents), the majority of whom have migrated to the area to pan gold.

1.3 Community Relations Issues

Key community relations issues arising from the resumption of mining are:

- Relocation of landowners to new villages with security of title;
- Relocation of Non-Eligible Residents from the mine area;
- Establishment of basic infrastructure including roads and water supply;
- Commencement of a program of payments to landowners in accordance with the Subsidiary Agreements;
- Implementation of community support programs under the Social Infrastructure Program set out in the Subsidiary Agreements; and
- Implementation of programs to promote landowner participation in the project through direct employment or the supply of goods and services, and the establishment of sustainable business opportunities.

2. POLICY AND LEGAL FRAMEWORK

2.1 Governing Agreements

There are seven agreements relating to the Gold Ridge Mine made with the Solomon Islands Government and landowners, and these are listed below:

- Agreement Relating to the Development of the Gold Ridge Mine between Ross Mining (Solomon Islands) Limited and GRML and Gold Ridge Community and Landowners Association, 4 October 1996;
- Agreement Relating to the Development of the Gold Ridge Mine Between the Government of Solomon Islands and the Gold Ridge Community and Landowners Council, 4 October 1996;
- Gold Ridge Mining Agreement Solomon Islands, between Solomon Islands Government and Ross Mining (Solomon Islands) Ltd and Gold Ridge Mining Limited and Ross Mining N.L., 7 March 1997;
- Assignment Agreement for Gold Ridge Mining Agreement Solomon Islands between the Government of Solomon Islands and Ross Mining (Solomon Islands) Limited and Gold Ridge Mining Limited and Solomon Islands Mining N.L. (formerly Ross Mining N.L.) and Australian Solomons Gold Pty Limited, 12 May 2005;
- Agreement between GRML and the Kolobisi Tailings Dam Association, 31 May 2006;
- Agreement between GRML and the Matepono Downstream Association, 31 May 2006; and
- Subsidiary Agreement between GRML and Gold Ridge Community and Landowners Association represented by its Council, 31 May 2006.

Additionally there are four separate Memorandums of Understanding (MOU) signed with the Guadalcanal Province, the Ngalimbiu Community, the Obo Obo Community and the Chavuchavu Tribe.

All of these Agreements continue in force, and all contain provisions relating to community relations including the provision of benefits to landowners and the opportunities available to landowners to participate in the mining project. In practice, however, most community relations provisions in the 1996 and 1997 agreements were reviewed and restated in the 2006 Subsidiary Agreement, which is now the primary legal expression of the company's obligations to landowners.

2.2 Principles and Guidelines Adopted by the Company

In addition to its legal requirements under Solomon Islands law and its agreements with the Solomon Islands Government and landowners, ASG has committed itself to adherence to a series of international principles and guidelines relating to community relations matters, notably the Equator Principles, IFC Performance Standards, and ICMM Principles.

Equator Principles

The Equator Principles are a voluntary set of guidelines for managing environmental and social issues in project financing, which are adopted by many commercial banks lending for major projects which may have significant social and environmental risk. The ANZ Bank and Société Générale, who

are Joint Lead Arrangers for proposed lenders to the project, are both signatories to the Equator Principles.

The Equator Principles include a series of good practice standards in relation to the assessment and management of the environmental and social impact of major projects.

IFC Performance Standards

The IFC Performance Standards on Social and Environmental Sustainability are developed by the International Finance Corporation, a member of the World Bank Group, to manage social and environmental risks in private sector financing of projects in developing countries. These Standards have been adopted as part of the Equator Principles.

ICMM Principles

The ICMM Principles were developed by the International Council on Mining and Metals as part of its Sustainable Development Framework. Through implementing the Principles, ICMM members undertake to seek continual improvement in their performance and contribution to sustainable development so as to enhance shareholder value. These principles relate to the development and ongoing operation of projects in the mining, minerals and metals industry.

2.3 ASG Board Policies

The ASG Board adopted its Community Relations Policy on 27 April 2006. This Policy provides that ASG and its subsidiaries including GRML will:

1. Recognise that each community is different and respect the culture, values and traditions of those communities in which it seeks to operate;
2. Be open and honest in describing the impacts of any mining activities;
3. Establish two-way communication mechanisms to develop lasting and beneficially interactive relationships;
4. Encourage and provide opportunities to share in the benefits which flow from mining activities;
5. Commit to long term development so that social and economic benefits are safeguarded;
6. Seek to create lasting relationships built on mutual respect and trust so as to reach agreed objectives and shared involvement; and
7. Comply with this policy as well as observing any statutory laws and regulations.

In support of this Policy, the Board endorsed a series of General Policy Provisions for the implementation of the Gold Ridge Gold Project through GRML. These General Policy Provisions include both statements of GRML's direction and intentions, and recognition of the Community Relations actions that were being put in place at that time. It was stated that these policy provisions would be updated and additional features recognised as the redevelopment of the Gold Ridge Project progresses to an operational phase.

Maintaining Social Responsibility

Redeveloping the Gold Ridge Project is an important aspect of the program for the re-construction of the Solomon Islands and places responsibility on ASG, both as an Australian company investing in the Solomon Islands and ultimately as an internationally recognised mining company. ASG – including through GRML – is seeking to consolidate its social responsibility and engage the community as a stakeholder in this development whilst demonstrating transparency and cultural respect. The aim of ASG in developing the mine is to effect long term sustainable benefits for the region and country, ensuring that local people share in the benefits whilst also leaving a positive legacy of which ASG/GRML and all stakeholders can be proud.

Community Relations Programs

Community relations programs for the Gold Ridge Project are implemented through a dedicated group on site under the direct supervision of a GRML officer. Central to GRML's approach is the concept of full dialogue with local communities on all aspects of mine operations and the creation of enduring stakeholder partnerships. GRML has developed a strategic model of community engagement through the Village Awareness Program (VAP) and direct dialogue with the Gold Ridge Community and Landowners Council (GRCLC). GRML representatives will meet regularly with the GRCLC to allow appointed tribal representatives to meet directly with site management and discuss issues in a culturally sensitive and transparent forum with documented resolutions and outcomes. The VAP will ensure regular visits to those villages immediately affected by the mine activities and to provide an opportunity to both inform and seek out concerns directly with local villagers.

Social Infrastructure

GRML will develop a comprehensive social infrastructure plan for the Gold Ridge region. The plan will identify the social infrastructure priorities of the local communities by utilising a consultative process with the communities, the Solomon Islands Government, the Guadalcanal Provincial Government, and the other major commercial projects in the region. The plan will cover the important social infrastructure aspects including water supply, roads, sanitation, schools and health services. Any social infrastructure contributions made by Gold Ridge would be consistent with the priorities identified in the plan.

Education and Training

GRML have identified education as a major community priority for the Gold Ridge area. In the agreement between GRML and the Gold Ridge landowners, GRML have committed to providing a substantial number of scholarships to children of landowners each year. These scholarships would cover both secondary and tertiary studies within the Solomon Islands as well professional tertiary study offshore.

GRML has committed to provide small business training to landowners and local communities to encourage the development of micro business to provide both direct and indirect services to the mining operation.

Vocational education for GRML employees is another priority. GRML will set up training facilities and establish strategic alliances with Solomon Island education institutions and other employers to ensure that employment stays local and the required competences are available for the mine.

Women's and Youth Affairs

GRML has appointed an Advisor on Women's and Youth Affairs to ensure that the views of these vulnerable groups are used in the development of appropriate community social policies and procedures. The position will also be used to encourage female employment.

Proactive Community Policing and Security Program

GRML conducts a comprehensive community policing and security program. The program consists of weekly community meetings in villages in the Gold Ridge area to educate and train villagers in the aspects of community policing. The objective of the program is to give communities the wherewithal to handle low level law and order issues in the villages. The program also reinforces the authority and responsibility of the Chief structure within focal communities. GRML, in partnership with NGOs are conducting leadership courses and cultural teachings within the Gold Ridge communities.

