Barrick Niugini and Porgera Landowners Agree on Extension of Special Mining Lease

PORT MORESBY, PAPUA NEW GUINEA – THURSDAY 23 APRIL, 2020 – Barrick Niugini Limited (“BNL”), majority owner and operator of the Porgera gold mine, and the Porgera Landowners Association (PLOA), have agreed how benefits should be shared under a 20-year extension of the Porgera Special Mining Lease (SML). The extension application is currently being considered by the Papua New Guinea (PNG) Government.

The PLOA announced today that it was calling on the government to renew the lease on the basis of this agreement, which is consistent with proposals BNL presented to the State Negotiating Team (SNT) last July and with Prime Minister Marape’s call for a 50/50 equal sharing of economic benefits between the country and investors in major resource projects.

“If the Government makes an unwise decision on SML without listening to the voice of the authentic landowners, we note that we still own the land and no mining can take place without our permission,” the PLOA announcement says.

“The mine is our garden and, with SML extension on terms fair to the landowners, will continue to provide us with benefits and improvements in the lives of the men, women and children of Porgera and PNG for many years to come.”

The terms of the BNL-PLOA agreement have been detailed in a joint letter delivered to PNG Prime Minister James Marape.

Barrick President and Chief Executive Mark Bristow said the agreement would, in fact, deliver significantly more than 50% of the economic benefits to Porgera’s PNG stakeholders, which includes the national government.

“Our modelling projects that over the course of the potential 20-year SML extension period, landowners and the local community could receive more than US$1 billion at a gold price of US$1,300 per ounce and PNG as a whole could receive over US$4.5 billion, assuming Porgera’s continued management by BNL,” he said.

“We look forward to engaging again with the State Negotiating Team as soon as possible to reach a final SML extension agreement that enables Porgera to continue to be a model of successful partnership between PNG and international investors.”

>ENDS<
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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PRESS STATEMENT

The Porgera Landowners Association (PLOA) established in 1992, the legitimate representative organisation of SML landowners as recognised by the State and PNG courts, hereby state that we have negotiated an agreement with Barrick (Niugini) Limited (“BNL”), the majority owner and operator of Porgera Mine, for benefit-sharing and a continuation of the Mine for at least another 20 years to benefit all its stakeholders.

The MOA Review and SML Negotiation Committee of the Association, that was formed in 2009, and has been involved with Review of the existing Benefit Sharing Agreements (MOAs) with the rest of the stakeholders (the state, EPG & BNL) since 2010, and subsequently on the SML Extension. It has the backing of 19 of the 24 SML landowner agents plus the majority of other broader landowner groups, are unified on calling on the Government to negotiate an SML extension agreement on the basis of the following principles agreed to between PLOA and BNL:

- BNL’s application for SML extension should be granted and the mine’s operations continue under the management of the current operator BNL;
- The SML extension agreement should be based on the general principles of 50–50 total economic benefit sharing as contained in the BNL proposal currently before the State, which is consistent with what Prime Minister Marape has stated is the policy of his government with regard to resource projects in PNG;
- The 5% free equity offered to the PNG side in the current BNL proposal shall be granted to the broad group of legitimate Porgera landowners and other community stakeholders as defined in PLOA’s presentation to the mining and police ministers during their visit to Porgera this January and consistent with Prime Minister Marape’s statements that landowners are the most important constituents of any resource project;
- The offer of additional 10% paid equity (in addition to the existing MRE 5% interest) contained in the current BNL proposal before the State shall be divided evenly between the broad group of landowners and stakeholders defined in the PLOA presentation to the mining and police ministers and the Enga provincial government, noting that the State previously held and chose to divest its 20% equity stake in the project and, at the time of acquisition of equity, pledged not to take up any further equity in the future;
- The additional 1% Royalty offered by BNL shall be divided evenly – 50% to the broad group of Porgera landowners and stakeholders as defined in the PLOA’s position paper to the SNT, and a subsequent presentation to the police and mining ministers and 50% shared among the other districts of Enga Province;

BNL will make a one off payment of US$15 million dollars to the SML and other impacted landowners, the distribution of which will be determined in discussions between PLOA and BNL, for the social license provided in the past 30 years;
- Upon granting of SML extension, BNL will contribute US$1.5 million each year for up to ten years to a new Porgera Sustainable Development Fund. The funds will be managed by the Porgera Development Committee, which will include BNL, landowner and community representatives, to evaluate, prioritise and allocate funds to development projects benefiting the landowners and wider stakeholders of the Porgera district;

- With the necessary cooperation of the State on essential matters such as land acquisition, the Porgera resettlement project will commence upon granting of SML extension;
  - BNL recognises iPi and iWi as strategic, long-term partners and will continue the catering and transport and cleaning contracts currently held by iPi and iWi for the life of the mine, provided the terms, pricing and quality of service offered by iPi and iWi remain commercially competitive;
  - All other contracts will be reviewed and awarded according to commercially competitive terms, rates and quality of service with a preference given to entities owned by SML landowners, LMP landowners, Porgera residents, residents of Lagaip-Porgera, Enga Province, and Papua New Guinea, in that order. As a priority, all asset hire, vehicle hire and unskilled labor hire contracts will be placed with entities majority-owned by SML landowners provided rates are commercially competitive and BNL standards are maintained for service provided. BNL will maintain an office staffed with qualified personnel to incubate and provide training and business advice to landowner start-up enterprises. A BNL panel will be created, with PLOA representation, to ensure that employment and business contracts follow these principles;
  - BNL will become a party to the new Memorandum of Agreement (MOA) governing the extended SML mine life and;
  - The distribution and apportioning of the landowner benefits described in all the bullet points above will be deliberated and agreed upon between PLOA representing SML landowners and BNL.

The Porgera Landowner Association has supported BNL’s proposal for 50/50 economic benefit sharing and has faithfully negotiated these improved benefits on behalf of the Porgera Special Mining Lease Landowners.

Unlike other organisations that represent only themselves, and who offer no concrete proposals for the future of the mine except to shut it down, we are working hard to ensure that the continuation of the mine provides real benefits for the people of Porgera.

As we have said many times before, we respectfully call on Prime Minister Marape to visit Porgera personally and consult with the real landowners on their own land to hear what their views are and not be deceived by Port Moresby-based claimants without legitimacy.

If the government makes an unwise decision on SML without listening to the voices of the authentic landowners, we note that we will still own the land and no mining can take place without our permission.

The mine is our garden and, with SML extension on terms fair to the landowners, will continue to provide us with benefits and improvements in the lives of the men, women and children of Porgera and PNG for many years to come.

Maso Mangape
Chairman, PLOA SML Negotiating Committee

Dickson Pundi
Deputy Chairman, PLOA SML Negotiating Committee

Tony Mark Ekepa
Former Chairman, PLOA