

## RMG - Company Profile

In 2015 "Green Alternative" published a report on availability of information on the state of environment in Georgia<sup>1</sup>. In 2017 an updated version of the report was published. We focused on availability of information on so called major pollutants and developed the profiles of four notable, in terms of scale of work and impact on human health and environment. These are: (1) RMG, (2) Georgian Manganese, (3) Saknakhshiri, and (4) Heidelberg Cement. The present document reflects availability of information on RMG - Rich Metal Group.

### RMG Gold and RMG Copper

Madneuli gold-copper-barite-complex ore mine is located in Bolnisi region, 80 km to the south-east away from Tbilisi. Exploration of Madneuli mine began in the forties of the last century. In 1956 the mine was approved and construction of Madneuli - one of the largest non-ferrous metals plant in Georgia began in 1959. In connection with construction of the complex, a large industrial settlement was founded on the unpopulated territory-Kazreti borough. In 1975 the enterprise brought into operation started mining quartzite and complex ore deposits containing copper, barite, gold, and silver, their initial processing, enrichment and selling the obtained products. In 1990 mining of barite was ceased. In 1994 Kvartziti LTD was founded to start gold and silver recovery from stockpiled gold-containing quartzite ore, using heap leaching method. In 2005, as a result of privatization, the "Madneuli" and "Kvartziti" became the property of "Stanton Equities Corporation", a company registered in the British Virgin Islands (offshore), a subsidiary of the Russian "Promishlenniye Investori". In 2007 "Promishlenniye Investori" sold its shares in "Madneuli" and "Kvartziti" to GeoProMining, belonging to Siman Povarenkin, chairman of the board of directors, and co-owner of the "Promishlenniye Investori" company. In 2012, the Russian "Capital Group" became the owner of the company again. Due to the change of owner "Madneuli" was renamed "RMG Copper", and "Kvartziti" - in RMG Gold.

According to the Register of Entrepreneurs and Non-entrepreneur (Non-commercial) Legal Bodies, RMG Gold Ltd. is owned by: Rich Metals Group B.V. company, registered in the Netherlands (96.21% of shares) and JSC RMG Copper (3.79% of shares). The Register of Entrepreneurs and Non-entrepreneur (Non-commercial) Legal Bodies does not contain the information about the owners of RMG Copper, because the Georgian legislation does not provide for the publicity of information about the stockholders. Over time different companies merged with RMG Gold and RMG Copper.

JSC RMG Copper's reorganization history

The entity before reorganization	Operation	The entity, registered as a result of reorganization	date
"Georgian Mining Company" Ltd (225385525)	Merger	JSC RMG Copper	27/06/2007
"Ecogrami" Ltd (205262543)	Merger	JSC RMG Copper	03/10/2014
"GEOconsulting Group" (205282950)	Merger	JSC RMG Copper	06/11/2014
"Premier Motors" Ltd (404981668)	Merger	JSC RMG Copper	07/11/2014
"Mining Investments Copper" Ltd (404977753)	Merger	JSC RMG Copper	17/11/2014
"Ekologi" Ltd (225359607)	Merger	JSC RMG Copper	06/09/2016

<sup>1</sup> [Availability of information on the state of the environment in Georgia](#)

## RMG Gold Ltd Reorganization History

The entity before reorganization	Operation	The entity, registered as a result of reorganization	date
JSC Georgian Mining Company (204458960)	Merger	RMG Gold Ltd	14/07/2008
Trans Georgian Resource Ltd. (204864272)	Merger	RMG Gold Ltd	20/01/2009
Mining Investments Gold Ltd (404977682)	Merger	RMG Gold Ltd	17/11/2014

It should be mentioned that "Caucasian Mountain Group" Ltd. - since 2011 the holder of exploration and production license, previously dispossessed from JSC "Madneuli" - is closely linked with these companies.

Regardless the fact that the owner of "Caucasian Mountain Group" is Pamtilon Holdings Limited, the company registered in Cyprus, and the owner of RMG Gold Ltd and JSC RMG Copper is Rich Metals Group B.V., registered in Holland, one and the same people appear in the companies' registration documents; besides, any change within these companies (and in the other companies owned by them) are made synchronously and by the same people.