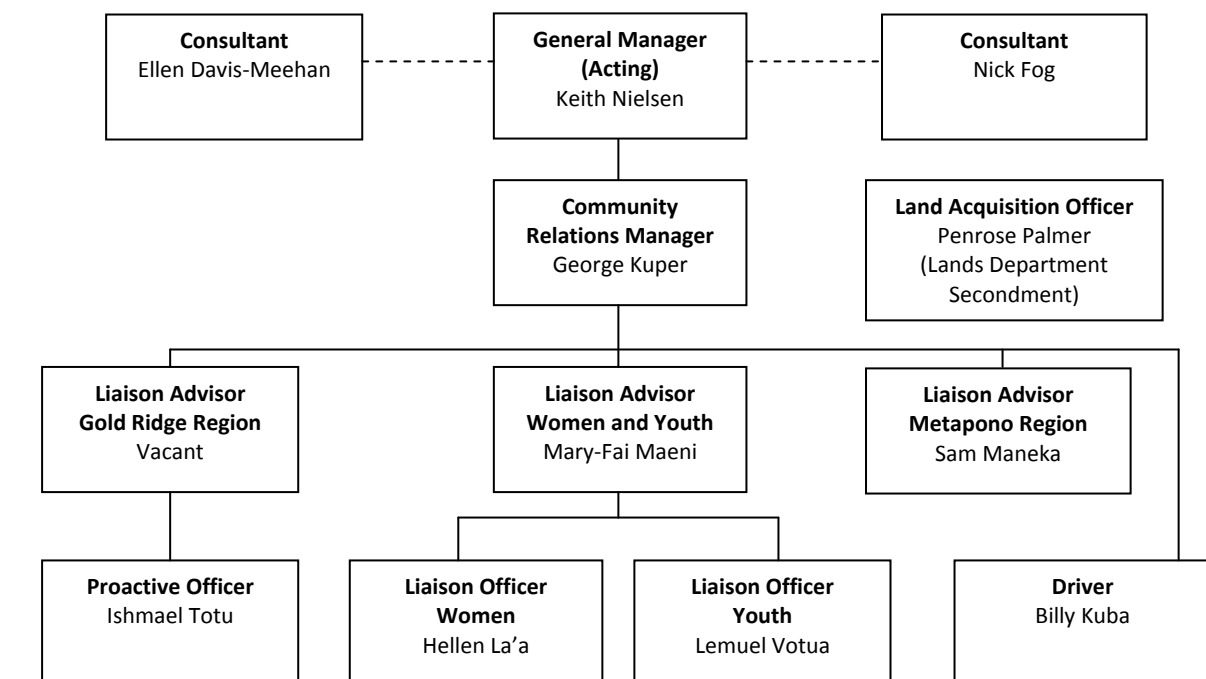
3. COMMUNITY RELATIONS DEPARTMENT – STRUCTURE AND RESPONSIBILITIES

GRML recognised that the establishment of relations with the local community was a fundamental requirement for the re-commencement of mining at Gold Ridge. Accordingly, the GRML CR Dept was established in late 2005, shortly after ASG’s successful tender for the mine. The CR Dept has been in active operation since that time, and is primarily staffed by SI nationals.

The main functions of the CR Dept are:

- Liaison with the SI Government and Guadalcanal Provincial Government
- Landowner relations including
 - Renegotiation of the 1996 Landowner Agreement, culminating in the settlement of Subsidiary Agreements with GRCLA, the Kolobisi Tailings Dam Association and the Metapono Downstream Association
 - Consultation with GRCLA, KTDA, MDA and other landowners
 - Direct community engagement through the Village Awareness Program
- Consultation with other SI people including
 - Opportunistic ‘squatters’ in the mine area; and
 - Members of other communities in the downstream and surrounding areas
- Planning of relocation of landowners and other affected groups
- Provision of Social Infrastructure and support to landowners groups
- Developing alternative livelihood initiatives
- Developing a Social Management System
- Liaising with guests, advisors, dignitaries, etc.
- Address the grievances of the landowners and other members of public

The following Organisation Chart sets out the current staffing and responsibilities.



4. COMMUNITY RELATIONS MANAGEMENT ACTION PLAN – ISSUES, OBJECTIVES AND TARGETS

This section lists the Elements of the Community Relations Management Action Plan and identifies key issues as well as GRML's objectives and targets.

The structure of this section is based on the EFIC Community Development Plan 2005, modified to ensure that issues that have arisen since that time are adequately addressed.

Not all elements of the Plan are of equal priority at the present time:

In Place

- The process of re-establishing communication and consultation arrangements with landowner organisations, villages and the SI Government is now largely complete.
- The structure of the CR Dept has been established.
- Detailed current information about landowners and other affected groups has been collected through local censuses.
- Maintenance of existing roads.

Priorities for 2009

- Relocation of landowners and opportunistic 'squatters' (see Relocation Action Plan).
- Development and implementation of a formal, documented Social Management System within the Integrated Management System (IMS).
- Staffing of Human Resources and Safety Management Department to commence planning and development of procedures for mine reopening.
- Initial infrastructure projects – relocation and roads.
- Village level infrastructure, capacity building and social support.
- Strengthen the function of already established Women's and Youth Groups.

Longer Term Issues

- Implementation of the Social Infrastructure Program.
- Building employment capacity of landowner community.
- Capacity building for management of landowner resources.
- Business opportunities for landowner community.
- Alternative livelihood initiatives.
- Develop independent income sources through women's' initiatives.
- Monitoring and reporting on the relocation (KPI).

4.1 Company Structure/Social Management System

Issues

In order to implement this Community Relations Management Action Plan and to continue to address community issues over the life of the mine, it is necessary for ASG and GRML to implement an effective and documented Social Management System in conformance with the Community Relations Policy.

Corporate policies affecting community relations and social management need to be reviewed to ensure that they are consistent with IFC Performance Standards and ICMM principles, and that they provide clear guidance to employees and other stakeholders as to GRML's commitment to working with and contributing to the SI community.

The Board and senior management will develop and maintain their knowledge of SI customs and traditions and ensure that they are recognised in developing management practice. The Board and senior management will maintain an active interest in community relations issues, and receive regular reports and advice on community relations issues.

The CR Dept in SI is staffed and is working actively in community liaison and the planning and implementation of CR programs.

The development of a formal Social Management System is a high priority at the current stage of the project's development.

The Social Management System is to be developed as part of GRML's IMS to ensure consistency of procedures across the various areas of operations including occupational health and safety, social management and environmental management.

The Social Management System will include:

- The structure, roles, responsibility and authority of the CR Dept;
- Standards and operating procedures for social management activities;
- Communications and grievance handling procedures;
- Documentation and record keeping requirements; and
- Management reporting and audit requirements.

Implementation of the Social Management System will facilitate the planning and implementation of CR programs, along with their subsequent monitoring and review.

Objectives

- Corporate policies that demonstrate GRML's commitment to working with and contributing to the Gold Ridge and downstream communities.
- Management to be informed about and actively involved in CR issues.
- CR Dept to have a role, responsibility and authority to implement GRML's CR policy, along with the necessary staffing and budgets.
- Formal operating procedures for CR activities to be defined in the IMS and implemented by the CR Dept.

Targets for 2009

- CR Operating Procedures documented in the IMS.
- Documentation and record keeping in the CR Dept to be implemented consistent with the IMS.
- Community contact register and grievance management systems implemented.
- Improved performance in 2008 Social Audit.
- Develop budget management, increasing decision control.

4.2 Consultation/Community Involvement

Issues

Consultation and community involvement includes both GRML's interaction with the local community through their representative organisations and direct communication with individuals and villages.

Representative Institutions

The existence of GRCLA, KTDA and MDA as established organisations provides an important basis for consultation with the landowner community.

The Gold Ridge Social Infrastructure Committee, which includes landowner, company and government representatives, will be the main representative organisation for the management of the social infrastructure program.

Direct Communication

The CR Dept conducts an extensive Village Awareness Program and also receives comments, concerns, requests and grievances from the community. Women's and youth groups have also been established. These processes ensure that:

- Information about the project is disseminated widely in the community;
- Information on community attitudes and needs is available to the CR Dept.

Direct communications processes are intended to complement the representative institutions – not to interfere with their authority. However, they have an important role in ensuring that the views of all groups in the community, including women and youth, are taken into account in decision-making.

