



MRDC

TOKAUT

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of tomorrow*

QUARTERLY NEWSLETTER, MARCH EDITION 2020

Benefits rolled out for pipeline landowners



Executives of Kiri clan from the Omati Tribe in Pipeline Segment 7 received their Benefit Certificate from representative Director Wauro Oumabe.

Mineral Resources Development Company (MRDC) has begun the roll out of benefits for the PNG LNG Pipeline landowners.

Minister for Petroleum Kerenga Kua, Gulf Governor Chris Haiveta, and MRDC Managing Director Augustine Mano formally launched the roll out of the royalty and equity benefits on March 4 in Kikori, Gulf Province.

Minister Kua commended the landowners for being patient while disputes between parties were resolved.

Governor Haiveta urged the villagers to share the money they receive equally and use them wisely.

Mr Mano said apart from receiving

cash benefits, MRDC will work with landowner leaders to roll out community infrastructure projects in these remote areas.

"The law sets out how much we can distribute to you in cash, and how much we will use to deliver community projects, and invest for the future.

"We want to see good classrooms and education facilities delivered so your children can have access to better learning.

"We want to see an improvement to health services here and other social indicators," he said.

Pipeline landowners are divided into

8 segments spread over Southern Highlands, Hela, Western, Gulf and Central Provinces, through which the 679km gas pipeline runs.

Their royalty benefits totalled K31.3 million, for the years 2014 – 2018.

Their equity benefits total K23.16 million for the years 2014 – 2016.

Of the total, 40% is distributed as cash benefits, 30% is held for community infrastructure projects, and 30% is invested for the future.

After the launch, segment 7 landowners in Kikori received K9.2 million through their accounts, credited from the BSP sub branch in Moro, Kutubu.

(cont'd on page 2)



Managing Directors MESSAGE

Augustine Mano,
Managing Director, MRDC

Hello and Welcome to the first Quarter, March Edition of the Tokaut Newsletter.

At MRDC we started our year off on a very high note. As you have read in the headline, one of our many notable and significant accomplishments, is the first ever royalty and equity payment to our Pipeline License N0.4 beneficiaries of Segment 7 in Kikori, Gulf Province. A proud and historic achievement for MRDC, stakeholders and the beneficiaries.

Another significant accomplishment, which is the final lag of compliance processes for Dirio Gas and Power Ltd, where PNG's first ever Gas and Power Company received power generation license issued by the ICCC.

MROT 2, business arm of the Western Provincial Government, distributed dividends to Western Provincial and District Administration to support their annual provincial budget. The funds will assist in funding key areas and projects that are essential to the people of Western Province.

(cont'd from page 1)

Segments 3, 4 and 5 beneficiaries are from Moran, Kutubu and Gobe in the Southern Highlands and have a total of 77 clans as per their respective Ministerial Determinations (G359, G360 and G361 of 2018). Segment 3 has 20 major clans and 27 sub clans who will share K850,000, Segment 4 has 10 major clans and 10 sub clans who will share K1.5 million while Segment 5, who has 10 major clans will share K2.5 million.

MRDC Groups' latest project under PPT, the former ANZ building in Lae City, Morobe Province. The building adding to the city's small number of skyscrapers, is said to change the face of the city. A remarkable illustration of good leadership and partnership for service delivery. MROT2, under the chairmanship of the Hon. Governor Taboi Awi Yoto is leading the way in great partnership for greater service delivery.

Historic moments in Kikori, PNG LNG PL.N0 4, Segment 7. Segment 7 Beneficiaries saw the launch of the distribution of Equity and Royalty from the PNG LNG Project. It was a successful event attended by the Gulf Governor Hon. Chris Haiveta and the Minister for Petroleum and Energy Hon. Kerenga Kua.

The first part of the benefit roll out for Segments 3,4 & 5. Unfortunately, this process had to be put on pause due to the Government's necessary reaction to the pandemic COVID-19.

