



# MRDC

## TOKAUT

*Custodians  
of tomorrow*

MRDC Tokaut | JUNE EDITION 2016



## Anderson Agiru - leaves big shoes to fill

*"The challenge for Hela in the future is to fill this great vacuum. A vacuum left in the passing of Hela's favourite son and chief. The province needs to grow from where the late Anderson Pawa Agiru left off to take this unique province with its unique people to the next level."*

These were the words of MRDC's External Affairs and Sustainable Development General Manager Imbi Tagune who knew the late Governor in his professional role and as a close friend for many years.

On Thursday 28th of April 2016, the country woke up to the news of the passing of one of the nation's vibrant, young and visionary leaders, the late Governor Anderson Pawa Agiru. He once led Southern Highlands Province and later led his beloved Hela people with vision and charisma to become a province on its own.

The two provinces were in a state of shock. His passing left a huge vacuum in the lives of his people whose future looked uncertain because he left behind shoes too big for anyone to fill.

The late Agiru was greatly loved and esteemed by his people and earned respect far and wide. People travelled far

and wide to farewell him as the whole country mourned his loss.

Agiru was very much a part of the MRDC family. At the time of his passing, he was a Director on the boards of petroleum company, PRM, and Gas Resource companies, Hides, Gigira, Juha and Angore.

He began his journey with the company 18 years ago when he was first elected Governor of Southern Highlands Province in the 1997 General Elections. As Governor for SHP over two terms he was appointed as an independent Director to the boards of the following petroleum companies:

- Petroleum Resources Kutubu (PRK) from 1997-2003 and 2007-2012
- Petroleum Resources Gobe (PRG) from 1997-2001, 2002 -2003 and from 2008-2013.

In 2002 he added Petroleum Resources

Moran (PRM) to his board member portfolio from 2002-2003 and then again from 2008 until the time of his passing.

PRM Chairman Pape Punga described the late Agiru as a visionary and said he always had a tendency to articulate and interpret the English language to his Huli people in the many negotiations he was part of, and this would be greatly missed by his people. Mr Punga said Agiru will be remembered for many things. For him it would be that the late Agiru was the first Governor to successfully commission an extended well test for the Moran Fields which later became PDL5, and his commitment in building the Homa Paua Road to link the Gulf and Southern Highlands provinces.

From 2009, when the LNG project came into being, Agiru was also appointed Director on the boards of Gas Resource companies, Hides, Gigira, Juha, Angore

*(continued in page 3)*



## Managing Director's Message



MRDC Managing Director - Augustine Mano

Welcome to our June edition of the MRDC Tokaut. The second quarter has been very eventful. We mourned the passing of a great leader Anderson Agiru, Governor of Hela province in May. We pay homage to this great man and his contributions to the petroleum industry on pages 1 & 3.

The SMP project is very special to us and our beneficiaries. It is the single biggest property investment by a PNG company. In this edition, we've provided an update on progress being made on this project.

We make quarterly trips to the project sites and maintain contact and communication

with our beneficiaries. We sit with them and listen to them to see how best we can assist them to better their lives. In the next pages of Tokaut we bring you stories from those visits so you get a sense of what MRDC does.

The Ramu Nickle Mine is going through a rough patch like many other businesses affected by the tough global financial situation but it has done well to hold on. We cover this on page 4 and on the 'Tech Talk' section on page 10.

We've had several major issues in this quarter with protesting landowners from the PDL2 project area. This is featured on page 5, with it, an update on PDL5 beneficiary bank account reviews.

Success is not an easy road. Hard work, commitment and dedication will always get you there. This has certainly been the case for Kini Renagi who has clocked in almost 20 years with the company. We feature him on page 8.

We were also honoured to have purchased an ambulance for the people living on the borders of Usino Bundi and Middle

Ramu districts in Madang. It was satisfying to hear that the ambulance is frequently doing referral and emergency runs to Madang to save lives. Read more on this new ambulance on page 9.

Our beneficiaries of the Ok Tedi Mine are also featured in this issue on page 11. Our executive management team visited them in April to iron out several issues that were raised together with the community affairs team from OTML. This was also an opportunity to present to the landowners MRSM's investment report for the quarter. The landowners were pleased with the report to date.