The approach to communication with the community is documented in a formal Public Consultation and Disclosure Plan, currently in draft.

Objectives

- Develop consultative arrangements to ensure that the community is effectively informed about the project and has effective and culturally appropriate means of expressing comments, concerns, requests and complaints.

- Develop representative arrangements so that the landowner community and other stakeholders are able to participate in and take an active role in the management of the social infrastructure program.

Targets for 2009

- Maintenance of effective consultation with the community in relation to all steps required for the recommencement of mining.
- Finalise the Public Consultation and Disclosure Plan.
- Development/revision of formal community contact and grievance procedures.
- Implementation of consultative arrangements for the social infrastructure program.

4.3 Relationship with Landowners

Issues

GRCLA is an established organisation which has effectively represented landowners over the history of the project.

GRCLA will need assistance with skills development to improve its capacity to take up a role in community development including:

- Management of benefit payments;
- Planning and implementing social infrastructure program; and
- Taking up opportunities for the supply of services to the mine

Cultural heritage issues have been addressed over the life of the project and are identified in the Subsidiary Agreements. An archaeological survey was undertaken at the beginning of the development process in 1990 and was reinforced and updated by a review of tambu and grave sites in 2005. Cultural induction training, to be provided to employees and contractors working on the site will include awareness of and respect for tambu and grave sites, and a chance find procedure will be included in the IMS

Objectives

- GRCLA to progressively develop capacity to fulfil its role in promoting community development.
- Arrangements established for ongoing management of cultural heritage issues over the life of the mine.

Targets for 2009

- Preparation of Cultural Heritage Management Plan.
- Preparation of cultural awareness training and chance find procedure.
- Redevelop cultural training/induction.

4.4 Distribution of Benefits

Issues

Compensation and royalty payments are specifically set out in the Subsidiary Agreements. These agreements specify methods of calculating payments, times of payments and recipients. Payments are made to individual landowners or the heads of landowner groups.

Payment and acquittal systems need to be reviewed before the commencement of mining (and royalty payments) to ensure that a clear audit trail exists for all payments.

Benefits provided under the Relocation Action Plan and the social infrastructure programs are, with the exception of some cash relocation assistance, generally provided in kind, and construction of capital facilities is generally managed by GRML. A more active role for landowner groups in program implementation can be considered in the future as capacity building proceeds.

Gold Ridge Investments Ltd (GIL) is a company established by GRCLA for the undertaking of business activities or the delivery of programs. At present GIL does not have the capital base or management structure to take an active role. The future role of GIL in the management of landowner resources needs to be considered with the community.

Objectives

- The Company's legal obligations for payments to landowners and the provision of services and facilities are carried out through transparent processes which are subject to auditing and review.
- Benefits provided in kind through the Relocation Action Plan and the social infrastructure programs are provided in accordance with agreed arrangements and meet landowner needs.
- The capacity of landowners to manage benefit flows is enhanced.

Targets for 2009

- Provide all agreed cash and kind benefits.
- Documentation of benefits payments processes including records.
- Encourage landowner discussions of future management of benefits.

4.5 Social Monitoring and Measurement

Issues

A detailed Social Impact Assessment was undertaken as part of the initial process for the development of the mine in 1996. As a result of the situation in the SI and the cessation of mining, no consistent process of monitoring demographic, economic and social indicators in the mine area was maintained.

A program of statistical monitoring over the life of the mine is important to demonstrate whether the financial benefits and assistance programs provided by GRML are successful in improving the standard of living of the local community. Information should also be available to allow comparison of conditions in the mine area with those in the Guadalcanal Plains area generally.

Censuses of landowners and other residents of the mine area were undertaken by the CR Dept in 2005, 2006 and 2008, primarily for the purpose of establishing the identity of persons eligible for benefits and/or requiring relocation. These censuses contain detailed information on population demographics and some information on housing. They do not contain information on other social indicators, although some information on health and education is available from clinics and schools.

The following table summarises the basic information on landowners and other residents of the mine area from the recent censuses. There is scope for further analysis of the existing census data to extract more detailed demographic and social information.

Census Summary

Group	IFC Classification	2008 Census Population
Eligible Residents		
Principle Landowners	I	11
Eligible Residents	I	523
Newly Weds	II	440*
Youth	II	94
Total Eligible People		1068
Non-Eligible Residents		
Non-Eligible (I)	III	188
Non-Eligible (II)	IV	~1200
Total Non-Eligible People		~1388

* Figure includes children belonging to Newly Weds

Objectives

- Develop and maintain a database of demographic, economic and social information which will allow the impact of the mine on the local community to be measured over time and provide for objective measurement of the success of social infrastructure programs.

Targets for 2009

- Convert existing census data to database format to facilitate ongoing analysis.
- Prepare summary tables of information from 2005-2008 censuses.

4.6 Security

Issues

Security of personnel and operations continues to be a matter of significant concern in the SI.

GRML has appointed a Security Manager to a permanent position in Honiara, and a formal Security Management Plan has been prepared. GRML has adopted the UN Voluntary Principles on Security and Human Rights. The assessment of the security situation which guides the Security Management Plan is summarised as follows:

Following the cessation of violence and the relative return to normalcy, following the arrival of RAMSI, the security situation has stabilised somewhat – the potential for increased ethnic tensions and disputes over property rights and land ownership are a possibility. The clear threat to GRML operations and personnel emanate from issues surrounding the lack of good governance and the potential for public order events not only to halt company activities but their spontaneity can potentially entrap unsuspecting personnel. Criminality also poses a threat, not only due to the relative affluence of GRML personnel but also from the perception that stealing from the company is a victimless crime.

The current Security Management Plan is focused primarily on the risk of a breakdown of civil order which might require the protection and/or evacuation of GRML personnel. The Plan sets out roles, responsibilities and authorities which would apply in the event of an emergency situation, communications and transport, procedures for assembly and movement of staff and the protection of property. The Plan includes training and awareness for GRML staff and arrangements for liaison with the local authorities. The Plan also addresses other risks including natural disasters, hostage situations and medical emergencies.

The Security Management Plan includes a comprehensive set of orders and guidelines for the conduct of security personnel, including investigation procedures and procedures for addressing harassment and other complaints.

As the GRML staff increases, it will be necessary for the training and awareness activities in the Plan to be implemented.

As the mine moves toward operation, the Security Management Plan will need to be extended to address day-to-day protection of personnel and property on site.

Care will be required in the staffing of security services to ensure that issues of community conflict are avoided. This will require careful selection and training of security personnel. Security staff drawn from the local community should not be placed in a position of having to take enforcement action against community members, however, security staff should be culturally acceptable to the local community and staff at the site.

Objectives

- Develop public support for the GRML operation through effective community liaison and communication activities.

- Minimise threats to personnel and property through risk management.
- Plan for all major security risks to GRML's operations.
- Plan for security of on-site activities.
- Ensure that GRML staff is aware of and trained for their role in security situations.
- Ensure that GRML security personnel are recruited, trained and managed to operate in a professional manner.

Targets for 2009

- Completion of Security Management Plan.
- Security awareness and training for new and existing staff.
- Recruitment planning for security personnel.
- Security planning for commencement of operations.

4.7 Relocation

Relocation of landowners and non-eligible residents away from the mine site is the highest priority for CR activity in 2008 as the completion of this relocation is an essential prerequisite for the commencement of major redevelopment work on the mine site.

Relocation issues and the relocation work program are addressed in the Relocation Action Plan.

4.8 Infrastructure/Services Development

Issues

The Subsidiary Agreements require that the Company provides SBD10 million over 5 years for social infrastructure projects approved and prioritised by GRML in consultation with GRCLA, SIG, Guadalcanal Provincial Government and other relevant community based organisations or interest groups.

Projects are to include:

- Permanent supplies of drinking water in the project's downstream area;
- Agricultural extension programs that address loss of lands and provide alternative agricultural options;
- Training for local communities to increase employment and business opportunities;
- Improve literacy rate, health services and sanitation;
- Education programs that promote general equity; and
- Capacity building for local government and institutions to improve monitoring and management issues related to mining.

