



MRDC

TOKAUT

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of tomorrow*

MRDC Tokaut | DECEMBER EDITION 2016

MRDC opens bank accounts for PPFL 2 landowners



BSP Officers go through the paper work for new accounts with PPFL2 ILG Kawaradubuna clan representatives from Porebada during the account opening exercise.

Coastal villages within the PNG LNG Project Petroleum Plant Facility License 2 (PPFL2) area are close to receiving their share of benefits from the project following a bank account opening exercise conducted by the Mineral Resources Development Company (MRDC).

A total of 90 bank accounts were opened in the exercise carried out by MRDC's External Affairs team, with the support of the Department of Petroleum and Energy (DPE) and Bank South Pacific (BSP) for the PPFL2 villages of Papa, Rearea, Boera, Porebada and Kido.

Overseeing the exercise, MRDC External Affairs and Sustainable Development General Manager Imbi Tagune said the days of handing out cash will soon be a thing of the past as people opt for a safer methodology to ensure benefits are distributed properly.

The process began with two weeks of awareness raising in all the villages to notify the clans of the process and what would be required of them in order for the exercise to run smoothly.

Each clan representative from the respective villages, nominated to be signatories to the accounts had their photographs taken to go into a database to be used for identification purposes between the three organisations involved - MRDC, DPE and BSP.

"There were a few disputes among one or two clans during the exercise, but they resolved their differences quickly and came back to the team to allow the process to continue," said Kini Renagi, MRDC Senior Field Coordinator.

Many villages who came to witness the occasion praised MRDC for a job well done. "Some of us have been kept in the dark on how all this has been

going and now with this process that MRDC is coming up with, it will help all the people here in the village," said a villager who witnessed the signing by the executives during the opening of the ILG accounts.

Many villagers expressed their delight in MRDC for delivering bank services to them and said it was a way forward.

"That is something we want to see and thank you to MRDC through Imbi Tagune and the Managing director Augustine Mano for the great initiative," Boera villagers said.

The next process in the exercise will be the election of the board of directors of Gas Resources Plant, which is the subsidiary company under MRDC that represents and manages all equity and royalties for the PPFL2 areas.

The Electoral Commission will carry out the election to ensure a fair and transparent process.

Managing Director's Message



MRDC Managing Director - Augustine Mano

Welcome to the December issue of MRDC Tokaut. This is the last quarter of the year and it is always a busy one as we try to close off our books and complete our tasks for the year. In this issue of the MRDC Tokaut, I am pleased to share with you highlights for the quarter.

One such positive progress made was the opening of bank accounts for a group of PNG LNG Project

landowners. Our External Affairs team carried out the account opening exercise in the area to prepare and enable them to receive their share of benefits. An account of the exercise is on page 1.

On page 2 we are excited to announce that MRDC became official trustees of the Pacific Property Trust following the transfer of the property and its title from Melanesian Trustee Services Limited (MSTL).

Early December, we attended the 14th Mining Petroleum Investment conference, taking a 100-plus delegation of subsidiary directors and other landowner leaders to Sydney. In pages 3 and 7 we provide you with some highlights showcasing our involvement.

As we do in each quarter, we visited a few project areas, Kikori was one that I personally visited. Stories from this visit is documented on pages 4 and 5.

On page 6, is a photo highlight of all events, programs and field work that took place in the quarter.

During the quarter, we participated and supported some community events in Port Moresby such as the 2016 Miss PNG Pageant and the PNG Human Rights Film Festival. These events are featured on page 8.

On page 9, we profile our long-time staff and industry veteran, Imbi Tagune, who has contributed immensely to the company in terms of helping to manage landowners.

On page 10, Star Mountain Plaza Project Manager Eric Alome gives us an update on the project.

Our quarterly Tech Tok segment is featured on page 11 with a year in review of the petroleum sector and page 12 features all the sports news of the quarter.

I wish you all a happy reading until the next issue in March 2017.

MRDC becomes trustee of Pacific Property Trust

The Mineral Resources Development Company (MRDC) has become the official trustee and manager of the Pacific Property Trust effective from 25 August 2016.

Pacific Property Trust comprises of the Pacific Place Building, the Pacific MMI Building and the adjoining vacant land and the land on which ANZ House sits in Lae.