Our 'Sports Nius' on page 12 features several sporting events we were a part of this quarter. The Fun Run certainly got our staff up early, to join thousands in the annual event. I was not able to attend but I am glad to see my staff taking part in a great cause.

Finally on pages 6 & 7 is a photospread of the happenings this quarter in pictures. We hope you enjoy the photo stories and enjoy reading this issue of the MRDC Tokaut Newsletter. Till next time, stay safe.

## Star Mountain Plaza development update



The end of June 2016 marked one year of the official construction of the Star Mountain Plaza project (SMP). This has been an exciting, yet challenging 12 months for the SMP, the largest private investment by a Papua New Guinea company.

Progress on the project over these past 12 months has been positive. Key highlights are as follows:

- 24 contract packages with a total value of K178.9million approved by Star Mountain Plaza Limited

(SMPL). Out of the total approved, 75% were in PNG Kina.

- A further 19 contract packages are either at tender stage or awaiting approval by SMPL.
- 236 full-time construction personnel, of which 75% are PNG nationals, are engaged on the project. The number is expected to grow when the project hits peak construction around the second quarter of 2017.

- Five (5) contractors are actively present on site – Stratum Unlimited Limited, Fletcher Morobe, Smithbridge, Vuksich and Borich, and Sun Engineering. More contractors and sub-contractors are expected as the project progresses.
- The carpark building which has a parking capacity of 500 vehicles is about 75% complete.
- The Hilton Hotel building is progressing steadily. At the end of June 2016, Level 5 of the lift core was completed and the construction of the basement started.
- The Kutubu Convention Centre is progressing steadily. End of June 2016 saw the completion of all foundation works and underground services installation.
- Health and safety performances on the project has been positive. No

(continued on page 3)

# Late Anderson Agiru

## The Shoes too big to fill

(continued from page 1)

and North West Moran, companies representing the landowners of the project. He was also appointed to the boards of Gas Resources Moran, Kutubu and Gobe until 2012.

The late Governor was instrumental in bringing the PNG LNG project into the country with Hela as the host province. It was only natural that he led the Hela Province. He became the pioneer Governor-elect in the 2012 General Elections.

"I adored him for what he has done for PNG, by underpinning the economic future for this nation. He had put Hela Province on the map with oil giants like the world first, ExxonMobil. He said if Ambua Lodge had not done it in the past through tourism then the gas business has taken Hela to new heights in the



name of our late brother and Governor late Anderson Pawa Agiru," said Tagune.

Chairman of PRK Abraham Murepe shared similar sentiments on hearing about the late Governor's passing. Murepe described Agiru as one who made a notable contribution to the growth of PRK and especially in investment negotiations in the PNG LNG project. He fought for landowner participation in the projects. "I have always looked up to him to take the lead on our behalf. He was a visionary leader, a brother and a friend who will be missed."

Agiru served as Director on the boards of these 11 companies during his three terms in parliament from 1997 to 2012 as Governor for Southern Highlands Province and until his death, as elected Governor for the new Hela Province. Agiru played a significant role as leader of both provinces.

Agiru was a fellow of the Australian Institute of Company Directors and held a Masters degree in International Business and Trade. He was a seasoned professional having worked in the banking industry and served as an advisor to a number of high profile politicians before entering politics. Agiru contributed immensely to the development of MRDC and its subsidiaries over an 18-year period. He had a colourful political career and left his mark in the hearts and minds of many.

Tagune's words reflected the thoughts and feelings of the people who had the privilege to cross paths with the great leader. "To me, I liked the part when he had time to listen to me, both bad and good. I was a nobody but to be listened to by the late Anderson Pawa Agiru made me feel important and this is something I treasured just to be called a friend to him and a friend who was Governor of SHP and Hela. My hero has fallen but his wishes can transpire through many whom he came to meet and know including myself. May his soul rest in eternal peace."

(continued from page 2)

fatalities or major injuries have been recorded to date. This is testament to the extraordinary effort put in by everyone involved in the project to make sure that the site remains a safe and secure work environment.

- In terms of cost, the project is about 15% into the overall budget. Comparing this expenditure to the actual progress overall, the cost to date is roughly where we would expect it to be, thus demonstrating the prudent project management system we have in place and the commitment by our project team to deliver value on time.