The "Caucasian Mountain Group" owns 100% shares of Ltd. RMG Auramine (404908775). Besides, the "Caucasian Mountain Group", together with GMC Investment Limited, registered in British Virgin Islands, own halves of "Georgian Copper and Gold" (r.n. 405117494), registered in Georgia. Until 18 November 2016 Kakhaber Kuchava, now chairman of Parliamentary Committee on the Environment and Natural Resources, was Director General of JSC "Georgian Copper and Gold". Until 15 November Kakhaber Kuchava also owned 33% share of "Umbrella Enterprise" Ltd (Irakli Kuchava bought the share at 100 GEL); since 2011 until 11 October 2016 he was director of JSC "Carlton Georgia" (Further on JSC Zopkhito Gold, now JSC "Kavkasiis mineralibi"), founded by "Umbrella Enterprise", which in 2011 purchased at 990 000 GEL a 30-year license for the extraction and study of non-ferrous, noble, and rare metals and barite in the Oni Region.

"Madneuli" and "Kvartziti" were among the first enterprises where in 2003, after the Rose Revolution, the government became concerned about corruption extermination and improving the management. Today no one talks about corruption in these enterprises. However, especially "favorable" and loyal attitude of state institutions to these enterprises gives rise to conjectures about the existence of elite corruption. Suffice it to mention the fact of deprivation of Sakdrisi-Kachagiani - one of the oldest in the world gold mines - of the status of a monument of national importance and issuing permission for its explosion<sup>2</sup>.

<sup>2</sup> For more detailed information see the Green Alternative's report of 2013 "Madneuli above the law", and 2015 study "Natural Resources Management and factors contributing to elite corruption" at [www.greenalt.org](http://www.greenalt.org) and 2015 study by GYLA "Sakdrisi-Kachagiani - Destruction on behalf of the law" at [www.gyla.ge](http://www.gyla.ge)

## Impact on the environment

"Madneuli" and "Kvartziti" entered into operation much before the Parliament of Georgia adopted the law on EIA. So, the owner of these enterprises received Environmental Impact Permit only in 2008. When issuing a permit, it was necessary to pay close attention to the impact of enterprises on the natural and social environment. But the process went perfunctorily and trouble-free for the company. Instead of submitting the Environmental Impact Assessment report, they submitted a ten year old document, where only the dates were changed. Regrettably, Goga Khachidze, then Minister of Environment and Natural Resources Protection did not assess this fact as gross violation and signed the order on issuance of the permit. Thus there is no comprehensive study of the impact of the activities of these enterprises on the natural and social environment. However, there are fragmentary data and studies on the damage caused by these enterprises to the environment.

Of special interest is the study by Georgian and German scholars (Giessen University and Tbilisi State university joint project). The study was focused on the assessment of the impact of Madneuli ore-dressing and processing enterprise on Bolnisi region ecosystem and the health of local population. The conclusion of the scholars was alarming: the research, conducted in 2001-2011, showed that more than half of the territory is seriously contaminated with heavy metals, specifically copper, cadmium and zinc. Some areas the situation turned out to be catastrophic<sup>3</sup>. According to the research findings: "Irrigated land in the area of Mashavera River suffers from serious pollution from heavy metals; There is a pollution problem, but there are no political or economic ways out of the situation; the indicators far exceed reference values of European soil protection regulations; It is especially disturbing considering that some of Georgia's most popular vegetables are great absorbents of heavy metals; this results in direct contamination. With the help of soil additives, it would be possible to fix heavy metals and reduce their absorption by plants; and still, soils contaminated with heavy metals in the gorge of Mashavera River create long-term problems for people, animals and food; it is necessary to carry out measures against increasing loads to protect the population". Regrettably, neither the government, nor the company takes responsibility for the situation; respectively, nothing is being done to improve the situation.