The MRDC became trustees following the handover from Melanesian Trustee Services Limited (MTSL). In exchange of these transfers, MTSL will be paid its retirement fee as was agreed in the 2014 Deed.

MRDC Managing Director Mr. Augustine Mano signed the Deed of Assignment and Assumption, which legitimised the transfer of the



MRDC Managing Director Augustine Mano (right) and MTSL representative (left) sign during the formal handover of the trustee of the PPT as lawyers for both parties look on

properties and its titles from MTSL to MRDC.

MRDC has taken some time to

carefully review all the contracts and property titles. It has also resolved some issues relating to the properties.

Meaningful investments for wealth creation

MRDC Group's asset base has more than doubled in eight years, currently standing at K3.8 billion, a 130 per cent growth, while its Net Asset is valued at K1.75 billion. A testament of how the company is managing landowner interest for wealth creation and sustainable growth.

This was revealed by MRDC Managing Director Augustine Mano during his presentation at the 14th Mining and Petroleum Investment Conference that was held in Sydney on 5-7 December 2016.

Mano presented on the topic, 'Managing Landowner Interests for Wealth Creation and Sustainable Investment.'

"The topic coincidentally defines what we do as a business. Put simply that is who we are and that is what we do," Mano said.

He said the answer to sustainability is to invest in business, then use the income to re-invest into other opportunities that open up.

Mano described the current income trend as being 30:70 ratio. He said much of the company's income is from legislative requirements, 5% in mining and 2% in petroleum which makes up 70 per cent while the other 30% is from investments outside of the mining and petroleum projects and this has been the ratio over the last eight years.

"The challenge for us is to reverse the trend so that as the mine life comes to close, we need to reinvest and ensure that the ratio is reversed, if we can



Mr Mano presenting his talk at the conference

do that I'm sure we can address the problem of sustainability.

"As a group we are proud of our financial health, with a solid balance sheet, excellent liquidity ratio and continuous overall growth. We take a long term view of investment but we understand the expectations of our beneficiaries which are always demanding and immediate," said Mano.

He said growing the Groups' wealth by making impact investments, for sustained future income generation after abandonment is a priority.

This impact investments can be made possible by all landowner subsidiaries under the Group joining hands and showing joint leadership.

He said investments in drip and drabs do not generate enough returns to create sustainable income but rather the aggregation and collaboration give the critical mass for meaningful

investments big enough to replace the decline in resources and also to address the cyclic effects of commodity prices.

Mano gave an example of the PNG LNG Project which the brown field companies together invested almost K300 million back into the Project to have a bigger say and to have a bigger revenue in the Project.

Other impact investments mentioned by Mano included the Pearl Resort Fiji, Taumeasina Island Resort in Samoa, Pacific International Hospital, Hevilift, PNGAIR and Bank South Pacific in which the group is the third largest shareholder.

Whist giving back to the landowners, MRDC also gives back to the country as a whole. Over the last eight years it has paid a corporate tax of K250 million. In 2015 alone when PNG needed money the most due to low commodity prices, MRDC paid K35 million in taxes to the Internal Revenue Commission (IRC).

Mr Mano highlighted key projects in project impacted areas to demonstrate how the company was investing back into the communities located within and near project sites to improve their living standards and empower them to enhance their earning capacity.

In terms of community focus, MRDC through Petroleum Resources Kutubu has built a bank and a post office in Kikori which serves the entire district with more than 50,000 people. A health centre is also being built for the Moran people. The health centre is nearing completion and will open next year.

SMP to restore landowner dignity and pride

The ambitious Star Mountain Plaza is a re-incarnation and embodiment of the dignity and pride that was taken away from landowners. It is a testimony and symbol of hope that they can overcome all odds.

MRDC Managing director Augustine Mano made the comments during his presentation at the 14th Mining and Petroleum Investment Conference in Sydney.

Mano revealed that there was a deep feeling among landowners that they have been exploited and denied their fair share of resources development both by developers and by the State.

"Landowners have to have dignity and

pride. Give them that and you'll see them taking ownership of sustainability," he said.

Mano told landowners that no matter what institutions like the government or the developer take away from them; they will never take away their dignity and pride.

The Star Mountain Plaza Project is yet another example of all the subsidiaries combining their resources and strength to reach the critical mass for sustainability so they can have the kind of revenue that Ok Tedi, Kutubu and Moran can provide for them after the completion of the projects.