As is the case for any project of the SMP's scale and size, challenges are faced constantly. Challenges make projects unique compared to ongoing operations. The SMP Project Management team understands the importance of managing these challenges effectively. It has developed the appropriate capacity to deal with these challenges and deliver your project on time and on budget.

## Staff News



Congratulations to another MRDC staff on graduating! Malcolm Pang graduated from UPNG in April with an Executive Masters in Business Administration. Malcolm is our Mining Engineer attached with MRDC's technical team.

## New Ramu project LO Association executives attend induction workshop



Agency representatives from MRDC, MRA, Treasury and Ramu Nico with the newly elected Ramu Nico Landowner Association executives after the 3 day workshop held at the Coast Watchers Hotel in Madang

"The process of electing landowner association leaders is very important and must be kept robust and respected."

MRDC General Manager External Affairs and Sustainable Development Imbu Tagune made the remark while congratulating the newly elected Ramu Project Landowner Association executives in Madang last month.

He said the position of leadership is to serve the people. When elected, he said, leaders need to represent their members well to the different stakeholder agencies.

The newly-elected executives gathered in Madang last week to attend a 3-day induction workshop

hosted by the Mineral Resources Authority.

"I hope the workshop can guide the leaders to represent the people by understanding the role and function of each stakeholder so they know how to approach the various entities for mine issues affecting their communities," said Tagune.

The workshop was an opportunity for the different resource sector agencies to explain their roles and functions to the new executives. It was also an opportune time for the agencies to provide an update on current issues as well as progress on the Ramu Nickel Mine.

Stakeholder agencies that presented their roles and functions included MRDC, MRA, Department of Treasury, Madang Provincial Administration, Ramu Nico and the Department of Lands.

In attendance were landowner executives from three of the four landowner associations representing the Ramu Nickel project. They are; Kurumbukari, Inland and Coastal Pipeline Landowner Associations. The Basamuk LO association was not represented due to election issues before the courts.

Elections for the association representatives are managed and run every four years by the electoral commission in a clear and transparent manner.

When the elections formalities are complete, the MRA will endorse all election results to MRDC to effect the appointment of directors to Ramu Nico landowner company, Mineral Resources Ramu (MRR).

MRR owns a 2.5% equity in Ramu Nico project which MRDC manages.

## MRDC visits Ramu Nickle Mine

The MRDC External Affairs team made its first quarter visit to Ramu Nickle mining operations in March.

The team visited the operations just after the slurry pipeline burst which affected the highway and surrounding vegetation.

Assessment showed the slurry was contained and maintenance done to the broken pipe. Mine officials briefed the team on the steps taken to contain the spill as well as a report on how the pipe broke.

During the 4-day visit, the team travelled to the Ramu Nickel Refinery, on the Rai Coast, speaking with the Chinese Developers to get an update on current mining operations in light of the recent hype with local unions and low nickel prices.

The situation had cooled down and the mine was handling the situation with its striking workers. The team was advised they were mining high grade nickel but nickel prices were



L - R: Yu Xiaoguang Hyro-sluicing Deputy Superintendent, Meng Deyong DGM of KBK Mine, Imbi Tagune GM MRDC, Zhao Deqian, MCC Vice President, Malcolm Pang Mine engineer MRDC, Zhao Haiyun GM of Development and Planning Department and Wu Hongyong, GM of Corporate Office during the tour of the KBK Mine's Hydro mining operations.

unfavorable at the moment for them to sell. The team also visited the tailings tank and was given an update on current data recordings on the DSTP. The team emphasised on the need for Ramu Nico to keep a close eye on the integrity of the pipes to prevent further spillages.

During their visit to Kurumbukari Mine where nickel and cobalt are mined,

the team had the privilege of meeting MCC Vice President Zhao Deqia who personally gave them a tour. Deqia also briefed the team on current operations.

During the visit the team also met with Ramu Nickel landowners. They were provided a brief of the current financial situation of the mine and production statistics.

## Moran PDL5 beneficiaries' accounts reviewed



Extern Affairs officers Bartholomew Yacop and Kini Renagi go through the Moran PDL5 beneficiary account lists with BSP Moro Branch Manager Aila Steven

MRDC's External Affairs Division recently undertook a Bank Account Review exercise for the Moran PDL5 beneficiaries.