According to 2013-2014 report by ecological oversight department of the Ministry of Environment and Natural Resources Protection, damage, caused to the environment as a result of pollution and soil degradation during the construction of the production area for the composite ore leaching undertaken by RMG Gold without an environmental impact assessment, amounted to 29,253,880 GEL; and damage caused to the environment as a result of the release of 500 m<sup>3</sup> acidic pit-run water in Kazretula River from so called "thickening reservoir" located in the territory of RMG Copper's enrichment plant, amounted to 1,078,188 GEL.<sup>4</sup>

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<sup>3</sup> In situ stabilization of metals (Cu, Cd, and Zn) in contaminated soils in the region of Bolnisi, Georgia, Peter Felix-Henningsen, Thomas Hanauer, Besik Kalandadze, Tenguz Urushadze, Levan Navrozashvili ; Video-blog about research [http://www.sciencemovies.de/en/01\\_dig\\_for\\_gold\\_reap\\_poison/01\\_infos](http://www.sciencemovies.de/en/01_dig_for_gold_reap_poison/01_infos)

<sup>4</sup> 2013-2014 report by ecological oversight department of the Ministry of Environment and Natural Resources Protection

## „About us"

RMG Gold Ltd and JSC RMG Copper have a common web-page - [www.richmetalsgroup.com](http://www.richmetalsgroup.com)

The web-page provides the public with only the following information: "We are one of the largest enterprises in Georgia and Caucasus region, engaged in mining activities in Bolnisi region, Georgia. JSC RMG Copper and LTD RMG Gold produce the copper concentrate and gold Dore alloys (half-fabricates) by mining and processing copper and gold containing ores. Big international trading companies buy the RMG products. The traders conduct the affinage (purification) of the purchased products and melt the pure metals (gold, copper, silver) in the metallurgical plants. Later on the pure metal is sold on London Stock Exchange. RMG is an important employer in Georgia and in Bolnisi Region. Currently, approximately 3000 employees work at the company, 90% of whom are local residents. In 2011-2014 RMG invested about \$ 300 million in Georgia"

Nothing is said about the owners' identity and the experience. "MISSION" and "VISSION" go as follows:



### MISSION

Our mission is to transform natural resources into success and sustainable development of Georgia

### VISION

Our vision is to be the best company by operating in a safe, profitable and responsible manner.



## Environmental Protection

"We accept environmental responsibility and will do our best to minimize the environmental impact of our operations" - this is the slogan on [www.richmetalsgroup.com](http://www.richmetalsgroup.com)'s title page.

"Environmental Protection" section of the web-page contains quite extensive (as compared to other sections) information. According to it, after RMG became the owner of the company "a new structure of health, safety and environment service has been established. Company has developed a new environmental policy. Chemical laboratory of the company has been equipped with modern express analyzers for determining heavy metals, cyanides and sulfate ions composition in water and air. Daily monitoring has been carried out regarding the following:

- Water disposal;
- Emission into the atmosphere;
- HCN gas volume;
- Waste rock sites;
- Pipelines' integrity;
- Tailings

The web-page describes, in an incomprehensible language, with the use of a large number of technical terms (e.g. "acid mine drainage waters represent sulfate hydrous solutions of heavy metals that are stipulated by hydro geological specifications of the deposit and exogenetical and microbiological factors") the drainage water collection and purification process. According to the web-page "Environmental division of the Company is carrying out daily monitoring of water quality, to demonstrate that water is free from cyanide or various metalocomplexes of cyanide or heavy metals". Further the 4 points selected around the open quarry for sample collection are indicated. However nothing is said about the results, at least general, of everyday tests.

The web-page also provides "the description of water circulation schemes of RMG Gold and RMG Copper", and the measures to prevent the dust production.

It is noteworthy that on 12 September 2015 the news titled "Environmental Auditors Completed their works in RMG" was posted, according to which "Environmental-consulting organization "The Independent Commission of Environmental Impact Assessment" completed the environmental audit at LLC RMG Gold and JSC RMG Copper. International environmental auditors, Prof. Grigory Shmatkov (Ukraine) and Irina Nikolayeva (Ukraine) provided the guests and media members attending the presentation with detailed information about the works they have performed during the 6 month project."

Regrettably, the Company did not publish either the audit report document or the main audit findings. The audit report is available in the Ministry of Environment and Natural Resources Protection at the request. According to the Ministry the document had been passed over to the Environmental oversight Department in the process of inspection of enterprises.