"When all the projects are gone, then this one (SMP) can be the project that can give them back their dignity," said Mano.



SMP model, Tiffany with PRM Director Pape Punga pose for a photo in the MRDC booth

Invest wisely for the future: Mano urges landowners



Managing Director Augustine Mano addresses the people of Kikori during the presentation ceremony

attention to bringing this much needed services to the people so it can help improve their lives," Mano said.

While MRDC is doing its best to provide vital services at the door steps of those living in project impacted areas, the landowners were also urged to invest wisely in businesses using the annual income they receive from the royalties and dividends for their future including their children's.

"All these oil and gas will one day run out and I humbly ask you all that make use of the money we give you as your payments of your dividends and royalties and start making business. Please grow the money we give you as it will help you in the future when the oil and gas runs out," Mano said.

Mano who has travelled throughout all resources impacted project areas including Kutubu, Gobe, Sembirigi, Kikori as well as other impacted landowner areas in the country said: "For the last donkey years, Kutubu and Gobe as an example has been producing oil but until today, you will hardly see any changes in the lives of the people."

"The money got today is gone tomorrow and this has been happening for decades. We will do all our best in whatever little ways to help where the government cannot help to provide vital services in those various LNG areas."

The donation of the police vehicle to the Kikori Police, the donation of a school truck to Erave High school, bringing the Bank South Pacific and Post Office services to the door steps of the people of Kikori and Moro are some of the services MRDC through its subsidiary, Petroleum Resource Kutubu (PRK) provides to improve the lives of the people and help set themselves up for a better future.

The lives of people living in project areas can become better and meaningful if they take good care of services provided to them as well as take up investments with the income they receive through royalty, equity and annual dividends.

Director of Petroleum Resources Kutubu (PRK) John Kapi Natto made the remark on behalf of PRK Chairman Abraham Murepe during the official presentation of a police vehicle to the Kikori Police Station in Gulf Province late November, 2016.

Murepe could not travel due to medical reasons. The handing over of the police vehicle was witnessed by Assistant Police Commissioner Allan Kundi, Gulf Provincial Police Commander Silas Wayagure, MRDC Managing Director Augustine Mano and MRDC External Affairs General Manger Imbi Tagune.

"While such services are provided through good leadership it was also important that those services need to be taken care of to help you the people and the community in the long run," Kapi Natto said.

He said having visionary leaders like Mano who has rediverted his course with a vision based on service delivery to the impacted areas was a way forward to help the people help themselves.

"In a small way, MRDC through PRK has

provided what we can, like the donation of the police vehicle and others services such as the Kikori Bank and Post Office. Those services are happening through good leadership and I am not saying good leadership from the government but from the business we have," Kapi Natto said.

"That is why I support MD's (Mano) vision and idea of bringing services back to the people so we all can appreciate them. We can do as much but the company has limitations and whatever we give please always look after them and it will help you all in the long run," he added.

Meanwhile in his speech, Mano said in his eight years with MRDC, he has never seen any improvements in the lives of the people living in the impacted areas despite millions of kina being given in dividends and royalties to the landowners.

"It's about time we re-divert our

Correction:

An article we published on page 3 of the last issue of MRDC Tokaut, titled: "Moran PDL5 beneficiaries receive 2015 Royalties", we reported that a total of K1.2 million was paid, In fact it was K2 million.

The breakdown of payments is as follows:

• Future Generation Trust Fund	-	K610,238.15
• Landowners	-	K813,650.86
• Community Investment Trust Fund	-	K610,238.15

Erave High receives new school truck



L-R School Headmaster Patrick Yamu receiving the keys and vehicle ownership papers from MRDC MD Augustine Mano.

"The best and most successful people don't always come out of the best schools, or best settings, they come out of remote and disadvantaged places like here (Erave), and that's because of sheer determination to overcome obstacles."

Mineral Resources Development Company (MRDC) Managing Director Augustine Mano made the comments to students and staff of Erave High School while handing over a brand new truck worth K170,000.

Mano and his team travelled to Erave in the Southern Highlands Province to present the new truck donated by one of MRDC's subsidiary companies,

Petroleum Resources Kutubu (PRK).