The exercise was to address account issues identified by the Bank of South Pacific in consultation with MRDC and the Department of Treasury.

Key issues included updating bank records and redistributing benefits in line with changes within the Incorporated Landowner Groups' (ILG) either through death or birth.

MRDC had set up 623 bank account for landowner beneficiaries in Moran PDL5 project comprising of Moran Huli (575 accounts) and Moran Fasu (48 accounts) ethnic groups in 2011. These accounts are operated at Bank South Pacific's Moro branch, Southern Highlands Province (SHP) where ILGs can receive equity and royalty benefits from Petroleum Resources Moran. All 623 beneficiary bank accounts were reviewed during the 4-day exercise. A total of 578 accounts were in order while the rest had issues which the bank, MRDC and landowners will work together to address going forward.

Also during the review, the team attended to unhappy landowners who did not agree with the way benefits were distributed at clan level. They urged MRDC & Department of Petroleum and Energy (DPE) to review the list to accommodate changes. There were also concerns raised on replacement of deceased clan leaders who are signatories. Of the Moran Huli and Moran Fasu accounts, 85% are in order.

Pape Punga, Chairman of Homa Paua Association and Chairman of PRM made a commitment to work with clan executives to reach a win-win benefit sharing formula.

## MRDC not mandated to decide on financial demands - (Petroleum Development License 2) PDL2 issue

"MRDC is not mandated to make decisions nor has any power to deliberate on financial demands made on the company by landowner groups."

MRDC Managing Director Augustine Mano made the statement in a letter of response to a demand by the 117 Incorporated Landowner Groups (ILGs) from the Fasu tribe in the Kutubu project area for compensation in the sum of K15 million.

He said such huge and unsubstantiated demands can only be deliberated on by the Petroleum Resources Kutubu Board.

The 117 Fasu ILG's had protested in April this year by camping outside the Kutubu Central Processing Plant eventually shutting it down for a day.

They petitioned the Prime Minister's office to address outstanding matters and demanded those points be met for them to leave the CPP areab

The petitions points in summary were regarding three outstanding matters:

1. PNG LNG Gas Benefits – royalty and equity
2. Outstanding ministerial commitment of K50 million
3. Kutubu MOA review

MRDC General Manager for External Affairs Imbi Tagune attended to the protesting landowners together with officers from the Department of Petroleum and Energy and Kumul Petroleum.

Amidst threats to Mr Tagune, it was at this protest that the Fasu ILG's also demanded for compensation from MRDC over issues regarding the Namu'aporo Landowners Association chairmanship position. In a petition to Mr. Mano, they highlighted six points in support of their demand for compensation for hardships they claimed to have

faced during the NLA leadership tussle.

They claimed MRDC interfered by getting the two leaders John Kapi Natto and Mark Sakai together in Port Moresby to put aside their differences without consulting the ILG's while the issue was still before the courts.

Mr. Mano responded to the claims saying it was at the height of the dispute that the then Minister for Petroleum & Energy decided to have two Fasu representatives on the board of PRK while the other beneficiary groups of the Kutubu project have one representative each.

Mr Mano said that the decision was made on the basis that the 117 Fasu ILG's have been significantly impacted by the Kutubu project and more importantly to ensure proper representation of the Fasu people on the PRK Board.

He also clarified MRDC's position regarding their petition point to the government about PNG LNG Gas benefits. He said the MRDC was served with a court order by the Yafereka clan from Fasu preventing any payment relating to royalty or equity to the 117 Fasu ILG's in the PNG LNG project.

With the court order in place by the Yafereka clan who want to increase their percentage of the benefit distribution on the basis that they claim that about 80% of the project infrastructure is located on their land, it now creates a dispute on royalty and equity benefit distribution and under law. PRK cannot make any payments when there is a dispute.

Meanwhile, the other petition points have been addressed by the respective government departments verbally and in writing to the 117 Fasu ILG chairman.