The Subsidiary Agreements also provide for road upgrades in the mine area.

Institutional arrangements for the management of the Social Infrastructure Program have been established with the creation of the Gold Ridge Social Infrastructure Committee and the preparation of procedures for proposing and evaluating infrastructure proposals. The objective is that the

community should take a central role in developing, evaluating, prioritising and implementing the projects. It is recognised, however, that GRML is best placed to provide the practical resources and expertise to implement social infrastructure projects, particularly in the early years of the project.

Infrastructure development associated with the reopening of the mine and the relocation program is being commenced in 2008, including the repair and upgrading of the Turarana to Obo Obo road which is currently taking place.

Objectives

- Deliver the Social Infrastructure Program over 5 years with projects to be determined through community consultation.
- Build the capacity of the community to take an active management role in the program.
- Measure improvements in the social and economic condition of the community achieved through the Social Infrastructure Program.

Targets for 2009

- Establish the Social Infrastructure Committee.
- Implement agreed infrastructure projects including road upgrading and facilities required for relocation villages.
- Develop projects under the Social Infrastructure Program for early implementation.

4.9 Community Health and Safety

Issues

Community health facilities will be developed as part of the Relocation Action Plan to be constructed by GRML but supplied and operated by the SIG.

Community health projects including both facilities and services will be an important part of the Social Infrastructure Program.

CR Dept activities for women and youth also include community health programs.

Negotiations will be required with the SIG on arrangements for funding and staffing the ongoing operation of community health facilities.

It will also be necessary to address how community health projects can be integrated with health care services for the mine workforce.

A Road Safety Plan to address potential road safety issues associated with truck movements along the mine access route has been prepared. Ongoing community consultation on road safety issues will be required as construction and mining activity increases.

Objectives

- Provide community health facilities and programs as part of the Social Infrastructure Program.
- Achieve measureable improvements in community health.
- Safe operation of road traffic to and from the mine.

Targets for 2009

- Construct and commence operation of community health facilities in relocation villages.
- Implement community health activities for women and youth.
- Develop projects under the Social Infrastructure Program for early implementation.

4.10 Business Development

Issues

Preference arrangements for local purchasing are included in the Mining Lease and Mining Agreement. These need to be included as part of GRML's purchasing policy in the IMS.

Business development for the landowner community, including training and support for business activities, forms part of the Social Infrastructure Program.

Two avenues of business development which are envisaged are:

- Development of business enterprises with landowner participation which can tender for contract work on the project on the basis of preference arrangements for local suppliers; and
- Development of small businesses by landowners and other community members.

Landowner companies, which may be landowner controlled or joint ventures, can potentially acquire a significant role in providing services to the project. These businesses would require management and expertise from external sources.

Gold Ridge Investments Ltd (GIL) is a company established by GRCLA for the undertaking of business activities and/or the delivery of programs. At present GIL does not have the capital base or management structure to take an active role. The future role of GIL as a possible vehicle for landowner participation in business activities needs to be considered with the community.

Small businesses can also be given opportunities to contract to the mine or to other service companies. Some simple examples, such as the provision of catering services by the Obo Obo village women, have already been implemented.

The success of business development activities will depend on the will and business skills of the local community. Business development is likely to become a matter of greater focus for the community once the project has returned to operation and the range of employment and business opportunities are more apparent. The community will also have available funds from mining royalties which could be used, in part, for business development.

Objectives

- Support and encourage landowners and others in the local community to take up business opportunities associated with the development of the project.
- Support capacity development for business activities within the landowner community.

Targets for 2009

- Purchasing policy to provide for preference for landowner SI suppliers where appropriate.
- Business development programs to be considered in the development of projects under the Social Infrastructure Program.

4.11 Education and Training

Issues

Specific education programs including secondary and tertiary scholarships are requirements of the Subsidiary Agreements.

Educational facilities are to be established in relocation areas as part of the Relocation Action Plan.

Training programs will also involve:

- Improvements to schools and post-school education as part of the Social Infrastructure Program.
- Employment related training for potential employees from the local community. This could involve school-level education and pre-employment or pre-apprenticeship training.

Arrangements need to be negotiated with SIG to ensure that schools funded by the Company for the landowner community are properly staffed and operated.

Training for GRML employees is addressed in the Employee Issues Element below.

Objectives

- Provide scholarships as required by the Subsidiary Agreements.
- Provide educational facilities as required by the Relocation Action Plan.
- Encourage the landowner community to an increase emphasis on school education and vocational training with a view to employment in the mining operation.

Targets for 2009/2010

- Schools constructed.
- Staffing and operational arrangements to be agreed with SIG and implemented.
-

4.12 Employee Issues

Issues

Recruitment action is currently in place for the appointment of an HR Manager who will develop a Human Resources Management System suitable for the recommencement of mining.

A documented Recruitment and Engagement Policy needs to be prepared. This Policy should include GRML's approach to the employment of SI staff including:

- Employment preference for the landowner community and other SI people in accordance with the Mining Agreement and the Subsidiary Agreement;
- Training of employees and prospective employees; and
- Employment practices to ensure a harmonious workforce having regard to community relations issues in the SI.

The Recruitment and Engagement Policy, including the employee selection process, must be discussed with landowner groups.

The Recruitment and Engagement Policy must recognise the problems with education and training in SI over the past decade and include an adequate training component for entry-level staff.

Employee staff development and training arrangements need to be put in place including induction training and a system of Training Needs Analysis to provide for ongoing development of skills required for the operation.

Recruitment action is currently in place for the appointment of a Safety Manager who will develop a Safety Management System for the site within the IMS, prior to the commencement of operations. Safety Management Systems are to be based on Australian systems and consistent with international best practice.

Objectives

- Develop a Recruitment and Engagement Policy which provides for maximum participation of SI people, particularly landowners, in the mining operation.
- Develop a Recruitment and Engagement Policy which provides for a harmonious workforce having regard to community relations issues in the SI.
- Develop a best practice Safety Management System to apply from the recommencement of operations.

Targets for 2009

- Recruitment of HR Manager and Safety Manager.
- Development of Recruitment and Engagement Policy.
- Development of Safety Management System

5. COMMUNITY RELATIONS MANAGEMENT ACTION PLAN – IMPLEMENTATION OF COMMITMENTS

In order to fulfil the requirements of its legal and policy framework, GRML has committed itself to a large number of specific undertakings in relation to community relations matters. These commitments include:

- Specific requirements set out in legal agreements and company policy;
- Undertakings given by the Company to lenders and investors in the context of obtaining finance for the reopening of the mine; and
- Recommendations of consultants reviewing the Company's social and community relations policies, management systems and programs.

These commitments have been identified, according to the structure of issues set out in Section 4, in development of this Action Plan and are set out in the table below. This table also specifies the actions which the Company has taken or plans to take in fulfilment of these commitments and specifies a time frame and responsibilities for completion.

For each commitment, the table shows:

- The **Source** of the commitment, including legal or contractual requirements and undertakings given by GRML;
- The **Action** proposed to be taken to give effect to the commitment;
- The **Status** of the action, including whether the action has been completed or requires implement;
- **Responsibility** for implementation actions; and
- **Target Completion Date** for those actions to be progressed, particularly in 2008, and for future years as appropriate.

The implementation of commitments in accordance with this table provides the program of activity for 2008 under this Community Relations Management Action Plan.