The new school truck will cut costs on hiring of private vehicles or PMV's to move supplies from the towns to the school.

Having seen and experienced the harsh conditions of the areas especially the road conditions, Mano said he felt sorry for the students and the dedicated teachers hence made a commitment to purchase the vehicle for the school.

He encouraged the students to always believe in themselves and their abilities.

"With the same pride and honour in which you sing the national anthem and say the national pledge, you must

remember to carry an attitude of self-belief and determination to do well for yourself," said Mano.

He told the locals, teachers and students not to depend on the government or their representatives in parliament, but rather depend on themselves to make things happen.

"PNG is a big country and service delivery is hard, Erave is just like all other places in the country, with many challenges and lack of resources, the government will not always deliver services," said Mano.

He also urged the school head and the staff to take good care of the vehicle and ensure that it serves its purpose.

School Headmaster Patrick Yamu was grateful for the donation and thanked Mano for his commitment to the school.

With the nearest town roughly a 4-5 hours' drive away, Yamu said the school truck would alleviate many logistical issues they face.

The institution is the only high school in the area and also serves as a boarding school taking in students as far as Semberiki and surrounding areas. It enrolls close to 400 students some of whom are day students.

In 2015, the school celebrated its 16th Class of Grade 10's graduates, in which a record number of 142 students graduated.

PRK donates vehicle to Kikori Police

Petroleum Resources Kutubu's donation of a new police vehicle to Kikori Police was received with overwhelming praise from mothers and children in the community saying they felt safer moving around doing their daily chores.

The new vehicle donated in November will help police carry out their work in the community and surrounding areas. Law and order issues have been rife in Kikori which police have not been able to address due to lack of resources and support from the provincial government.

"The lack of man power on the ground has seen illegal activities such as high powered guns and drugs being smuggled into the area destined for the highlights region. It's happening right in front of our eyes but we are unable to do much as we don't have man



In front of the new vehicle with Kikori police is (second left) Imbi Tagune, PPC, PSC MRDC MD Augustine Mano, Kikori Lord Mayor and PRK director John Kapi-Natto.

power and equipment like guns and vehicles to do our job properly," said Police Station Commander Sergeant Ananai Omae.

Sergeant Omae highlighted that the Liquefied National Resource project areas in Gulf Province also needed urgent police personnel to be on the ground to subdue the increasing law and order problem.

"I would like to sincerely thank you MRDC particularly Imbi Tagune and Augustine Mano deep down in my heart for hearing our cries and for personally being here to deliver this police vehicle," he said.

The people of Kikori are grateful to MRDC for the new police vehicle which will help curb the escalating law and order issues and make their communities safe again.

Out and About



1. EITI meeting 2. Young Engan girls in traditional regalia during the launch of the Enga Cultural program for schools in Enga 3. PR Officer Iona Reto receiving a token of appreciation from Enga Governor Sir Peter Ipatas for MRDC's assistance towards the Enga Cultural Education Program.

4. L-R MRDC's Steven Evekone and Imbi Tagune with Managing Director Augustine Mano during a site visit to Kagua High School to do groundwork for the installation of a new genset to supply power to the school. 5. Imbi Tagune and Pacific Energy Consultant inspecting the old generator housing in Kagua High School. 6. DPE, BSP with MRDC officer Kini Renagi in Papa Village during a PPFL2 account opening awareness program. 7. Papa villagers gather for the awareness program. 8. BSP officers opening accounts for clan leaders in Porebada Village during the account opening phase for the PPFL2 PNG LNG plant area.

Out and About



1. MRDC's Imbi Tagune doing an interview with EMTV's Delly Waigeno at the 14th Mining and Petroleum Investment Conference in Sydney. 2. MRDC MD Augustine Mano seated left as part of the discussion panel. 3. Imbi Tagune poses with some landowner leaders at the Oil Search Booth. 4. The MRDC booth at the conference. 5. PR officer Iona Reto speaks to a MRDC booth visitor. 6. Tiffany speaks to some visitors at the booth 7. MRDC officers with some industry representatives at the Oil Search Cocktail at the Sydney 8. The MRDC booth at the conference

MRDC supports the 2016 Miss PNG Pageant

The Mineral Resources Development Company (MRDC) was proud to support the 2016 Miss PNG Pageant this year with a K15,000 cash sponsorship.

