

Enga Province – Economic Benefits from the Porgera Mine

PORT MORESBY, PAPUA NEW GUINEA – THURSDAY 23 JULY, 2020: Barrick (Niugini) Limited (“BNL”), majority owner and operator of the Porgera Gold Mine in Enga Province of Papua New Guinea (PNG), provides the following information in response to a public request for historical information on mine-derived benefits and tax payments received by the Enga Provincial Government from the operation of the Porgera Mine.

Tax revenues paid to Papua New Guinea from the operation of the Porgera Mine

The Porgera Mine has been one of the largest corporate tax-payers in Papua New Guinea.

Over 4 billion Kina in tax and excise revenue has been paid to the PNG Government since mining at Porgera began, with over 368 million Kina paid to the Government in taxes and excises arising from the mine’s 2019 operations alone.

The following table provides total tax payments (by type) paid by the mine since operations began.

| | Employee Income Tax | Customs Duties | MRA Production Levy | Fuel and Excise Taxes | Company Income Tax | Total Tax Payments |
|-------------------|------------------------|-------------------|---------------------------|--------------------------|-----------------------|-----------------------|
| 2019 | K102,803,561 | K17,011,047 | K13,663,661 | K16,725,812 | K217,949,767 | K368,153,848 |
| Total (1990 –) | K1,357,796,561 | K314,463,386 | K66,813,853 | K106,377,866 | K2,193,995,654 | K4,039,446,781 |

SOURCE: PJV Annual Financial Information Report 2019

Over the life of the mine, approximately 48% of all economic benefits arising from the operation of the mine have flowed to Papua New Guinea, in the form of taxes, royalties, equity revenue, contracts and capital expenditure, and employment for thousands of Papua New Guinean workers.

Royalties paid to the Enga Provincial Government

The Enga Provincial Government has received over 335 million Kina in royalty benefits from the mine since mining began in 1990, much of which has been paid to the Ipatas Foundation, at the EPG’s request.

Since July 1996, royalties have been paid by the mine at a rate of 2.0% of the value of sales, less selling expenses. Prior to July 1996, the royalty rate was 1.25% of the value of sales. When the mine first started producing gold, the Provincial Government received 77% of these royalties. Since July 1995, the Provincial Government has received a 50% share of the royalties paid by the mine.

The following table shows the annual royalty amounts paid by the mine to the Enga Provincial Government since 1990.

| Year of Operation | Royalties paid to EPG |
|---|------------------------------|
| 1990 | K885,636 |
| 1991 | K4,311,044 |
| 1992 | K4,957,551 |
| 1993 | K3,940,308 |
| 1994 | K3,873,704 |
| 1995 | K3,125,181 |
| 1996 | K3,713,783 |
| 1997 | K3,319,558 |
| 1998 | K4,850,500 |
| 1999 | K5,773,661 |
| 2000 | K7,349,040 |
| 2001 | K7,276,106 |
| 2002 | K7,857,920 |
| 2003 | K10,972,633 |
| 2004 | K12,973,462 |
| 2005 | K11,741,982 |
| 2006 | K9,154,325 |
| 2007 | K10,476,731 |
| 2008 | K14,972,794 |
| 2009 | K15,174,629 |
| 2010 | K17,579,368 |
| 2011 | K19,103,453 |
| 2012 | K13,727,662 |
| 2013 | K15,547,233 |
| 2014 | K17,351,873 |
| 2015 | K17,151,787 |
| 2016 | K19,729,776 |
| 2017 | K21,280,598 |
| 2018 | K18,622,955 |
| 2019 | K28,330,532 |
| Total EPG Royalty Payments (1990 – 2020) | K335,035,785 |

SOURCE: PJV Annual Financial Information Report 2019

The mine has also provided voluntary financial and material support to a large number of Engan events and institutions – such as the Enga Show, the Enga Mioks and the Ipatas Cup. Over the life of the mine, millions of Kina have been provided to support these and other initiatives and important public facilities in Enga - often at the Governor’s request.

Equity Earnings by the Enga Provincial Government

The Enga Provincial Government has also received hundreds of millions of Kina in net revenue from its equity interest in the mine, through its joint ownership of 5% of the Porgera Joint Venture equity, held by Minerals Resources Enga, which is owned equally by the Porgera Special Mining Lease Landowners and the Enga Provincial Government. This share of the Porgera Joint Venture has been held by the Enga Provincial Government for the entire operating life of the mine.

Minerals Resources Enga has received more than 1.07 million ounces of gold from its share of the Porgera Mine – given the average gold price of approximately K2,347/oz since 2000, this has equated to many hundreds of million Kina potential net revenue for each of the MRE partners since mining operations began.

By contrast, as a consequence of the present situation, royalty payments and equity revenue for the Enga Provincial Government have ceased, and based on current figures have caused more than K6.3 million in lost revenue for the EPG over the past 3 months, while the National Government of Papua New Guinea is forfeiting K1 million per day and K30.6 million per month in lost tax revenues, levies and other duties and fees, adding up to more than K77 million in lost tax revenues since the Government’s decision forced mining operations to cease in April this year.

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ADDITIONAL INFORMATION

The Porgera Mine is a joint venture between Barrick and the Zijin Mining Group, which each owns 47.5%, with the remaining 5% interest held by Mineral Resources Enga (owned equally by Porgera Special Mining Lease landowners and the Enga Provincial Government). The Mine is operated by Barrick (Niugini) Limited (“BNL”).

Porgera Gold Mine – Part of the Community

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