Landowners are in the forefront, enforcing Prime Minister's notion of "Take Back PNG". Having shifted seats on the spectrum of nation building from receiving to contributors, landowners are now driving development. This is further

elaborated by the MRDC Chairman Amb. Isaacc Lupari at the company's end of year "Luksave Night".

Adding to the company's achievements in the first quarter of the year, is the Group's venture into fuel service business with the Star Mountain Service Station, situated right opposite the Hilton Hotel.

An incredible story of perseverance and determination, two important values one must have to achieve great things. Having these values made our very own Imbi Tagune attain a Masters Degree in Business Administration.

The Tech Talk segment captures the first ever Petroleum Geoscience Conference in Port Moresby, held at the Hilton Hotel. Our Technical team comprised of Petroleum Engineers attended this conference.

Importance of team work. Team work is a vital ingredient in the recipe of achieving a common goal.

With that, may you read and stay informed on what MRDC is doing in managing landowners' interest.

May you all take care of yourselves and your families in these uncertain times.

Director representing Segment 4 and 5 on the board of the Pipeline trust company, Gas Resources Pipeline Limited (GR-Pipeline), Telabe Babena, expressed his appreciation and relief saying he was glad his people will finally be receiving their benefits.

"Its been a long wait. Many people have died and gone, without seeing the benefits promised to them almost 7 years ago when the project

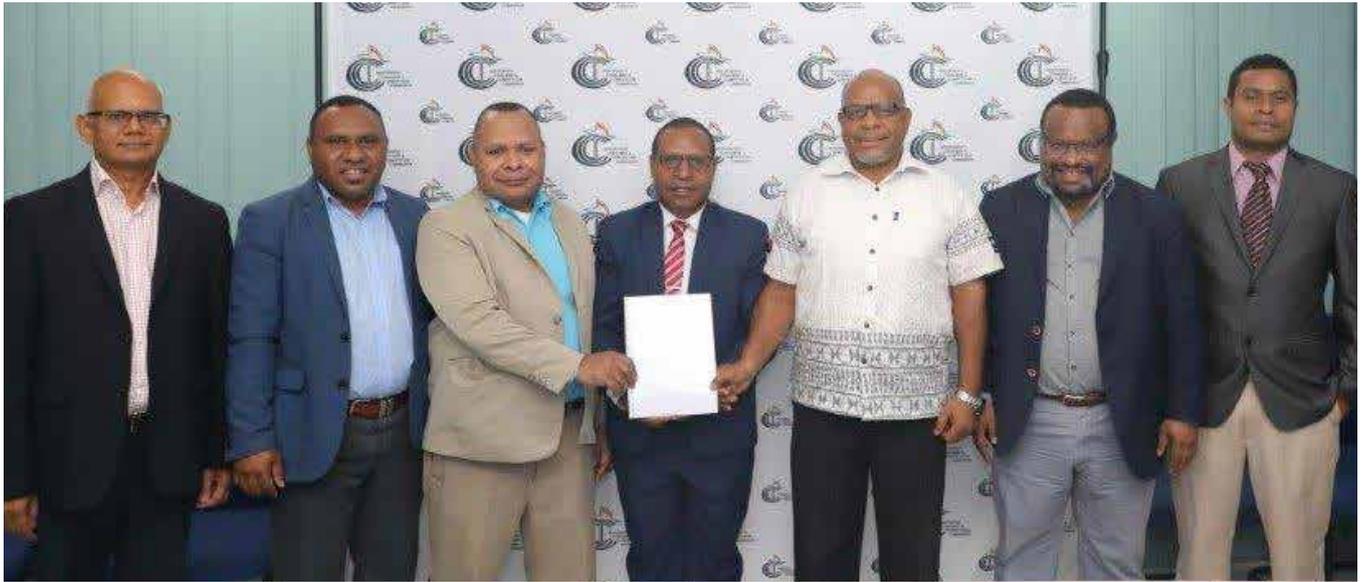
started.

"I am glad this day is finally here, said Babena.