The pageant provides young women an opportunity to become cultural ambassadors for the country with an aim to empower women, an initiative MRDC fully supports.

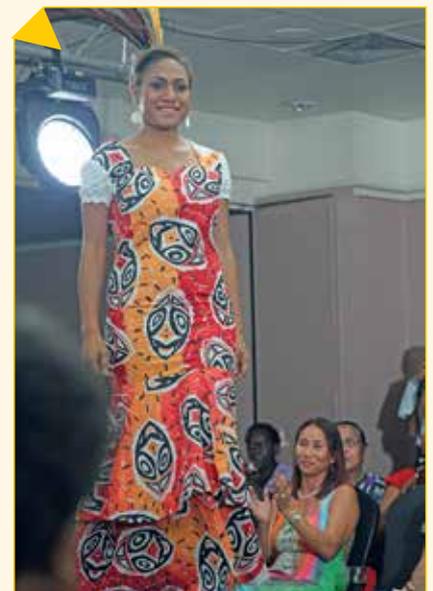
This year's event took place in November at the Crown Plaza where 23-year-old Kellyanne Limbiye, Miss Pacific Assurance Group 2016 was crowned Miss Papua New Guinea 2016. Limbiye who hails from Ialibu, Southern Highlands Province, and Chimbu was among six contestants vying for the Miss PNG title. She will go on to represent PNG at the regional Ms Pacific Islands Pageant in Samoa later in the year.

Meanwhile, the Miss PNG Pageant also raises funds which assists young women to complete their studies in tertiary institutions and colleges around the country.

The pageant has so far assisted 152 young girls through its K500,000-plus scholarship fund.



The gorgeous Ms. Pacific Assurance Group, Kellyanne Limbiye (seated) was crowned Ms. PNG 2016. Kellyanne will represent PNG at the Ms. Pacific Islands Pageant in Samoa.



MRDC backs PNG Human Rights Film Festival

MRDC has thrown in its support towards addressing human rights issues in the country by supporting the 7th PNG Human Rights Film Festival this year.

The company donated K6000 to assist in the running of the festival on October 20 -23 in Port Moresby.

The annual festival is aimed at promoting greater respect, protection and fulfilment of human rights for

all and creates a forum for debate to empower the audience to end discrimination.

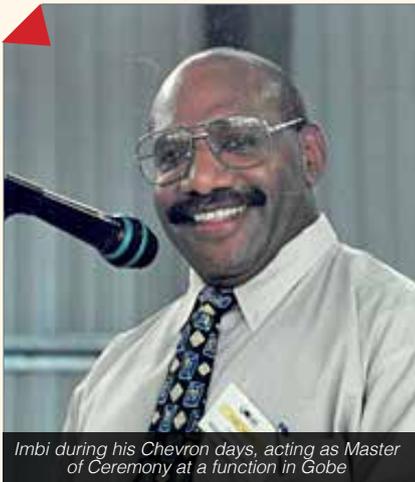
The theme for this year is 'Forgetting Not My Rights: Noken Lus Tingting Long Raits Bilong Mi.

Films screened presented different human rights themes and was followed by a panel of discussion with the audience.

The HRFF committee says it is an opportunity to look at the current situation in Papua New Guinea and what can be done to further implement human rights in those key areas.

The festival also travels to other regions such as Buka (Autonomous Region of Bougainville), Goroka (Eastern Highlands) and Madang.

A Service to people Imbi Tagune's Story



Imbi during his Chevron days, acting as Master of Ceremony at a function in Gobe

The key to project stability is to maintain good relations with landowners of multi-billion dollar project areas. Without this, threats of project shutdown remain which could potentially cost the developers and the state billions in loss time, productivity and profit.

"I have spent 30 years of my life traversing this vast resource rich country, building and maintaining these relationships with landowners of project areas," says Imbi Tagune, General Manager External Affairs and Sustainable Development at the Mineral Resources Development Company.

Imbi joined MRDC in 2001 as the Assistant Manager for Community Relations. He was brought in by the then Managing Director Madiu Andrew who saw Imbi as a person who could address ongoing landowner issues relating to non-payment of benefits distribution.