**1:** PPT's Joyce Ora and family during the 2016 Fun Run; **2:** Spider Man! Bells rope access boys getting ready to clean the Pacific Place building windows; **3:** GM Imbi Tagune presenting a K20, 000 cheque to the Kairuku Hiri Netball tournament officials to purchase food items; **4:** Young netballers from Team Barakau during the opening ceremony of the Kairuku Hiri Junior Netball tournament; **5:** Young ladies from Gaire; **6:** The hosts of the Kairuku Hiri Junior netball tournament 'Boera' walk out proudly during the opening ceremony; **7:** Barakau WA (Orange) Geno Dikana and Poredada (GD) Mauri Vele fight for the ball in the under 17 division of the tournament; **8:** An ariel shot of the Majestic Wasi Falls also known as the Beaver falls in Southern Highlands Province.



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**9:** Mr and Mrs Kapi-Natto paying their respects to the late Anderson Agiru during a state funeral held for him; **10:** PM Peter O'Neil laying a wreath during the state funeral; **11:** MCC officer from the main operations centre explaining how the system works to MRDC's Imbi Tagune and Malcolm Pang as Mathew Yakai from MCC Public Relations looks on; **12:** Imbi Tagune having a look at a tailings sample pulled up from the Basamuk Deep Sea tailings tank at Basamuk Refinery; **13:** Star Mountain Plaza Board members take a tour of the SMP project site in April to see the progress of works since its ground breaking in September 2015.

## Staff News

# No easy road to success - Kini's story



L-R: Kini's father Renagi Puele, Imbi Tagune, Kini Renagi and his brother Rev. Puele Renagi at Kini's graduation at Divine Word University in Madang

"Opportunities come and go in life, you can choose to grab it and run with it or let it go and regret it," says Kini Renagi as he remembers when he first joined MRDC.

It was 5 am on a Wednesday, 31st of October 1996, when Kini received a phone call from the then Managing Director of MRDC, Dr Ila Temu, that he was to start work immediately. Prior to that Dr Temu had asked Kini if he would be interested to work for the organisation. It was an opportunity not to be missed. Kini from Kapari Village in the Central province was 22 and had been out of school with no employment.

"No job is too little," he said. "When I first began with MRDC, I was a clerk, all my days spent sorting through piles of client files. It is a boring job when you think of it, but as I went through those files, my curiosity and eagerness to learn led to me reading through the paper work I was filing away."

Over time Kini was well versed in the company and the subsidiaries structures, its roles, functions and who the company's key clients were. Kini knew more about the company clients than the nominated client services officers and was called on by everyone in the organisation when they needed information.

"I really wanted to work so I had to make myself become an asset to the company. I only had a grade 10 certificate and employment opportunities were slim for me. It

got down to either getting sacked for being slack or stay focused and do the best at what I did," said Kini.

Reflecting on his 20 years with the company, Kini's commitment and eagerness to learn saw him move quickly up the corporate ladder. From clerk he was promoted to administration officer. His interest in dealing with landowner matters grew, making it his business to continue to learn as much as he could from all the information he had access to. This paid off when the company recognised his efforts and saw him capable of handling landowner matters in an official capacity. In 2005 Kini was made a public liaison/relations officer for the company. He was then able to go out to project sites and speak to landowners on issues or matters affecting them, or carry out royalty and equity payments.

"Dealing with landowners from different project areas is tough. You need to understand their culture, way of living, behaviour in order to muster a good outcome for all. The experiences in dealing with LO's has had a good impact in my career and my personal life. It allowed me to see things from different perspectives before decisions are made both in work and private life."

In 2013, Kini was promoted to senior external affairs co-ordinator for the company. By then he felt he had the experience, but in order to move further up he needed to attain formal qualification.

He enrolled at the Divine Word University's Flexible Learning Program in 2014 to pursue a Business Management qualification. After all, dealing with landowners and their benefits was business management. The company backed Kini a 100%, covering tuition fees, accommodation, travel and allowances during his study program. In under two years and on target Kini completed his course.

In April this year, Kini proudly graduated with a Bachelors in Business Management. A true testament of how hard work, commitment and dedication can see one achieve their goals. For Kini, it has been a long journey, witnessed and supported by his family and a few special people who made an impact in his life.

One of those special people being his current boss, Imbi Tagune, General Manager External Affairs and Sustainable Development under whose supervision Kini spent 15 of his 20 working years.

'Maiya' (brother in Kagua, SHP language), has always pushed me to the limit and to know my potential. He was already an industry man so he's mentorship and guidance took me to new heights. I was able to achieve things I never thought possible. I can't thank him enough.