Babena thanked MRDC Managing Director Augustine Mano and the rest of board of GR- Pipeline limited for pushing through to make this day happen for all the Pipeline Segments.

Meanwhile, The payments for Segments 1 and 2 will be advised at a later date.

Dirio enters Power Market



From left; Dirio Gas & Power CEO Ashok Jain, MRDC COO John Tuaim, Hela Province Governor Hon. Philip Undialu, ICCC Commissioner Paulus Ain, MRDC Chairman Amb Isaac Lupari, MRDC MD Augustine Mano.

“In the long run, Dirio will help the government deliver stable and affordable power around the country”

The Independent Consumer and Competition Commission (ICCC) has issued a power generation license to Dirio Gas and Power Ltd, the final regulatory approval needed to allow the company to supply clean and affordable power into the Port Moresby power grid.

In a momentous ceremony on January 28, ICCC Commissioner Paulus Ain presented the license to MRDC Board Chairman Isaac Lupari, Managing Director and CEO Augustine Mano and Hela Governor Philip Undialu.

Mr Ain said the Dirio Power proposal went through a rigorous due diligence process before approval was given.

“We looked at the financials, we looked at the modeling, we looked at all other financial and technical aspects of this project. It met all our requirements,” Mr Ain said.

He said he had no doubt the entry of Dirio Power into the power generation business would transform the market.

“Dirio is offering cheaper power from a cleaner source, and this

would surely drive the price down at the retail end,” he said.

The K220 million gas fired power plant is being built near the PNG LNG site outside Port Moresby.

Power lines and a switch yard are also being constructed. They are expected to be completed and ready by June this year.

The Dirio plant will supply 31MW of power into the Port Moresby grid at a price of 36-37 toea per kilowatt, below the 38toea ceiling set by ICCC.

Dirio’s gas fired power will replace PNG Power’s aging diesel powered generators, which are expensive and environmentally unfriendly.

With these diesel generators supplying at 60 toea per kilowatt, Dirio’s 36 toea is a huge reduction in price.

“When this reduction in price is passed on, businesses and households in Port Moresby are expected to make a decent savings. You can also expect to see price of goods and services trickle down,” MRDC Managing Director Augustine Mano said.

“This is a massive boost for businesses and households. This is economic empowerment initiated and driven by ourselves, and I’m proud the landowners have made the right choice to invest in this sector,” Mr Mano said.

“In the long run, Dirio will help the government deliver stable and affordable power around the country,” he said.

Dirio Gas and Power Ltd is a 100% nationally owned company. It is owned by landowners involved in the PNG LNG Project, and the Hela, Southern Highlands, and Gulf provincial governments.

The landowners and provincial governments receive royalty and equity benefits from the PNG LNG Project, which is being invested in the power project.

“It took three years of planning. We wanted to use proceeds from our upstream participation to invest in downstream. Power generation presented an ideal opportunity. The returns are good, and the potential for growth is huge,” Mr Mano said.

MROT2 Pays Dividends To Western Provincial & District Administrations



The Fly River Provincial Government (FRPG) has received its second batch of K7.2 million in dividends from Mineral Resources Ok Tedi No.2 (MROT2).

The payment is part of dividend proceeds for the 2019 financial year from MROT's equity in Ok Tedi Mine Limited (OTML).

Under a Provincial Executive Council (PEC) decision of April 2019, any dividends received from OTML is to be split in two – 40 per cent to MROT2 Investments and 60 per cent to the province.

A total of K12 million was received by MROT2 from OTML in December 2019. Of this 40 per cent was retained for investments, while the 60 per cent, K7.2 million, announced today will be distributed as dividends.

From the K7.2 million, K720, 000 has been allocated to subsidise school fees for Western Province Students with the balance (K6.48 million) to be shared between FRPG and the three district administrations.

Earlier in October 2019, OTML also released K12million to MROT2 as its third quarter dividend. From that, 40 percent was also retained for investments and 60 per cent (K7.2 million) was paid to the FRPG and the three districts.