Sixteen (16) years on, as Imbi reflects on his contribution to the company, landowners and the industry as a whole, he says, "one thing is for sure there has been no project shutdown relating to non-payment of royalty and equity benefits under my watch."

"My time at Chevron before MRDC really set the foundations for learning about the oil and gas business in PNG."

Imbi joined Chevron as a Community Relations officer in 1989 and was one of the first few PNG nationals to be introduced to the oil and gas business in the country. He was the link between the company, government and the people, managing landowners to educate them on the oil business and mitigate issues and threats to projects around the oilfields.

"I took the time to talk to them, spent time in their villages to educate them



Imbi celebrated his 15th year with MRDC last year with a cake

on the oil business. Even if they didn't understand, I did my best to explain things to them. I think in the process I gained their trust and earned their respect," says Imbi.

Imbi's most notable contribution so far with MRDC was the introduction of a fraud free, cash-less system of distributing landowner benefits.

Before he joined MRDC, landowner issues relating to benefit distribution was rife and project shutdown and threats were a common thing.

Some government departments, the banks and certain landowner leaders in Port Moresby would plot and embezzle the funds in the city and spend it all while the people in the villages received nothing. As a result, disgruntled project area landowners would shut down or disrupt operations causing problems for the developers and the state.

"When I came in, we changed all that. I moved millions of kina for royalty and dividend payments from Port Moresby to the project areas."

Over eight years, Imbi had moved more than K72 million in cash without incident, and all accounted for, into the project areas.

"Several years later, I introduced the banking system to the landowners and oversaw the construction of the first bank in Moro for the people of Kutubu and surrounding areas," Imbi says.

The Kikori Bank was then set up for the people of Kikori and surrounding areas. When the banks opened, the cashless system mitigated safety incidents that came with moving cash.

All withdrawals had to be done in Moro and Kikori banks only with the exception of a few approved sole signatories.

The people's benefits were now

reaching them at their doorsteps, through the banks; an achievement for the people.

Imbi has been a vital member of the MRDC machinery. Having served under five different managing directors, he has seen the company grow from strength to strength.

"A few years back, a new MD came in and decided to give all managers in MRDC a pay cut. Out of three of us, two left but I stayed on. It was never about the pay packet but the positive influence and impact I saw that I could do for people in my role," Imbi says.

He is glad he stayed, describing his experience with the company to be life changing and satisfying.

Imbi says the MRDC is now collecting a small portion of money from royalties and equities from non-renewable projects and sustaining these through long term business opportunities for landowners.

He says these would not have come about if not for the reformations made by the government and implemented by the various managing directors he has served.

All the managing directors have made valuable contributions towards the organisation's objective to grow the wealth of the landowners.

"Former Managing Director Dan Kakaraya started the fire for the inclusion of landowners in business, then current Managing Director Augustine Mano came along and fanned the flames," says Imbi.

He says Francis Kaupa invested landowner funds in Pacific Property Trust's prime properties which MRDC has now taken over under a new investment vehicle which is the Property Trustee.

Imbi describes current Managing Director Augustine Mano, whom he has served for nine years, as the champion in raising the bar on landowner investments to enhance wealth and sustain their future.

"Landowners will never be the same, ever again. I am happy I to be part of a team that's defining the future of landowners in this country," he says.

"When I'm gone, I want to be satisfied that I have done all I can for the people, for the landowners," says Imbi.

We wish you more success in your service to the people and the country.

Star Mountain Plaza development update



The current SMP Development site

This issue of the MRDC Tokaut brings you some of the important updates on the Star Mountain Plaza Project as well as overall progress at the end of 2016.

There have been mixed results in 2016 in terms of overall performance on the Star Mountain Plaza (SMP). There have been some key successes that are worth celebrating in this final update for 2016. These include the securing of the BSP K200m bank finance, completion of the carpark structure, completion of the detailed engineering design for Stage 1, and commencement of the "above ground" structure of the Hilton Hotel building, combined facilities, and the Kutubu Convention Centre.