5.1 Sources of Commitments

Community relations commitments made by the Company have been identified in the following documents:

- Gold Ridge Community and Landowners Association Agreement (1996)
- Ross Mining Mining Lease Agreement (1997)
- ASG Gold Ridge Gold Mine Tender Offer (2004)
- EFIC Community Development Plan (2005)
- Gold Ridge Community and Landowners Association Subsidiary Agreement (2006)
- EFIC Resettlement and Community Action Plan (2006)
- ASG Gold Ridge Project Feasibility Study to Bankable Standards(2007)
- GABA Social Audit (2007)
- ASG Community Relations Policy (2007)
- Golder Associates Preliminary Social Review (2007)

	Commitment	Source	Action	Resp.	Status Feb 2009
1.	COMPANY STRUCTURE/SOCIAL MANAGEMENT SYSTEM				
1.1	Develop a Social Management System	GABA Audit Q 4.1 IFC Performance Standard 1	Develop a Social Management System as part of the Integrated Management System (IMS)	GABA	COMPLETE Issues identified in this report. IMS development completed July 2008. IMS procedures to be implemented March/April 2009
1.2	Update ASG and GRML CR polices to reflect company commitments and IFC Performance Standards	GABA Audit Q 1.2, 1.6 FS App 16.1 - Item 10	Update policies to address FS commitments and IFS Performance Standards and obtain Board endorsement	GABA/ASG /GRML	COMPLETE CR policy approved by CEO ASG, 18 Feb 2009. Available in English and Pidgin.
1.3	The directors and senior managers to study the local customs and traditions to ensure a good understanding of how management practice should evolve	EFIC Community Development Plan 2005	Included in CR Policy 2006. CR Dept to provide advice to senior management	ASG	ONGOING
1.4	Communicate GRML CR policies on site	GABA Audit Q 1.1, 1.8	Communicate CR Policies and display in offices and at mine site.	CR Dept	ONGOING Policy approved on 18 Feb 2009 (see 1.2) is currently being communicated internally.
1.5	Include CR policies in induction training and provide to contractors	GABA Audit Q 1.7	Include CR Policies in site induction PowerPoint. Include CR polices in contract documentation.	CR Dept/ HR Dept	PARTIALLY COMPLETED Material on cultural aspects prepared by an SI person to be included in induction. George Kuper to check with RAMSI
1.6	Consider CR issues at Safety, Health, Environment, Community (SHEC) meetings	GABA Audit Q 1.10, 5.6	Specialist SHEC committee to supplement existing management meetings before commencement of operations	All Departme nts	ONGOING Included in agenda for morning management meetings Rec: Minutes of these meetings to be maintained.
1.7	Communicate GRML CR policies on site to the public	GABA Audit Q 1.11	Prepare brochure and information for public discussion in SI	CR Dept	ONGOING Newsletters, Notice boards are up in key locations (except CR centre) Rec: Install noticeboard at CR centre

	Commitment	Source	Action	Resp.	Status Feb 2009
1.8	Communicate GRML CR policies on site to SIG and other stakeholder groups	GABA Audit Q 1.12	Include discussion of CR Policies in formal meetings with Solomon Islands Government (SIG), the Provincial Government, Landowners Councils, Women's Groups and NGOs.	CR Dept	ONGOING
1.9	Develop and maintain CR Legal and Other Requirements Register	GABA Audit Q 3.1.1, 11.6	Include procedure for LOR register in IMS, including identification of CR items and a summary of obligations for compliance.	GABA/ CR Dept	PARTIALLY COMPLETED Register of legal and Other Requirements IMS-006-REG-001
1.10	Establish CR Office	FS App 16.1 - Item 4	Establish CR Office		COMPLETE Relocated to Community Centre at Bubulake
1.11	Appoint Social Advisor/ CR Manager	FS App 16.1 - Item 7 Tender Offer 2004	Appoint Social Advisor/ CR Manager		COMPLETE
1.13	Define, document and communicate roles, responsibility and authority of CR Dept staff	GABA Audit Q 5.3	Develop Organisation Chart and Position Descriptions and communicate to affected staff	HR Dept CR Dept	PARTIALLY COMPLETED Chart updated but position des under review
1.14	Appoint women and youth officer in CR Dept	FS App 16.1 - Item 7	Appoint women and youth officer in CR Dept		COMPLETE Mary Fai
1.15	Provide capacity building programs for CR Office	FS App 16.1 - Item 4	Training for CR Office staff including coverage of IFC standards, communications and consultation tools	CR Dept	ONGOING
1.16	Establish local CR offices staffed by members of affected communities	FS App 16.1 - Item 4	CR Dept staff including those conducting the Village Awareness Program are local people with close links with the communities		COMPLETE
1.17	Detailed budget for CR programs	GABA Audit Q 4.24, 5.5	Develop a detailed budget for all CR programs and procedures for approval and reconciliation.	ASG	PARTIALLY COMPLETED Relocation budget being finalised by ASG Brisbane

	Commitment	Source	Action	Resp.	Status Feb 2009
1.18	Performance indicators for CR programs	GABA Audit Q 4.27, 4.28	Develop performance indicators for all CR programs. Performance monitoring procedures to be included in IMS.	GABA/ CR Dept	PARTIALLY COMPLETED IMS procedures to be implemented March/April 2009
1.19	Develop external communications policy and procedures	GABA Audit Q 6.8, 7.1.1	External communications procedure for responding to regulatory agencies, the media and the public to be included in IMS and communicated to staff and contractors.	GABA/ CR Dept	COMPLETE External Communications and Reporting IMS-003-SYS-002 Media Relations CRD-009-SYS-001
1.20	Establish procedures for addressing and responding to internal CR communications	GABA Audit Q 7.1.4	Procedures to be included in the IMS. Consider using same procedure as for external CR communications.	GABA	COMPLETE Internal Communications and Reporting IMS-003-SYS-001
1.21	Establish CR documentation procedures integrated with other relevant documentation across the organisation	GABA Audit Q 8.1, 8.3, 8.4	Procedures to be included in the IMS.	GABA	COMPLETE Document Control IMS-010-SYS-001
1.22	Establish an integrated document control system	GABA Audit Q 9.1	Document management system to be acquired. Procedures to be included in the IMS.	GABA/ GRML	PARTIALLY COMPLETED Document management system not yet in place. Procedures included in IMS
1.23	Establish procurement and purchasing policy giving preference to local suppliers as required in the Agreements	GABA Audit Q10.2.1 Agreements IFC Performance Standard 7	Procedures to be included in IMS and communicated to purchasing staff and contractors.	GABA	COMPLETE Community Development and Investment CRD-002-SYS-001
1.24	Establish an integrated records management system	GABA Audit Q 12.1	Procedures to be included in the IMS.	GABA	COMPLETE Records and Information Management IMS-012-SYS-001
1.25	Annual external social audits	GABA Audit Q 13.1	Obtain formal commitment by the Board	ASG	NOT COMPLETE Formal Board commitment required
1.26	Develop procedure for internal social auditing	GABA Audit Q 13.2	Internal auditing procedures to be included in the IMS.	GABA	COMPLETE

	Commitment	Source	Action	Resp.	Status Feb 2009
1.27	Board to formally review social performance indicators on at least annual basis	GABA Audit Q 14.1	Obtain formal commitment by the Board	ASG	NOT COMPLETE Formal Board commitment required
2.	CONSULTATION/COMMUNITY ENGAGEMENT				
2.1	Establishment of GRCLA, KTDA and MDA to represent affected communities	FS App 16.1 - Item 1	Establish landowner committees		COMPLETE
2.2	Reactivate GRLG and keep it informed of the mine's progress	Tender Offer 2004 EFIC Community Development Plan 2005	GRLG retained as major contact point for CR		COMPLETE
2.3	Establish a Community Consultative Committee chaired by an external person and including local community leaders, members representing the GRCLA, a pastor or priest from the mine area, company representatives, a provincial government representative, SIG representative, and potentially other representatives	EFIC Community Development Plan 2005	GRLG retained as major contact point for CR. GR Social Infrastructure Committee includes landowner, company and govt representatives.		PARTIALLY COMPLETED GRLG is major contact point for CR. Social infrastructure Committee is not currently active. To be reactivated at mine start-up.
2.4	Meetings of the CCC to be held in a variety of centres and communities to ensure the widest consultation	EFIC Community Development Plan 2005	GRLG retained as major contact point for CR. GR Social Infrastructure Committee includes landowner, company and govt representatives.		See 2.3
2.5	ASG to encourage their relationship with local communities throughout the life of the project	EFIC Community Development Plan 2005	Included in CR Policy 2006. Implemented through CR Dept.	CR Dept	ONGOING