MROT2 has contributed K14.4 million from its 2019 dividends towards development projects in the three districts in the province.

Western Province Governor and Chairman of MROT2 Hon. Taboi Awi Yoto said he was pleased that MROT2 was able to deliver a dividend to the Provincial Government, and commended MRDC for understanding the aspirations and development priorities of the three Districts and the Province. This payment will go towards supporting the development budget of the Province.

The Governor said a large portion of MROT2's income comes from revenue from the Ok Tedi Mine.

"Ok Tedi continues to contribute substantially to national

economic growth, to government revenue through taxes, and dividends to its shareholders.

"Through the new equity structure effected in 2017, MROT2 now holds a 12% direct stake in the mine.

"But copper and gold are finite resources and the mine will not go on forever. Hence it is important that we invest wisely the dividends we receive, as well as develop community infrastructure to improve the livelihood of our people."

The governor expects the three districts to apply their share of the dividend they are receiving towards infrastructure, education and health projects that will impact villages in many parts of the vast province.

"With these funds, I want to see clean water projects delivered, classrooms built for our schools, or small businesses started by villagers," the Governor said.

The K6.48 million will be shared between the FRPG (40%) and the three districts (20% each);

* FRPG	K2.592 million
* North Fly District	K1.296 million
* Middle fly District	K1.296 million
* South Fly District	K1.296 million

Through the new equity arrangement effected in 2017, the state handed its 33 per cent share in the OTML to be shared between FRPG, Ok Tedi Landowners and CMCA communities in Western Province.

MROT2 is the trust company, which holds in trust a 12 per cent equity interest of the Ok Tedi Mine on behalf of the Fly River Provincial Government.

While Mineral Resources Star Mountains limited (MRSM) and Mineral Resources CMCA Holdings limited (MRCMCAH) hold in trust 9 per cent and 12 percent interest in OTML respectively for the Ok Tedi Mine village landowners and the CMCA region.

All three trust companies are managed by the Mineral Resources Development Company (MRDC) under a Trust Agreement.

Gobe Haus gives Lae City a facelift



Completed look of the MRDC Building in Lae City Morobe Province.

The MRDC Building situated in Top Town Lae, Morobe Province will give the city a facelift. It is a modern building in the heart of the city's Central Business District (CBD).

It is a refurbishment of the ANZ Building that was gutted by fire in 2011. The MRDC Building is an attraction because of its unique designs.

It is another showpiece infrastructure delivered by the MRDC Group. Scheduled to open for lease in April this year, 50% of the ground floor is already leased to corporate clients.

Fly River MPs join hands for Development



Fly River children gives thumbs up to the MP's for their leadership and collaboration.

Members of Parliament from the Western Province are happy with the way dividends from the Ok Tedi Mine is split between investment for the future and building social development projects in very remote parts of their districts.

The Provincial Government (FRPG) holds 12% interest in the mine, through their trust company Mineral Resources Ok Tedi 2, which is managed by the Mineral Resources Development Company (MRDC).

The FRPG has decided that from the dividends MROT 2 receives every year, 40% is retained for investment, while 60% is given to the FRPG for distribution amongst the three districts in the province.

Governor Hon Taboi Awi Yoto said the money (40% split) the provincial government receives will support development plans for each districts.

"MROT 2 is owned by the people through the provincial government. I want to commend MRDC for ensuring we receive the funds for

distribution, and for doing a good job in managing our investments," he said.

Middle Fly MP Roy Biyama said he was pleased that some of the dividends will be spent in remote villages in his district.

"This is what we wanted to see, people in remote villages benefitting directly from mine dividends through community development projects.

South Fly MP Sekie Agisa praised Governor Yoto for ensuring the MPs from the province receive equal share of the dividends from the mine to help them deliver their development goals.

"We can now see these monies going right into the remote areas to benefit the people. This has never happened before, and I want to commend the governor for showing leadership in getting us to work together, to share resources equally," Agisa said.