On the other hand, there have also been issues and difficulties. Some of these were outside of the project environment and beyond our control, such as the weakening of the PNG Kina (PGK) against major foreign currencies which resulted in significant foreign exchange losses on payments and procurement in foreign currencies. Others that were within our control could have been better managed, however, have now become lessons learnt for everyone involved in the Project going forward. As investor and developer of one of the single largest commercial property investment by a Papua New

Guinean company in extremely tough economic conditions both locally and internationally, we are taking our successes and victories in stride, learn from our mistakes, and continue to improve every day to ensure a successful completion. By virtue of its size and scale, the SMP demands the highest level of commitment and attention as anticipated by investors, stakeholders and most importantly, the people of Papua New Guinea. To this end, we are committed and focussed on delivering the SMP by July 2018.

As we wrap up the year 2016 in this final quarter update of the Tokaut, the MRDC on behalf of its three subsidiaries (MRSM, MROT, PRK), and the State want to thank everyone who has contributed positively to the SMP, whether directly or indirectly this year. We ask your continued support in 2017 as we continue with the construction over the next 12 months.

Key highlights on the SMP in 2016 are as follows:

- 58 contract packages to the tune of over K250, 000,000 have been let to various contractors and suppliers, both in PNG and offshore. Of the total contracts value, about 57% are in PGK while the balance is in various other foreign currencies.
- Due to the completion of the

carpark structure, there has been a reduction in site personnel. Almost 90% of the total labour force on site are PNG nationals while the remaining 10% is a mix of different foreign nationalities. We expect this number to increase as the hotel, convention centre and combined facility ramp up toward peak construction.

- Eight (8) contractors actively present on site – Stratum Unlimited Limited, Fletcher Morobe, Smithbridge, Vuksich & Borich, Sun Engineering, Kemele Construction, PHP Plumbing, and PRA Electrical. More contractors and sub-contractors are expected as the Project progresses towards peak construction.
- K200m loan facility with Bank South Pacific has been secured and drawdown has commenced.
- The carpark structure has been successfully completed by Smithbridge Construction using complex concrete precast technology, a first for Papua New Guinea.
- Construction of the Hilton Hotel above ground structure has commenced and progressing very well.
- Construction of the Kutubu Convention Centre above ground structures have commenced and progressing very well.
- Construction of the Combined Facilities above ground structures progressing very well.
- Health and safety performance on the Project remains very positive. No fatalities or major injuries recorded to date, a testament of the effort put in by everyone involved in the Project, in particular the site teams in making sure that the SMP Site remains one of the safest and most secure heavy construction sites in Port Moresby.
- Overall, the project performed "generally good" in terms of both schedule and cost performances.

(continued on page 11)

(continued from page 10)



There were both achievements and problems worth noting.

- The initial final completion date has been extended by six months,

bringing the revised completion date to July 2018. The Project team will work with all the contractors, consultants, and suppliers to

ensure an early completion.

- Prolongation costs as a result of the extension of time has been added to the initial Project Budget. The Project Team will explore every available option to find savings where possible and target to complete the Project within the initial Project Budget.

We anticipate 2017 to be another challenging year but we are also optimistic that the year will also be a time to celebrate achieving many important Project milestones. We will remain vigilant against all challenges inherent on the Project, but as we have demonstrated since the commencement of the official construction, no challenge is too big to handle. With the team of dedicated individuals we have, we look forward to taking the SMP a step closer to completion.

TECH talk

YEAR IN REVIEW – PETROLEUM SECTOR

OIL FIELDS OPERATIONS

- Operator has proposed plans for gas opportunity in SEM field despite the production ceasing. Currently undergoing gas reserves evaluation and has proposed an estimated 21BCF (3C) for recovery.
- Well integrity and maintenance has help production improved form respective wells in Kutubu fields. Well integrity plans are currently underway for Moran wells for 2017.
- Gobe Main and SE Gobe continues with strong production despite field maturity and field life

drawing to a cessation.

- Overall, the highlight of operations for the year was the high performance in oil production despite low oil price during the year 2016.

GAS FIELDS OPERATIONS

- There continued to be steady gas production apart from various down time at the LNG plant, with one major plant trip in May 2016 causing low production.
- Kutubu, Gobe Main and SE Gobe (third party) continued to deliver gas to PNG LNG Project and operation of liquids through the export system via Kumul Terminal.

- The PNG LNG operator maximised project production through their DMC system installed in the third quarter of the year.
- Although revenue was down which was driven by significantly lower oil price and LNG prices, it was partially offset by higher sales volumes from LNG sales.
- Operator has reported that Oil fields and Hides GTE contributed 3.52 mmmboe (including SE Gobe third party gas sales to PNG LNG), also 4% above previous corresponding period despite maturity of fields.