"In my time with MRDC, I've served under six different managing directors. With state-owned entities, most times when top level management changes, the bottom half does too, but I've managed to adjust myself each time so I was able to perform my role effectively with each new management."

His word of advice is to, "do your job diligently, always think outside of the box and be creative. Adapt to every situation so you make yourself indispensable in your organisation."

To this day, Kini is one of four MRDC staff closing in on 20 years with the company and who has definitely become an asset to the company.

## New ambulance on a mission to serve 15,000 locals in rural Madang



MRDC's Kini Renagi (Centre) with CHW Vincent (right) and Richard the ambulance driver (left) in front of the new ambulance during one of their medivac trips to Madang last week.

A new ambulance belonging to a rural aid post in Madang Province made its first lifesaving missions to the provincial hospital in Madang town last month when it transported two critically ill patients for emergency treatment in its first week on the road.

Despite the mercy dash one patient died a few days later, thus is the reality for the country's rural population who have limited access to emergency and referral services when they most need it.

Pasingkap Aid Post is located in the Arabaka Local Level Government area, at the boarder of Usino Bundi and Middle Ramu districts. It serves a population of close to 15,000 people residing within the two districts and near the border.

The brand new fully kitted ambulance was donated by the Mineral Resources Development Company (MRDC) and will allow the 15,000 locals ease of access to emergency and referral services at the Modilon General Hospital.

The woes of the local people was highlighted by veteran community health worker Vincent Lazarus from Pasingkap Aid Post, who has

spent 16 years in the area providing health services to the locals.

He said in the past he had to coordinate with the provincial health authority to medivac patients either by road or air which sometimes saw delays in patients seeking emergency treatment or proper care, and lives that could easily be saved, are lost.

With the road conditions in a deteriorating state, it takes vehicles up to four hours to drive from the aid post to Madang, but with the newly kitted four-wheel drive ambulance, it allows for health workers to manage patients on the challenging road conditions.

Vincent expressed gratitude for the donation, and thanked the Member for Middle Ramu MP Tommy Tomscoll for seeing to their needs and seeking assistance on their behalf from MRDC.

The donation is yet another reflection of MRDC's commitment towards the health and wellbeing of the people of PNG in order to improve the quality of their lives through the prudent and efficient management of the people's wealth from the country's natural resources.

## UPNG graduates thankful for MRDC's support



Bisiape Paul, Business Administration and Public Policy graduate, with his family who travelled from Erave, SHP to witness his graduation last week

"MRDC is truly and an outstanding management organization that prudently manages wealth and resources of our country. We see that MRDC has been in the forefront in making huge sound investments for the resources owners and for the benefit of the country as a whole".

These were the words of Bisiape Paul, one of nine young men and women from Southern Highlands and Hela provinces who proudly walked away with their Undergraduate degrees at the 61st University of Papua New Guinea (UPNG) graduation ceremony in April thanks to the support of the MRDC and its subsidiaries.

On behalf of his fellow graduates, Bisiape who graduated with a degree in Business Administration and Public Policy, thanked MRDC for its commitment to nation building through its investment in human resources.

He said there are a lot of bright students capable of making it into higher learning institutions within Papua New Guinea and abroad. However, the only obstacle was the high tuition fees charged by higher learning institutions.

Hence, Bisiape said they were very thankful to MRDC, with its current, vibrant management team and energetic group of leaders, for having come forward to set free many students by giving priority to education throughout the country and abroad.

"We believe MRDC's current management and the directors will maintain that good support in the future," he said.

## TECH talk

# “Ramu NiCo” incidental shutdown report

By Malcolm Pang | Mining Engineer

### Ramu Nickel average annual production

| Materials                       |        | 2014 - ACTUAL | 2015 - ACTUAL |
|---------------------------------|--------|---------------|---------------|
| Production Capacity (Nameplate) | %      | 66%           | 81%           |
| Ore & ROM                       | DMT    | 5,917,925     | 7,320,300     |
| Cr Concentrate                  | DMT    | 30,238        | 51,709        |
| MHP (Wet)                       | tonnes | 177,740       | 180,278       |
| MHP (dry)                       | tonnes | 56,255        | 65,287        |
| Metal Ni                        | tonnes | 20,700        | 25,582        |
| Metal Co                        | tonnes | 2,112         | 2,505         |
| Nickel Price                    | US \$  | 17,093.28     | 12,193.66     |
| Cobalt Price                    | US \$  | 30,736.02     | 28,194.93     |

### Ramu Nickel incidental shutdown

On Tuesday 12th April 2016, BSK Refinery sustained a fatality and lost time injury (LTI) from an incident involving high pressure (HP) steam within the HPAL area, specifically Autoclave three (3). That incident occurred during a routine heat up procedure. A Chinese worker died and two PNG nationals were injured during the incident.