	Commitment	Source	Action	Resp.	Status Feb 2009
2.6	Identify and consult with vulnerable and disadvantaged groups	FS App 16.1 - Item 9	Vulnerable and disadvantaged groups identified through censuses and special programs developed. Groups include women, youth, and squatters.	CR Dept	ONGOING
2.7	Keep the community informed of plans through a network of liaison officers supported by experienced social workers. Use regular face to face interaction with landowners and stakeholders to impart details of its plans and receive meaningful feedback	EFIC Community Development Plan 2005	Implemented through Village Awareness Program	CR Dept	ONGOING
2.8	Training for community committee members	FS App 16.1 - Item 1	Training courses in communication and participation	CR Dept	FUTURE PROGRAM
2.9	Leadership development and management training for community committees	FS App 16.1 - Item 1	Training courses in leadership and management and accountability	CR Dept	ONGOING Using NGOs. Training programs include SWIM and Live and Learn
2.10	Regular meetings with community committees	FS App 16.1 - Item 2	Regular meetings with GRML and other community committees. Monthly meeting schedule in place	CR Dept	ONGOING
2.11	Monitoring role of committees as intermediaries between communities and GRML	FS App 16.1 - Item 2	CR Dept maintains separate contacts with community through Village Awareness Program's and women and youth groups and monitors comments and grievances	CR Dept	ONGOING
2.12	Publish Agreements with community committees on Internet	FS App 16.1 - Item 6	Agreements are not considered by landowners to be public information		NOT IMPLEMENTED

	Commitment	Source	Action	Resp.	Status Feb 2009
2.13	Develop information disclosure procedure to ensure relevant project activities are communicated to affected communities	FS App 16.1 - Item 6	Public Consultation and Disclosure Plan to be prepared. Procedures to recognise low levels of literacy and cultural preference for oral communication. Include monitoring arrangements.	CR Dept	COMPLETED Rec: Update required.
2.14	Conduct CR Risk Assessment workshops to identify social risks at different phases	FS App 16.1 - Item 19	Conduct CR Risk Assessment workshop. Maintain CR Risk Assessment table.	CR Dept	ONGOING 2 RAW completed Rec: Further Workshop required
2.16	Develop CR Action Plan	Golder Social Review 2007	Prepare plan showing CR commitments and their implementation		This Plan meets the commitment
2.17	Formalise existing processes for obtaining views of affected groups, including women, on social impacts.	GABA Audit Q 2.6	Document process and include in Social Management Plan (SMP)	CR Dept	Social Risk Assessment CRD-003-SYS-001
2.18	Identify all stakeholders	GABA Audit Q 4.7	All local community stakeholders identified through censuses	CR Dept	PARTIALLY COMPLETED Stakeholder Engagement Plan to be developed in 2009. Will include NGOs
2.19	Establish procedures for addressing and responding to external CR communications	GABA Audit Q 7.1.3, 7.2.2	Maintain paper contact register for recording all communications relating to CR matters, with a view to moving to electronic register in future. Develop procedures for identifying comments and complaints requiring further action, and ensuring that action is taken. Include reporting and evaluation procedures. Procedures to be included in the IMS.	CR Dept/ GABA	PARTIALLY COMPLETED IMS Procedures complete. Grievance Redress CRD-01-SYS-001 External Communications and Reporting IMS-003-SYS-002 Communications Register IMS-003-REG-001 Grievance Register IMS-003-REG-002 Procedures as described in IMS not yet implemented

	Commitment	Source	Action	Resp.	Status Feb 2009
2.20	Develop formal complaints handling (grievance) procedure recognising low levels of literacy and cultural preference for oral communication and including procedures for adjudicating grievances and appealing judgements	FS App 16.1 - Item 5 GABA Audit Q 7.2.1	Revise existing grievance procedure for inclusion in IMS.	CR Dept/ GABA	PARTIALLY COMPLETED IMS Procedures complete. Grievance Redress CRD-01-SYS-001 Grievance Register IMS-003-REG-002 Procedures as described in IMS not yet implemented
2.21	Monitor complaints handling (grievance) to ensure that the process is followed and is effective	FS App 16.1 - Item 5	Monitoring process to be included in IMS grievance procedure, including periodic reporting	CR Dept/ GABA	ONGOING
2.22	Maintain a schedule of community and government awareness meetings, document outcomes and report to management	GABA Audit Q 7.1.6	Procedure to be included in the IMS.	CR Dept/ GABA	ONGOING IMS Procedures complete. Government Relations CRD-008-SYS-001 Government Meetings – Minute Template CRD-008-FRM-001
2.23	Form and support Gold Ridge Women's Group (GRWG)	FS App 16.1 - Item 8	Form GRWG, provide support and capacity building, consult on issues including project impacts and community development opportunities	CR Dept	ONGOING Groups formed and consultative process in place
2.24	Support youth groups in the Gold Ridge area	FS App 16.1 - Item 16	Consult groups to identify needs and support educational and sporting activities	CR Dept	ONGOING Groups formed and consultative process in place
2.25	Support community social activities in the Gold Ridge area	FS App 16.1 - Item 17	Support sporting and other social activities	CR Dept	ONGOING Program in operation
3.	RELATIONSHIP WITH LANDOWNERS				
3.1	Always address issues and concerns of landowners and other stakeholders in an honest, transparent and	EFIC Community Development Plan 2005	Value to be included in CR Policy and relevant IMS procedures	ASG/ GABA	ONGOING CR Policy and IMS Procedures complete Grievance Redress CRD-01-SYS-001 Grievance Register IMS-003-REG-002

	Commitment	Source	Action	Resp.	Status Feb 2009
	timely manner.				
3.2	Develop Cultural Heritage Management Plan	Golder Social Review 2007	Prepare a Cultural Heritage Management Plan which consolidates knowledge about cultural and traditional sites in the mine area and sets out mitigation measures to minimise impact on the sites.	CR Dept	PARTIALLY COMPLETED Being developed with National Museum
3.3	Protection of cultural heritage	FS App 16.1 - Item 28	Update Archaeological Survey of the mining lease		COMPLETE 2005 Review of tambu and grave sites
3.4	Protection of cultural heritage	GABA Audit Q4.11, 10.1.3 IFC Performance Standard 8	Develop a Chance Find Procedure for sites that may not have been yet identified. Include in IMS.	GABA	COMPLETE Within Management of Heritage Sites CRD-006-SYS-001
3.5	Protection of cultural heritage	GABA Audit Q4.11, 10.1.3 IFC Performance Standard 8	Awareness of Tambu sites and gravesites to be included in Cultural Induction training.	CR Dept	PARTIALLY COMPLETED Material on cultural aspects prepared by an SI person to be included in induction. George Kuper to check with RAMSI
4.	DISTRIBUTION OF BENEFITS				
4.1	Develop Subsidiary Agreement between GRML and GRCLA addressing benefit sharing and community development	FS App 16.1 - Item 11	Negotiate Subsidiary Agreement		COMPLETE Subsidiary Agreement 2006
4.2	Develop Agreements between GRML and KTDA and MDA	FS App 16.1 - Item 12	Negotiate Landowners Agreements		COMPLETE Agreement with Matepono Downstream Assn 2006 Agreement with Kolobisi Tailings Dam Assn 2006

	Commitment	Source	Action	Resp.	Status Feb 2009
4.3	Negotiate with landowners to resolve outstanding issues. Any future payments and other conditions will be based on per tonnage rates, thereby providing long term income streams and providing less risk to the project shareholders and the SIG	EFIC Community Development Plan 2005	Negotiate Agreements		COMPLETE 2006 Subsidiary Agreements
4.4	Provide an agreed rate of compensation for destruction or loss of access to tambu sites and grave sites.	FS App 16.1 - Item 29	Negotiate Agreements		COMPLETE 2006 Subsidiary Agreements
4.5	Develop transparent and accountable procedures for compensation and benefit payments	GABA Audit Q 4.4, 4.9, 4.13 FS App 16.1 - Item 3 IFC Performance Standard 7	In consultation with landowner groups, prepare Public Consultation and Disclosure Plan. Auditable process for distribution of cash and kind benefits to be developed and documented.	CR Dept ASG	COMPLETE Payment Process in place
4.6	Independent auditor to monitor compensation payments	EFIC Community Development Plan 2005	Auditable process for distribution of cash and kind benefits to be developed and documented.	ASG	COMPLETE Payment Process in place
4.7	Use GRCLA to distribute project benefits	FS App 16.1 - Item 3	Benefits payment process must be consistent with Subsidiary Agreement. Auditable process for distribution of cash and kind benefits to be developed and documented.	ASG	COMPLETE See 4.5, 4.6 and RAP