OUT & ABOUT

Launch of PNG LNG PL 4 Royalty & Equity benefits in Kikori, Segment 7 beneficiaries



Segments 3,4, & 5 Beneficiaries in Moro Kutubu, Southern Highlands Province



Landowners lead “Take Back PNG”



The Ok Tedi landowner leaders at one of their investment properties, Portlock road apartments, in Downtown Port Moresby during their investment tour.

“Cheap and reliable power is what all households want. It is what businesses need to expand and be profitable. It is an economic growth enabler”

Chief Secretary Isaac Lupari believes landowners can play a prominent role in driving the Prime Minister’s “Take Back PNG” vision and aspirations in nation building.

Addressing landowner leaders and directors of the Mineral Resources Development Company (MRDC) Board at an end-of-year function at Hilton Hotel last December, Amb. Lupari said the vision opened the opportunity for increased landowner participation in growing the national economy in 2020 and beyond.

“Prime Minister James Marape’s “Take Back PNG” mantra is about Papua New Guineans taking the lead in national development. It is about being in the driver’s seat of economic growth. The MRDC and landowners are well placed to deliver this policy aspiration,” he said.

Amb. Lupari, who is also MRDC Board Chairman, said in the last 10 years, MRDC has invested in assets and businesses that have recorded solid growth, delivering sound returns to its beneficiaries and

contributing to national economic growth.

“MRDC has invested in banking, airline, commercial properties, hotels and resorts. These investments have provided thousands of jobs and created spin off business opportunities for Papua New Guineans.

“In the last 10 years, the value of our business has grown from K800 million to a massive K6 billion today. That is a phenomenal growth and I must commend the MRDC management under the leadership of Augustine Mano on the excellent stewardship of the group.”

“As we enter the second decade of this century, I can see landowners playing a leading role in the next phase of the nation’s economic progress.”

The Chief Secretary said he was excited about the involvement of landowners in the power generation business through their company Dirio Gas & Power Ltd.

“I’m excited about Dirio. I want all

the landowners to be involved in this business. We are going to change the energy landscape in this country. We are going to stabilize the supply of power. We are going to replace dirty expensive diesel with clean, low cost gas power. This will drive down the price consumers pay. The flow-on effect is cost of goods and services will come down,” he said.

Dirio has already signed a sales and purchase agreement with ExxonMobil for gas for its power plant. It has also signed a Power Purchase Agreement with PNG Power Ltd. It is awaiting the construction of lines and a switching station, which PNG Power Ltd will complete in the first half of 2020.

“Cheap and reliable power is what all households want. It is what businesses need to expand and be profitable. It is an economic growth enabler.”

Amb. Lupari said he hoped Dirio could work with the Government and other stakeholders to expand its power generation business to other provinces, and reach into districts and rural areas too.

“The government’s National Energy Policy speaks about delivering power to 70% of the population by 2030. I can see Dirio Power playing a major role in helping the government achieve this target,” Lupari said.

MRDC Group enters Fuel Service Business



Artist Impression of the Star Mountain Service Station, in Hohola Port Moresby.

The Mineral Resources Development Company (MRDC) and three of its subsidiaries; Mineral Resources Star Mountain (MRSM), Mineral Resources Ok Tedi 2 (MROT2) and Mineral Resources Community Mine Continuation Agreement Holdings (MRCMAH) have entered the fuel service business through its pilot project; the Star Mountain Service Station.

The service station currently under construction is located, opposite the Hilton Hotel, a five star hotel owned by MRDC Group.

Star Mountain Service Station partnering with Mobil as the brand partner and Lifu Holding as the Operator.

The service station will house the largest convenient shop, making it Mobil's flagship in PNG.

Construction is within budget and on target for completion.



Star Mountain Service Station under construction 1



Star Mountain Service Station under construction 2

Imbi's Amazing Journey

Mr Imbi Tagune is seen receiving his Masters in Business Administration (MBA) from the Dean of faculty of Business and Informatics- Dr Martin Daniel, who also received his PhD.