As a result, operations were forced to shut down for three months in order for investigations, rectifications,

maintenance and proper safety measures to be in place. Mineral Resources Authority (MRA) imposed a blanket shutdown on operations.

### MRA suspends operations

MRA, under the inspectorate division has ordered the Ramu Nickel mine (RNML) to shut down its High Pressure Acid Leach (HPAL) operations. Since HPAL is the heart of the production, a total shut down occurred across the mine.

MRA ordered RNML to provide a third party investigation report of the

incident by an international reputable company with the issues be identified and rectified accordingly. The process took three months and was fulfilled by RNML towards the end of June 2016.

### Impact of shutdown to shareholders

The shutdown caused a production loss of 6,000 tons of nickel and 600 tons of cobalt occurred which equated to a revenue loss of US\$68 million. A cost increase of US\$10 million occurred during this shutdown.

### Impact of shutdown to employees and government

During the shutdown, about half of the workforce were laid off. Coupled with the slump in metal prices, the company had no option but to lay off employees.

### Operations resume

On July 1st, 2016, after meeting all MRA requirements, the Ramu Nickel management team started the process of resuming operations. The facilities will slowly heat up and go into full speed eventually.

## Hanging men clean Pacific Place building



It's not every day that you get to see men hanging from buildings in Port Moresby. Seen here in Port Moresby are the guys from Queensland based Bells Rope Access giving the MRDC and subsidiary's PRK, PRG, PRM & MRSM owned Pacific Place Building in Downtown a good clean. Caught quite the attention of the public who stopped to take shots of the men at work.

The cleaning works are part of the Pacific Property Trusts commercial property rehabilitation and modernisation program to get the Pacific Place and Pacific MMI buildings in prime condition.

Both buildings were severely neglected by previous trustees and managers for the last 15 years. The buildings are now looking better than ever.

The building rehabilitation program

which commenced in 2014 when MRDC was appointed trustee of PPT, has since seen the buildings undergo extensive energy system and electrical upgrade, fire, safety and emergency upgrade.

Other major upgrade projects earmarked for both the Pacific Place and Pacific MMI buildings include:

- PMMI lift upgrade project;
- Air conditioning system upgrade;
- Security systems upgrade;
- Complete upgrade of the building management systems of both buildings;
- Interior refurbishment of both buildings which included a major facelift to the main foyers and lobby areas of the buildings;
- Fit-out of new restaurants & café

# MRSM landowners briefed on current investments



GM Kasi and GM Tagune receiving meeting resolution from OK Tedi landowner leader and Core Group Chairman Joel Dangkim

MRDC's executive management had the opportunity to meet with Ok Tedi Mine landowners in Tabubil in April to brief them on current investments made on their behalf by Mineral Resources Star Mountains (MRSM).

These investments include landowner companies such as Fubilan Catering Services and Tabubil engineering which are currently providing services to the Ok Tedi Mine through contracts. MRDC General Managers Clifford Kasi (Investments), John Tuaim (Operations) and Imbi Tagune (External Affairs & Sustainable Development) were on hand to give a detailed presentation to the landowners from the 10 mine villages.

MRDC General Managers Clifford Kasi (Investments) John Tuaim (Operations) and Imbi Tagune (External Affairs & Sustainable Development) were on hand to give a detailed presentation to the landowners from the 10 mine villages.

OTML Community Relations Manager Kuam Malai and MRSM Directors Toby Nongkim and John Atmeyok were also present at the meeting.

Tuaim spoke on MRDC & MRSM governance and compliance followed by Kasi who gave a presentation on finance and investments performance from 2006 to 2014. Tagune concluded by giving brief highlights of MRSM community projects and community relations.