	Commitment	Source	Action	Resp.	Status Feb 2009
4.8	Consider widening paths of benefits distribution	FS App 16.1 - Item 3	Benefits payment process must be consistent with Subsidiary Agreement. Auditable process for distribution of cash and kind benefits to be developed and documented.	ASG	COMPLETE See 4.5, 4.6 and RAP
4.9	Provide long term and ongoing investment advice to landowners and employees to promote long term wealth through investments in local businesses and community infrastructure	EFIC Community Development Plan 2005	GIL established as landowner investment vehicle. Discuss scope for investment in GIL by landowner beneficiaries and use of GIL for business development. Offer training and advice on investments as part of capacity building	CR Dept	FUTURE PROGRAM
5.	SOCIAL MONITORING AND MEASUREMENT				
5.1	Develop action plan for monitoring social impacts	GABA Audit Q 2.1, 2.4, 2.6, 4.3, 4.6, 4.14, 4.21, 4.27, 11.1	Summarise the 2006/2007 social research work in a single document (Social Management Plan) and include an action plan for further research and monitoring of social impacts. Conduct workshops with community groups on issues for inclusion in SMP. Document data collection and research methods. Obtain Board endorsement for SMP. SMP should include monitoring of economic impacts, in-migration, lifestyle and cultural impacts, and should identify social performance indicators.	CR Dept/ Consultants	NOT COMPLETED Existing censuses provide detailed data on population and housing. Some data on health and education is also available. Survey work in 2008 focused on occupants of the mine site. Landowners are resistant to further social investigations at this stage. FUTURE PROGRAM

	Commitment	Source	Action	Resp.	Status Feb 2009
5.2	Undertake comprehensive baseline social study	Golder Social Review 2007	Commission a range of demographic, social and economic monitoring studies which can be repeated periodically over the life of the mine.	CR Dept	FUTURE PROGRAM
6.	SECURITY				
7.	RELOCATION – Addressed in Relocation Action Plan				
8.	INFRASTRUCTURE/SERVICES DEVELOPMENT				
8.1	Risks and impacts on health and safety of affected communities to be documented in the SMP	GABA Audit Q 2.9	Risk Assessment Workshop to document health and safety risks to community	CR Dept	ONGOING See 2.14. 2 RAW completed Rec: Further Workshop required

	Commitment	Source	Action	Resp.	Status Feb 2009
8.2	<p>Provide SBD10 million over 5 years for social infrastructure projects approved and prioritised by GRML in consultation with GRCLA, SIG, Guadalcanal Provincial Government and other relevant community based organisations or interest groups.</p> <p>Projects to include:</p> <ul style="list-style-type: none"> - Permanent supplies of drinking water in the project's downstream area; - Agricultural extension programs that address loss of lands and provide alternative agricultural options; - Training for local communities to increase employment and business opportunities; - Improve literacy rate, health services and sanitation; - Education programs that promote general equity; and - Capacity building for local government and institutions to improve monitoring and management issues related to mining. 	<p>Subsidiary Agreement 2006 CI 15 FS App 16.1 - Item 13</p>	<p>Social Infrastructure Committee established.</p> <p>Information sheet on project development.</p> <p>Develop work program and forward budget.</p>	<p>CR Dept</p>	<p>COMPLETE</p> <p>COMPLETE</p> <p>NOT COMPLETED To be developed in 2009.</p>

	Commitment	Source	Action	Resp.	Status Feb 2009
8.3	Work closely with the Provincial Government both in indentifying worthwhile projects for infrastructure development and coordinate training and educational programs	EFIC Community Development Plan 2005	Provincial Government representative included in Social Infrastructure Committee		COMPLETE
8.4	Implement water supply program in the immediate downstream area of the tailings dam	FS App 16.1 - Item 14	Provide bore water supply		COMPLETE
8.5	Upgrade the roads from Horokiki to Turarana and from Turarana to Obo Obo	Subsidiary Agreement 2006 CI 23.1	Work commenced on Turarana to Obo Obo road. Work on Horokiki to Turarana road deferred following consultation with landowners for social and community safety reasons.	GRML	PARTIALLY COMPLETED Horokiki to Turarana road completed with boom gate control. Turarana to Obo Obo to be upgraded in 2009
8.6	Following completion of the relocation program, provide limited transport service for access to the Suta area via the Mining Lease	Subsidiary Agreement 2006 CI 23.2	Implement following completion of relocation program	GRML	FUTURE PROGRAM
9.	COMMUNITY HEALTH AND SAFETY				
9.1	Clarify company role in community health	GABA Audit Q 4.15	Agreed that GRML builds the clinic and SIG supplies and manages. Ongoing discussions with SIG to ensure clinic has the necessary resources to meet company and community goals.	CR Dept	NOT COMPLETE Clinic to be built by GRML in 2009 and operated by Health Authority Guadalcanal Province.

	Commitment	Source	Action	Resp.	Status Feb 2009
9.2	Take a proactive role in health and hygiene education and the provision of clinics for medical treatment for people living in areas surrounding the mine lease.	EFIC Community Development Plan 2005	Community health activities included in Social Infrastructure program.	CR Dept	ONGOING
9.3	The provision of a clinic, a nurse and medical supplies at the Kovalei relocation site	Subsidiary Agreement 2006 CI 3.1	Included in relocation plan. Discussions with SIG	CR Dept	NOT COMPLETE Clinic site to be nominated
9.4	Upgrading of existing clinics at Maevo and Rate	Subsidiary Agreement 2006 CI 3.1	Included in relocation plan. Discussions with SIG	CR Dept	NOT COMPLETE Planned for 2009
9.5	Manage road safety issues	GABA Audit Q 4.17	Road Safety Plan to address potential road safety issues associated with truck movements along the mine access route has been prepared. Ongoing community consultation on implementation as construction and mining activity increases.	OHS Dept CR Dept	ONGOING
10.	BUSINESS DEVELOPMENT				
10.1	Give local preference to materials and products produced in SI where available on terms not less favourable than imports	Mining Lease 1996	Purchasing policy and procedures to be included in IMS	GABA	COMPLETE Community Development and Investment CRD-002-SYS-001
10.2	Assist in the establishment of local business groups and get them involved in both mine and infrastructure development from an early stage	EFIC Community Development Plan 2005	Being encouraged through community consultation.	CR Dept	ONGOING

	Commitment	Source	Action	Resp.	Status Feb 2009
10.3	Establish landowner controlled sub-contracting companies for contracts such as road maintenance, catering, personnel transport, etc. Some of these may be implemented over a period of time.	EFIC Community Development Plan 2005	GIL established as landowner investment vehicle. Options being considered in community consultation.	CR Dept	ONGOING Catering and transport for consideration in 2009.
10.4	Catering, cleaning and security to be contracted to companies having at least 20% landowner participation.	Mining Agreement 1996	GIL established as landowner investment vehicle. Options being considered in community consultation.	CR Dept	ONGOING
10.5	Catering contract for Obo Obo village women	FS App 16.1 - Item 26	Obo Obo women provide catering for staff on mine site	GRML	ONGOING Arrangements being reviewed now that all staff have move to mine site.
10.6	Provision of livelihood and income restoration measures for the relocated population including:- Community assistance programs for infrastructure and development of village institutions;- Human capital (training);- Financial credit for small business- Assistance for vulnerable groups.	FS App 16.1 - Item 27 Subsidiary Agreement 2006	Included in Social Infrastructure Program. Social Infrastructure Committee established. Information sheet on project development. Develop work program and forward budget.	CR Dept	COMPLETE COMPLETE COMPLETE NOT COMPLETE Training program commenced. See 2.9
10.7	Provide small business training to facilitate establishment of enterprises that may provide goods and contract services to GRML or other customers	Subsidiary Agreement 2006 CI 11 EFIC Community Development Plan 2005	Develop training programs in consultation with GRCLA	CR Dept	FUTURE PROGRAM