Mineral Resources Development Company General Manager for External Affairs and Sustainable Development Program Mr. Imbi Tagune graduated last month with a Masters Degree in Business Administration from the University of Divine Word.

For the petroleum industry veteran, it was a moment to savor with his family and friends. The prestigious honor rewards hard work and a lot of time put in, outside of a very busy work schedule, to complete the higher degree program.

One would have thought learning was the furthest thing on the mind of someone who left university 36 years ago, and spends each working day dealing with high-pressure landowner issues. Not Imbi. For him, the desire to learn is just as strong today as it was 55 years ago when he first entered a classroom to start school.

"It's probably because of the hurdles I had to overcome as a kid growing up in the village."

Imbi completed grade 6 in 1970 at Ialibu Admin (Primary) School, but was told he could not go on to high school because he didn't make the grades. He tried a repeat of grade 5 and 6, but was forced to drop out due to complaints from parents of other kids. He spent 6 long years in the village, but never giving up hope. The opportunity came when he learnt that the PNG Bible Church was enrolling boys and girls for high school at Pabarabuk, Western Highlands Province.

Out of over a thousand applicants for 80 spaces only for the 1977 school year, he somehow made it.

"If it wasn't for the grace of Registrar Mrs Helen Glick, I would have been back in the village."

Imbi didn't disappoint. He completed grade 10 in 1980, and received a High School Diploma from the PNG Bible Institute (Pabarabuk).

Excellent grades and traits of good leadership ensured he was one of a handful picked by the mission to advance their education in the United States of America in 1981.

He graduated with a Bachelor of Arts in Bible Theology and Communications from Vennard College, University Park, Iowa, in 1984.

He returned home to a short stint as a sales representative for Niugini Motors (now known as Boroko Motors) in 1985 before joining the National Broadcasting Commission (NBC), where he spent four years as a presenter and program producer.

In 1989, Imbi left NBC to join American company Chevron, beginning a career in the petroleum industry that would span 31 years and counting.

He was at the forefront of the company's negotiations with the landowners when their consent was secured for production of oil to begin in Kutubu in 1992.

For 11 years, Imbi was the key figure in Chevron's interface with the national and provincial governments and landowners.

He managed the company's Tax Credit Scheme projects in Southern Highlands and Gulf, developed a Chevron Scholarship

Program for students from the area and managed the Kutubu and Kikori Wildlife Conservative Program.

Some of the major infrastructure projects he helped delivered under the TCS include the Agiru Centre in Mendi (7-storey building), the Kikori Hospital, the Pimaga Hospital, Kikori High School, and the Poroma to Kutubu Road.

Imbi rose to become Team Leader of the Government and Public Affairs Division of Chevron before leaving to join MRDC in 2001.

His 20 years at the nation's leading management company have mainly been spent dealing with landowner issues.

With most of the oil wells at the end of their production life, he believes the PNG LNG Project offered landowners a second chance to make a real difference in communities in the project area.

He said MRDC has done an excellent job managing landowner benefits from their participating interests in resource projects.

"Over the years, good management and prudent investment has ensured the MRDC group have grown significantly. In the last 10 years under the leadership of Managing Director Augustine Mano, our assets under management have grown from K800 million to almost K7 billion in value.

"That is phenomenal. But investment is one aspect of what we do here. My job is more concerned with delivering cash benefits to landowners, and building infrastructure in communities in the project areas that will improve their standard of living. That constitutes 70% of benefits the landowners are entitled to under law."

He said the infrastructure development and rapid change the villages at the LNG plant site outside Port Moresby are experiencing is an example of what can happen when landowners unite and work together.

"We have built a new Health Centre at Porebada. We have built new classrooms and teachers houses for some of the schools in the plant site villages. We have delivered outboard motors and agriculture equipment to support fishermen and farmers. We are constructing a modern water supply to deliver clean water."

He said landowners living along the LNG pipeline route, and at the brownfields (PDLs) in Hela and Southern Highlands should learn from the plant site landowners.