Tuaim announced that an AGM would be held in August 2016 where audited financial reports would be presented and the election of new Directors of MRSM would also be held.

The meeting also provided a forum for the landowners to express their views on investment and representative matters. These included;

- Praises on MRSM's performance since 2006. It pleased them that MRSM was growing despite challenging times.
- Landowner representative Casper Sokim urged MRSM Directors to relocate to villages. Biul Kirokim also urged MRSM Directors to go back to their villages and be with their people day in and day out so they are informed of MRSM business.
- Woman representative Emma told the meeting that PR funds allocated to MRSM Directors were not spent on women activities and she was calling on MRDC to support her call for special recognition by funding women activities in villages.
- Fred Dangkim requested

management to recruit someone from Star Mountain area as liaison officer.

- David Kiangkim commended the management for a well-presented report. He urged Star Mountain Royalty Trust to do the same and call for an AGM to present operations of Royalty Trust before any talks on setting up Fubilan Resources Investment Holding Limited (FRIHL). David thanked MRDC for the community project (classrooms) and urged management to continue investing in community impacted projects.
- Tony Itulam said both MRSM, FCS, TE and Star Mountain Royalty Trust must work together to achieve good results for landowner beneficiaries.
- Brian Yapi said MRSM must survive after mine closure so landowners can continue to benefit from it. He also suggested increasing the number of Board of Directors on MRSM to represent six villages unlike the current representation.
- Biul Kirokim asked if 10% discount to airfares on PNG Air was still in force. Simple landowners were spending too much money on airfares when travelling in and out of Tabubil.
- Joel Dangkim said he would like to see MRSM and Star Mountain Royalty Trust work together to invest on significant investment opportunities.



Tagune, Tuaim and Kasi with youngsters of Finalbin Village. In the background is Mt Fubilan.

## Fun Run 2016

Staff of Mineral Resource Development Company, friends and family joined thousands of Port Moresby residents and business houses on Sunday, June 26, for the annual Trukai Fun Run.

A total of 500 shirts were purchased, of which 375 were donated to the Salvation Army schools to participate as part of their 60th Anniversary celebrations while 125 were set aside for MRDC staff and their families.

The Annual Trukai fun Run T-shirt proceeds will go towards sending Team PNG to the Rio Olympics this year. MRDC is again proud to continue its support towards sports in the country.



## MRDC feeds Kairuku Hiri Junior netballers



L-R: Central Province Governor Hon. Kila Haoda, Sir Moi Avei and GM Tagune enjoying the first day of the netball tournament in Boera Village.

Over 1200 juniors from 16 netball associations in the Kairuku Hiri District were well-fed and nourished during their annual junior netball competition in Boera village last month, thanks to MRDC covering K20, 000 worth of food supplies.

The junior championships saw 16 villages in the district gathered at Boera village, the host village of the five-day tournament.

The Young Kairuku Hiri ladies showed excellent netball skills, great aerobic abilities, prowess, ball control and shooting techniques. Skills mastered over time, reflected talent and

commitment.

In presenting the cheque at the opening of the tournament, MRDC's Imbi Tagune encouraged the girls to play to the best of their abilities, aim for greater heights and to someday wear the black, yellow and gold colours.

He said sports teaches discipline that can be carried over in their personal lives. He told them to play by the rules, be good sportspeople and importantly to have fun.

The Gabagaba under 21 ladies took the Hiri netball crown while the Barakaus won the under 19's, Buria the under 15 and Boera took out the under 10 crown.

## Overseas football development for trio

Three football players from Port Moresby's premiere club, Football Club Port Moresby (FCPOM), have been generously assisted by Mineral Resources Ok Tedi to travel overseas for further development in the sport.

The three players are Charles Lepani who will be training with Brisbane FC in the Brisbane Premier League (Division 2), Roland Bala and Jacob Sabua with the Coomera Colts Soccer Club in the Gold Coast Premiere League.

External Affairs and Sustainable

development General Manager Imbi Tagune, in presenting a cheque on behalf of MROT to the players, encouraged them to take advantage of the opportunity presented and learn all they could from it and to be the best in their sport.

MROT Director Shadrach Himata assisted the club with K10, 000 through his public relations funds to send the three players down to Queensland and Gold Coast to further develop not just their sporting capabilities but to also gain important life skills from their time in Australia.