A New Partnership For The Next Twenty Years: Mutual Prosperity, Mutual Responsibility

To the Landowners and Communities of Porgera:

April 9, 2021 will be remembered as a milestone in the development of Papua New Guinea’s (PNG) resource sector and the country’s relationship with leading international companies. It also opened a new chapter in the history of Porgera valley and the common prosperity made possible by the partnership between Porgera mine and you, our neighbours.

As many of you will have seen on the news, in a ceremony held at Government House – witnessed by Porgera landowners, Prime Minister Marape, Governor Ipatas, other ministers and the national media – the State and Barrick Niugini Limited (BNL) signed the Framework Agreement for the New Porgera Project.

This historic agreement provides for greater ownership and economic benefits for PNG stakeholders, while ensuring a fair return to BNL’s investors, Barrick and Zijin. The terms, agreed after six months of intensive negotiations, call for the creation of a new Porgera joint venture company that will be 51% owned by PNG and 49% by BNL, with a 53%-47% sharing of economic benefits in favor of PNG. BNL will remain as operator for at least ten years.

As co-owners of the company, PNG and BNL will be aligned in our mutual interest to see Porgera developed for the long-term benefit of all stakeholders, and especially for the landowners and communities who provide the mine with its daily, most-immediate social license. Building a renewed partnership with our neighbors will be priority number one.

In addition to greater equity and dividends, a broad and inclusive group of landowners will benefit from a higher royalty and will share with the wider community in a new Porgera development fund that will invest millions of kina into the most promising and best-managed local projects. Equally important, we as a company are committed to prioritizing and growing local contractors and businesses and to hiring Porgerans whenever and wherever we can.

Not only does Porgera hold the potential to become one of the world’s most profitable gold mines, it will provide a platform to train and promote a generation of Porgerans and other Papua New Guineans to join the ranks of the best miners and mining leaders in the world. With BNL as operator, Porgera will redouble its commitment to being a responsible steward of the environment, while maximizing the taxes, dividends, royalties, contracts and jobs that are the engine of the economy and the catalysts for better lives.
The promise of Porgera, however, cannot be delivered by BNL on its own. In addition to the important roles and commitments to be fulfilled by the national and provincial governments, the responsibility for ensuring the success of the new Porgera will fall heavily on your shoulders. As we all recognize, Porgera is beset by social challenges that are not unique to mines in PNG, but affect mines around the world. Illegal mining is a scourge that not only robs from the benefits intended to be shared by the mine’s stakeholders, but risks the safety and lives of the illegal miners themselves from accidents and falls. More fundamentally, widespread illegal mining cripples the social order and stunts the development of a sound and thriving community.

We cannot continue with the old ways and we refuse to accept them as inevitable. Increased security and policing is not the preferred solution, though maintenance of law and order is a condition for any healthy society.

A far better approach would be a genuine and transparent partnership built through intensive engagement between the company and landowners and community leaders that offers the promise of a better alternative to a life of illegal mining. We need the leaders of Porgera to step forward and work with us to educate and spread this message to every corner of our community.

You have our commitment that we will take this same approach in all of our dealings with the community so that over time relationships of genuine trust are built with each constituent group. What we need to say to each other at times may be hard to hear, and that is fine as long as we conduct our debates plainly, sincerely, with mutual respect and in good faith with one objective in mind -- the success of Porgera, defined as responsible mining for the benefit of all constituents, starting with the people of the Porgera district. The signing of the Framework Agreement is just the beginning of our work. Over the next several months, the detailed implementation documents must be completed and conditions fulfilled by both the State and BNL before the restart of the mine can commence. Only then will BNL be able to initiate plans to reemploy several thousand Porgerans and other Papua New Guineans who will be needed when the mine is fully operational again.

If all goes well, our expectation is that the mine will be able to restart later this year. It will be no small task. But as your partners and co-owners, we are committed to fulfilling our roles and responsibilities so that new Porgera can realize its extraordinary potential and deliver decades of value to the people of the Valley, Enga, Papua New Guinea and the shareholders of BNL. It can only happen with an equal commitment from you, our friends, family, colleagues and neighbours.

Mark Bristow
President and CEO
Barrick Gold Corporation