"If they can resolve their differences amicably and cooperate, they can begin to receive their royalty and equity benefits now."

As to the future, Mr. Tagune believes landowners and the MRDC group will become a key player in national development and continued growth of the economy.

"The kind of businesses they are investing in now, like Dirio Power in PNG's electricity space. The growth opportunities are huge. It's the perfect fit for the Marape Government's Take Back PNG mantra. Landowners are leading the way."

Asked if the Masters Degree was the final hurdle, the general manager just smiles: "I have yet a long way to go. Learning doesn't stop here."

First Petroleum Geoscience in PNG



Pictured: (L-R) Joseph Taymen (MRDC), Julian Fowles (Consultant/Geologist), Michael McWalters (AAPG Conveyor/Geologist), Stefan Soweil (OSL- Geologist) and Nigel Wilson (OSL – Geologist).

Papua New Guinea hosted its first Petroleum Geoscience Conference and Exhibition this year at the Hilton Hotel in Port Moresby.

The three (3) days (February 25-27) conference of pure PNG geology and geophysics with presentations from local and expatriate geologist who have walked the length and breadth of the highlands to the coastal shores. There were about 200 delegates with a total of 50 technical papers presented.

MRDC Technical team of petroleum engineers was privileged to make attend this conference on behalf of the company and its stakeholders.

Ann-Tania Sipori from the team stated the highlight of the conference being a possible oil prospect to the east of New Ireland in the New Ireland Geological Basin, the presentation was by CEO of Peak Oil- Brent McInnes

Meanwhile Hilton Hotel, which is owned by the MRDC Group, had satisfactory reviews by the delegates, especially on the designs of the building and the choice of food.

Teamwork makes the dream work



*Kneeling from right: Vice Caption- Joyce Ora (PPT), Mary Daera (Dependant), Airyn Sailas (Dependant), Rhondalyn Dela Cruz (Investments)
Standing from right: Gloria Tawinai (Financial Services), Nelly Lavari (Legal Services), Allison Iara (Financial Services), Captain- Gertrude Avuti (Financial Services), Kisa Gabutu (Dependant), Betty Gabutu (Dependant). (Inset) A Prayer before they take on the courts.*

Teamwork is a significant aspect for the success of every organization. One simply cannot operate alone but needs the expertise of others to collectively work together to achieve a common goal. As they say, teamwork makes the dream work.

The Mineral Resources Development Company (MRDC) sees just how important teamwork is as the company depends on it for the success of significant exercises such as the payment of landowner benefits.

MRDC encourages teamwork in all aspects of its operations as well as its social engagements such as corporate sports competitions. Teamwork was the key ingredient used by the company netball team to finish at the top of the ladder of the Corporate Netball Division 7.

Netball is a team sport where players depend and trust each other on and off court during season. Without

teamwork, a win is not possible. Teammates must learn to trust and depend on each other.

Team MRDC won all their matches, which qualified them to compete at the grand final against Deloitte team 2.

Playing neck to neck, it was anyone's game and it was in that moment that the team realised they needed each other more than they ever did throughout the season.

Goal Keeper (GK) Nelly Lavari said that teamwork breeds a solid unity that are more motivated to bring about success.

With that unity the ladies beat Deloitte 2 by a point in the last minute, proving just how much can be achieved through partnership and cooperation.

Team MRDC won 11-10 against Deloitte 2 making it the second win, with minor premier being the first.

"Everyone wants to win, and sometimes they become competitive and independent, but without teamwork we won't get the result we want" Lavari said.

When asked about the MVP of the team, Captain Gertrude Avuti while commended everyone for their commitment, picked Joyce Ora simply for her consistency and sportsmanship throughout the season.

Corporate Netball is not only a game but also an exercise that trains teambuilding, which is a take for all the participants. Moreover, it is an avenue for networking where teams network with other teams from other organizations and industries.

The individual awards presentation was said to be held on the 28th of March at the Stanley Hotel in Port Moresby, however due to the COVID-19 pandemic this is deferred to a later date.