BNL CHALLENGES PURPORTED GRANT OF SPECIAL MINE LEASE TO KUMUL MINERALS HOLDINGS LIMITED

PORT MORESBY, PAPUA NEW GUINEA – THURSDAY 24 SEPTEMBER, 2020 – Barrick (Niugini) Limited (BNL), majority owner and operator of the Porgera Gold Mine in Papua New Guinea, reports that it has lodged an application for Judicial Review of the purported grant to Kumul Minerals Holdings Limited (KMHL) of a Special Mining Lease, which it is asserted covers the Porgera Mine and surrounding areas.

The Register of Mining Tenements records that the Head of State purportedly granted Special Mining Lease No 11 (SML 11) to Kumul Minerals Holdings Limited on 25 August 2020 for a period of 20 years. SML 11 purports to cover 2135 hectares of land at Porgera.

BNL notes that the Special Mining Lease purportedly granted to KMHL is asserted to cover areas of land which are already the subject of valid BNL tenements. As such, the area was not available for grant at the time the Government purported to award KMHL an SML covering that land.

BNL notes that the SML application by KMHL was reportedly lodged on 27 July 2020, and the SML was purportedly granted on 25 August 2020.

These short timeframes raise serious questions as to how regulatory authorities, notably the Mineral Resources Authority (MRA), were able to responsibly and properly assess the KMHL application on technical, environmental, financial and social grounds in scarcely a month, and to assess the capacity of KMHL to maintain and manage an operation as complex and capital intensive as Porgera safely and efficiently.

In particular, BNL contends that necessary documents revealing KMLH’s plans for the Porgera project, such as a proper Feasibility Study, were not submitted with the SML application and that the required procedural steps, such as advertising the SML application, inviting objections from affected persons, and conducting Mine Warden Hearings involving the affected communities, were not undertaken as required by law. Moreover, BNL contends that KMHL is not a party to a Mining Development Contract (MDC), and that no proper Environmental Impact Assessment has been submitted, nor has an Environmental Permit been approved. The absence of all of these normal procedural steps and safeguards reinforces BNL’s concerns with the process adopted in processing the KMHL application and purportedly granting a special mining lease to KMHL.

BNL reiterates that it considers any such grant of SML 11 to KMHL to be unlawful and invalid under the laws of PNG. BNL will continue to defend its rights in accordance with the laws of Papua New Guinea and pursuant to the terms and conditions of long-standing prior agreements that are binding on the Government of Papua New Guinea.
BNL remains willing to engage in good faith negotiations to chart a way forward that can result in a win-win for all stakeholders and lead to the re-opening of the Porgera mine, however this cannot be based on an abrogation of BNL’s legal rights and interests.

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