According to audit report document "as a result of the adverse impact of enterprises, a number of negative environmental results have emerged in the region, which tend to deteriorate:

- The devastation of natural relief, the loss of land as a result of the formation of quarries, dumps, tailings and other production complexes;
- Contamination of the soil with heavy metals near the quarries and transport highways, where empty rocks and ores are transported; this creates a threat of contamination of adjacent agricultural lands;
- Ambient air pollution by dust, aerosols of sodium cyanide, and emissions of other evaporating substances by large-capacity vehicles;
- For recent 50 years (the period of development of gold and copper ores), specialists have noted negative changes, both in the biogeocenosis of the forest and the hydrobiocenosis of rivers (reduction of species diversity and possibilities for self-recovery)'.

According to the audit report document "it is recommended to conduct a deep ecological and economic analysis of the activities of JSC RMG Copper and RMG Gold Ltd. and develop a long-term program of integrated environmental measures to help the enterprises and the region out of the ecological crisis".

Thus, the information on the state of environment, the ongoing or planned mitigation measures, about the threats to the local natural and social environment, as a result of the companies' activities, and the measures taken or/and planned to avoid these threats are not posted on the web-page. And the information available on the web-page abounds in technical terminology so that it is doubtful that it was intended to satisfy citizens' interest.

## Social Project

According the company web-page "RMG acknowledges its social responsibility towards Kazreti Settlement, Bolnisi Region and the entire country. That's why we permanently organize, support and finance different social, educational, sports and cultural events. Support of Georgian Rugby Union and the national team has been one of the main priorities of RMG for years. The company spent more than GEL 3 million for development of Georgian rugby during the last 7 years. Implementation of different social, cultural-educational projects in Bolnisi Region has a significant role in our company activities. RMG renders systematic financial support to Bolnisi Eparchy. Maintaining and restoration of ancient Georgian churches is one of the most important subject of care for the company. RMG actively promotes sports, healthy lifestyle and culture at Kazreti Settlement. Every month, freestyle wrestling, junior football and choreography sections are sponsored by the company. RMG supports development of educational projects at Kazreti Settlement and Bolnisi Region. The company actively cooperates with public schools and a nursery school of Kazreti Settlement. According to their requirements, RMG periodically purchases and renews necessary equipment for schools and the nursery school. RMG takes care of elderly people residing at Bolnisi Municipality, trying to make well-deserved living conditions for them by means of organizing different social events. The company cooperates with Georgia Red Cross Society, under aegis of which a day center for elderly people operates in Bolnisi. RMG supports the day center and its beneficiaries. During the years, the company has been funding and will further support different charity organizations: Autism Association, "Momavlis Gza", Movement for Available Environment, "Momavlis Sakhli", Bolnisi Region Rehabilitation and Development Support Center, Iavnana Charity Foundation, etc".

Regrettably, the awareness of social responsibility did not spread to a monument of national importance - Sakdrisi-Kachagiani ancient gold mines, located on the licensed territory of the company and creating mining problem to the company. RMG problem was solved very simply - with the direct participation and support of Prime Minister Bidzina Ivanishvili, and then Prime-Minister Irakli Garibashvili - the monument was first deprived of the status of immovable cultural heritage, then the status of a monument of national importance, and finally, the zone of archaeological protection of the monument was cancelled and RMG successfully blew up the world's oldest gold mines.

At the same time the wide public is unaware of the amount of natural resources extracted, information on contributions to the national or local budgets, investments made in the enterprises - all these data are protected as a commercial secret of the Company; however, if necessary, the company discloses its "commercial secret". For example, in the process of obtaining permission for the explosion of the Sakdrisi-Kachagiani monument of national importance, RMG disseminated information on investments and contributions to the budget; however, it should be noted that the public never saw documents confirming this information (that expanded proportionally to the complications in obtaining permission).



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39b Paliashvili Street, IV floor, 0179, Tbilisi, Georgia

Tel.: (+99532) 222 15 74; (+99532) 222 38 74

GREENALT@GREENALT.ORG

[WWW.GREENALT.ORG](http://WWW.GREENALT.ORG)