

Porgera Restart: Benefits to be Shared Fairly, Transparently

SUNDAY, 28 May 2023: New Porgera Limited (NPL) would like to clarify certain matters related to the reopening of Porgera gold mine that have been the subject of speculation and considerable misinformation in the national media over the past week.

The benefit sharing terms agreed between the State, Barrick Niugini Limited (BNL), Kumul Mineral Holdings Limited (KMHL) and Mineral Resources Enga Limited (MRE) to restart the mine ensure a transparent and fair distribution of the overall economic benefits that will be generated by Porgera over its 20-year mine life.

Over the life of mine, PNG shareholders comprised of Porgera landowners, Enga province and the State (including KMHL, which will hold the equity in new Porgera on behalf of the State) will receive 53% of Porgera's overall economic benefits. BNL will receive the remaining 47%.

At a gold price of US\$1,800 per ounce, PNG shareholders would expect to receive nearly US\$7.3 billion (Kina ~25.2 billion) over a potential 20 year life and US\$2.8 billion (Kina ~9.7 billion) in the first ten years. The current gold price is significantly higher at approximately US\$1,950 per ounce.

Importantly, BNL, the operator of New Porgera Limited, has committed to finance the capital required to restart the mine. Furthermore, once the mine has restarted, any additional loans made by BNL or its affiliates to New Porgera Limited will be on an interest-free basis.

During the period since the mine ceased operations more than 3 years ago, BNL has on its own funded 100% of the cost of care and maintenance, totaling some US\$540 million (Kina ~1.9 billion) to date. The State, KMHL and BNL agreed that KMHL's dividends will initially be redirected to BNL to reimburse it for the costs of the care and maintenance. However, the other PNG shareholders are not affected by this arrangement and will receive their dividends as they are declared following the start of operations.

In addition, New Porgera Limited will be a significant tax payer, being subject to a 32% corporate tax rate, in return for fiscal stability under the *Resource Contracts Fiscal Stabilization Act*, and an increase in the royalty from 2% to 3%.

The proportion of equity and economic benefits that belong to the landowners is also a first in PNG's agreements with international investors.

These facts have been shared to clarify some of the confusion created by less accurate accounts of the terms of Porgera's reopening and demonstrate beyond doubt that the benefits derived from this world class mine are to be shared fairly between PNG and its partner, BNL.

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