Hekari United accept Kikori friendly invitation

PNG's top football team, Hekari United has accepted a friendly match invitation to play youngsters from the project impacted areas of Kikori once the town's new sports field is complete.

The match was set up during a visit to Kikori by MRDC Managing Director Augustine Mano and Hekari owner and PRK Director John Kapi Natto to donate a police vehicle to the Kikori Police.

Mano told the locals that the sports field currently under construction is large enough to host various sports and games.

"I have talked to the owner of Hekari United Football Club whom you all know, John Kapi Natto. Yes, he has agreed that once the field is complete, the youths of Kikori will form their own team so as youths from Semberiki to give a run against PNG's champion soccer team, Hekari," Mano said.

Kapi-Natto accepted the request saying it has always been part of the club's plan to take the game to the grassroots level.

"Once the field is completed, I will definitely bring Hekari United Football Club here to play against your team. It is something I had wanted for a long time, and that is to bring the game to the grassroots level and next year (2017) we start doing that," Kapi Natto said.

New sports fields for Kikori, Sembirigi and Kutubu

Work is currently underway in the resource rich project areas of Kutubu, Sembirigi and Kikori to construct three sports fields for the communities.

Mineral Resource Development Company Managing Director Augustine Mano made the announcement during his visit to Kikori in December, 2016. He was responding to queries from landowners in Kikori after their main playing field was moved away and rebuilt at a different location.

Mano said the initial playing field was removed to make way for vital services in order to alleviate the sufferings of the Kikori people. In the past, the people of Kikori had to travel long distances for banking and postal office services.

"Mi save olsem planti bilong yupla ol yuts i komplem na tok pil bilong mipla long pilai em yupla rausim tasol ino olsem, mipla I rausim long kamapim niupla field bilong yupla na wok i start pinis (I know

that a lot of youths are complaining that we (MRDC) had removed your playing field but we've moved it to build proper new fields for you and work has already started)," Mano said.

"I made my decision that we will start bringing in service down to the people. The government will never come down to you because you already have the royalty and equity therefore they (Government) will be concentrating on others," Mano said.

Mano said he was still to see any tangible development in the project areas despite millions of kinas being paid to the landowners as dividends, royalty and equity.

With the construction of Kikori's own sports fields, Mano urged the communities to take good care of the services and infrastructure that they have been provided so that it can in return look after them in the long run.



Kikori female Lord Mayor in discussion with PRK director and Hekari United Football Club owner John Kapi Natto and MRDC External Affairs and Sustainable General Manager Imbi Tagune at the ground breaking ceremony for the new mini stadium as staff members look on

PRK pledges sporting equipment to Kikori School

Good news comes when you least expect it. That was certainly the case for 524 schoolchildren from Kikori Primary school last month (November).

PRK Director and owner of Hekari United FC John Kapi-Natto surely got the little heads turning and wondering who he was when he took time out from a different program to make a surprise visit to the school.

From the outset, the school children didn't know who Kapi Natto was but they certainly knew someone important was visiting at the sight of his police escort.

"The kids ran into my house to tell me that someone wanted to see me," said Kikori primary school's Headmistress

Ako Tape.

During his tour of the school, Kapi-Natto noticed that the school's playing field was the only venue catering for all the sporting codes including football in Kikori.

Mr Kapi-Natto was touched seeing the passion the children showed kicking one soccer ball between what seemed like hundreds of boys and girls.

As the crowd of school kids and teachers gathered around him with curiosity, Kapi Natto addressed them: "Today you are all lucky. I will make a pledge on behalf of PRK to donate soccer balls so you can learn to play soccer.

"We will also donate other sporting

equipment including basketball, volleyballs, and rugby league balls as well as to build your new basketball and volleyball courts at the Kikori Primary school."

He said having proper sports equipment and facilities in school was vital in ensuring a wholesome learning journey.

"MRDC is building your new sports field in your town and work has already begun but in the meantime, we will donate balls and build your basketball and volleyball courts so you play on a good facility," Kapi Natto said.

Upon hearing the good news, Tapo thanked the MRDC particularly PRK for the kind gesture to help the school children of Kikori.