	Commitment	Source	Action	Resp.	Status Feb 2009
10.8	Micro-finance training for mine-impacted villagers	GABA Audit Q 4.3	Offer micro-finance training to mine-impacted villages and small businesses supplying the mine.	CR Dept	FUTURE PROGRAM
11.	EDUCATION AND TRAINING				
11.1	Train and develop the local workforce to ensure that the maximum number of nationals are employed in the project	EFIC Community Development Plan 2005	Include in Recruitment and Engagement Policy	HR Dept	NOT COMPLETE Policy to include pre-employment training.
11.2	Identify areas where training for landowners is required and commence training programs at an early stage of mine redevelopment to lift the skill base of landowners and other indigenous Guadalcanal persons	EFIC Community Development Plan 2005	Consultation in Social Infrastructure Program	CR Dept	ONGOING See 2.9, 11.1
11.3	Camp to be designed with meeting rooms for training of employees and local community members	EFIC Community Development Plan 2005	Included in Operational Planning	GRML	COMPLETE
11.4	Apprentice training program to be commenced at an early stage of mine redevelopment	EFIC Community Development Plan 2005	Apprentice training program to be developed for commencement from resumption of site works. Solomon College of Higher Education in Honiara is equipped to contribute to training.	HR Dept	NOT COMPLETE To commence in 2009
11.5	Provision of qualified teachers, teaching materials and a primary school at the Kovalei relocation site	Subsidiary Agreement 2006 Cl 3.1	Included in relocation plan Discussions with SIG	CR Dept	NOT COMPLETE School site to be determined. School will be constructed by GRML in 2009 and staffed by Education Authority

	Commitment	Source	Action	Resp.	Status Feb 2009
11.6	Provide eligible landowners and their children 20 secondary and 12 tertiary scholarships and 4 scholarships for theological training within SI, and one tertiary scholarship for study overseas in an agreed and appropriate professional discipline	Subsidiary Agreement 2006 CI 19.1	Provision of scholarships has commenced. Formalise administrative arrangements for scholarship program.	CR Dept	ONGOING Program targets will be exceeded in 2009.
11.7	Work with women's groups to ensure opportunities for training and development of females	EFIC Community Development Plan 2005	Women's groups established and operating. Some practical programs in place including in catering and sewing. Consultation on additional programs.	CR Dept	ONGOING
12.	EMPLOYEE ISSUES				
12.1	Develop recruitment and engagement policy	GABA Audit Q 4.12	Develop a documented policy consistent with the intentions of the Subsidiary Agreement and train all HR staff and other personnel with employment responsibilities on the implementation of that policy.	HR Dept	COMPLETE Recruitment and Engagement Charter IMS-001-POL-012 Community Development and Investment CRD-002-SYS-001

	Commitment	Source	Action	Resp.	Status Feb 2009
12.2	Provide employment opportunities in the project for Gold Ridge landowners. Employees are to be recruited on merit, but where a landowner applicant is ranked equally with others, the landowner is to be preferred.	FS App 16.1 - Item 15 Mining Agreement 1996 CI5 EFIC Community Development Plan 2005	Implement employment preference policies in accordance with the Mining Agreement. Provide pre-employment training if required skills are not available in the region.	HR Dept	ONGOING
12.3	Where landowners cannot fill skilled positions, ASG will make every effort to employ other indigenous Guadalcanal persons. Where positions cannot be filled through this process, GRCLA will be consulted when selecting candidates	EFIC Community Development Plan 2005	Include requirement in recruitment and engagement policy	HR Dept	COMPLETE
12.4	Recruitment Policy to eventually result in 80% of unskilled and semi-skilled employment categories being recruited from landowners	Subsidiary Agreement 2006 CI 13 EFIC Community Development Plan 2005	Implement employment preference policies in accordance with the Mining Agreement. Provide pre-employment training if required skills are not available in the region.	HR Dept CR Dept	ONGOING Recruitment and Engagement Charter IMS-001-POL-012 Performance reporting to be implemented.
12.5	GRML and GRCLA to cooperate on development of an appropriate employee selection process	Subsidiary Agreement 2006 CI 13	Local employment preference procedures to be discussed with GRCLA and incorporated in recruitment and engagement policy	HR Dept	ONGOING Recruitment and Engagement Charter IMS-001-POL-012
12.6	Structure the composition of the workforce to ensure racial integration and social harmony	EFIC Community Development Plan 2005	Address in recruitment and engagement policy. Principle will be to avoid engagement of large groups of a single tribal or regional origin (other than the landowner community).	HR Dept	ONGOING Recruitment and Engagement Charter IMS-001-POL-012

	Commitment	Source	Action	Resp.	Status Feb 2009
12.7	Communicate employment practices on Guadalcanal	GABA Audit Q 4.13	Information about employment practices including employment preference and training opportunities to be communicated widely to the community.	HR Dept CR Dept	NOT COMPLETED To be included in community newsletters 2009
12.8	Undertake Training Needs Analysis and provide necessary training, including on CR issues	GABA Audit Q 6.2, 6.5	IMS procedures to be developed for training needs analysis. CR training program to be developed for staff and contractors whose work may impact on the local community.	GABA/ HR Dep CR Dept	ONGOING IMS Procedures complete Training and Competency IMS-007-SYS-001 Project Training and Development Matrix IMS-007-REG-001 2009 training program to include CR staff visits to comparable mine sites.
12.9	Implement OHS program for employees following Australian and international standards	FS App 16.1 - Item 18 EFIC Community Development Plan 2005	Safety procedures to be incorporated in IMS	OHS Dept	NOT COMPLETED
12.10	Promote employment rosters which take into account the islander living style	EFIC Community Development Plan 2005	Rostering to be planned to meet this requirement. Rosters to be based on 8 hour days.	HR Dept	NOT COMPLETED
12.11	Ensure a reasonable percentage of female employees amongst the workforce in professional and non-professional positions	EFIC Community Development Plan 2005	GRML is committed to being an equal opportunity employer. To be addressed in recruitment and engagement policy.	HR Dept	ONGOING Recruitment and Engagement Charter IMS-001-POL-012
12.12	Accommodate workers on the mine site to minimise commuting times	EFIC Community Development Plan 2005	Mine accommodation is to be provided on site. Relocation villages are located close to site access road providing ready access for employees from landowner groups.	GRML	PARTIALLY COMPLETED Mine Accommodation Camp currently in operation for expatriates and security staff. Additional campsite being planned.
12.13	In steady state operations operate the mine with a minimum of expatriates (<10%)	EFIC Community Development Plan 2005	Future objective.	GRML	ONGOING

6. ABBREVIATIONS

Abbreviation	Definition
ADRA	Adventist Development and Relief Agency
ANZ	Australian New Zealand Bank
ASG	Australian Solomons Gold Limited
CR	Community Relations
DME	Department of Mining and Energy
EFIC	Export Finance and Insurance Corporation
EHS	Environment, Health and Safety
EU	European Union
FS	ASG Gold Ridge Project Feasibility Study to Bankable Standards(2007)
GABA	Graham A Brown & Associates
GIL	Gold Ridge Investments Limited
GP	Grievance Procedures
GRCLA	Gold Ridge Community and Landowners Association
GRML	Gold Ridge Mining Limited
GRWG	Gold Ridge Women's Group
HR	Human Resources
ICMM	International Council on Mining and Metals
IFC	International Finance Corporation
IMS	Integrated Management System, including Safety, Health, Environment and Community Management
KTDA	Kolobisi Tailings Dam Association
LOR	Legal and Other Requirements
MDA	Matepono Downstream Association
OHS	Occupational Health and Safety
OP	Operational Policy
PCDP	Public Consultation and Disclosure Plan
RAP	Relocation Action Plan
SBD	Solomon Islands Dollar
SG	Société Générale
SHEC	Safety, Health, Environment and Community
SI	Solomon Islands
SIG	Solomon Islands Government
ToR	Terms of Reference