



K10 MILLION WINDFALL Mineral Resources Star Mountain Paid 2011 Dividend

ABOVE: General Manager Administration and Client Services Imbi Tagune (fourth from left) presenting a cheque of K10 Million to Chairman of MRSM Bill Menim (fifth from left) and Western Province Deputy Governor Borok Pitalok (third from right) flanked by both MRDC and MRSM officials. **BACKGROUND:** MRSM Chairmam Bill Menim presenting a chque to one of the ten representatives of beneficiary villages.

The ten (10) Special Mining Lease (SML) and Lease for Mining Purpose (LMP) villages gathered at the Tabubil Golf Club to receive their dividend payment after the MRSM Board approved this 2011 dividend payment.

A K10 million dividend was declared as the dividend and paid each beneficiary village K1 million each.

The ten beneficiary villages are Bultem, Kavorabip, Migalsim, Migalsimbip, Kumkit, Ankit, Nioksikwi, Ok Tedi Tau, Finalbin and Wangbin

The payment was witnessed by Western Province Deputy Governor Borok Pitalok, Fubilan Catering

Services General Manager Paul Povey, the Board of MRSM and the senior management of MRDC.

MRDC Client & Administration Services Manager Imbi Tagune was on hand to make the presentation to MRSM Chairman Bill Menim on behalf of the ten beneficiary villages.

Mr Tagune said he was happy on behalf of MRSM to make this payment to the 10 villages of Ok Tedi Mine of Western Province.

Mr Tagune congratulated MRSM for doing well as company in consistently paying dividends for the past

six years. "The Board of MRSM and the leaders from the villages must continue to work together with you the people so that your company MRSM can continue to grow and reap benefits now and into the future," Mr Tagune said.

MRSM Chairman Bill Menim thanked Mr Tagune and MRDC for travelling to make this payment.

The presentation was also an opportunity for the villagers present to raise some of their own concerns to MRDC and MRSM about their future as beneficiaries from the Ok Tedi mine area.

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From the Managing Director's desk



Mr Augustine S. Mano - Managing Director

This edition of *Tokaut* for this period highlights some of the important activities that have taken place in the second quarter of 2013.

As I've mentioned in the previous issue of *Tokaut*, education and assisting schools that exist as a result of the commitment and support of its surrounding communities has been an important focus of MRDC. Our story on the right is an update of PR (Public Relations) funds that have gone towards education by our subsidiary companies in the second quarter of this year.

On page 3 you will read about the Ramu Nickel mine Memorandum of Agreement (MOA) review and plans preparations for the first ever Southern Highlands cultural show.

MRDC through its subsidiary company, Mineral Resources Star Mountains (MRSMS), also carried out a K10 million dividend payment to beneficiaries from the ten SML and LMP villages, featured as the cover story.

Also featured is the second part of *TECHtok* from our Technical Services Division and recent appointments of some of MRDC's senior staff on page 6.

As a PNG leading corporate entity MRDC still remains the single biggest custodian of the people's wealth from their rich natural resources.

We are responsible for the prudent management and investment of all subsidiary landowner company funds generated from mining and petroleum projects in the country.

We continue to assist the people from the resource project areas, through their respective companies, to make sound investments for the future and focus on the community projects.

MRDC is also a participant in the PNG Liquefied Natural Gas (LNG) project with a total investment of 2.8% interest held by our subsidiary companies.

At this point we are just a year away from first LNG production scheduled in the last quarter of 2014 and landowner interests in this project will be managed by MRDC. Gas resource companies have been established as per the Oil & Gas Act.

It is our commitment at MRDC to see our stakeholders and beneficiaries succeed in PNG. As benefits to PNG increase from mining, petroleum and LNG projects our vision still remains; to use the wealth derived from the resources sector and maximise our shareholder return to improve quality of life of landowner beneficiaries.

MRDC Continues to assist in Education



ABOVE: Students from Baguale Primary School in the Southern Highlands Province. Their school will benefit from MRDC K165,000 allocated for maintenance.

MRDC continues to assist in education and the second quarter of 2013 has seen over K2.05 million in public relations (PR) funds spent on school fees by our subsidiary companies.

PR funds for school fees (between April and June) are as follows;	PRM - K249, 313.15	(S/Scholarship funds Homa Paua)
	- K68, 930.00	(S/Scholarship funds – Fasu)
MRDC - K40, 331.00		-K194, 248.00
PRK - K1, 060, 578.91		(S/Scholarship funds Homa Paua).
MROT - K9, 243.00		
PRG - K110, 485.50		

Educating people about MRDC



MRDC set up a information booth at the Divine Word University Open Day where students had the chance to learn more about the company and the importance of its role. Pictured here a students browsing through MRDC information brochures.



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Please send your contributions to:
The Editor
MRDC Tokaut

Email: enquiry@mrdc.com.pg

Fax: (675) 325 5822 Phone: (675) 325 2633

Website: www.mrdc.com.pg

The Editor reserves the right to hold back any contribution thought to be unsuitable.

EDITOR | Imbi J. Tagune
JOURNALIST
Cyril Akuani
LAYOUT & DESIGN
Hunter Kini & Siwi Aipe

Southern Highlands prepares for its first cultural show

By PETER ESOP WARI

Preparations are underway for the staging of the first cultural show in Southern Highlands later this year.

The proposed Southern Highlands cultural show was officially launched at Kiburu Lodge in Mendi recently by MRDC Managing Director Augustine Mano.

The underlying reason for the show is to preserve and uphold the unique cultures and traditions of the people of Southern Highlands.

Mano said with the rapid social and economic changes happening in the country, Southern Highlands need to preserve and promote its culture and tradition.

"Therefore, we have to promote and uphold them through avenues such as the proposed cultural show," he said.

Mr. Mano urged Southern Highlanders to take pride in their culture and tradition and preserve them for future generations.

Southern Highlands' Commerce & Tourism Advisor Robert Yer Waim said the proposed show would be managed by the SHP Cultural Show Society.



IN ACTION: An Imbongue Cultural Singing Group of SHP at Buyebi early this year.

He said SHP Cultural Show Society Inc. has been formally registered with the Investment Promotion Authority and the recognized entity would be used as a vehicle to promote, organize and stage the show in a more transparent and accountable manner.

Mr. Waim said the cultural show society had appointed an executive management committee,

which comprised Richard Awesa as the chairman, Robert Yer Waim as the deputy chairman and treasurer, Ambe Keleli as deputy provincial administrator as member, John Ore as executive officer, Ivan Homogo as provincial culture and tourism bureau as member and Mathew Kemesi as a member.

Ramu Nickel Mine MoA reviewed

THE National Government and stakeholders of the Ramu Nickel Mine Project reviewed the project's Memorandum of Agreement (MoA) at the Jais Aben Resort in Madang in May.

The other stakeholders are the Madang Provincial Government, Ramu Nickel Mine, and the four landowner associations namely Kurumbukari, Coastal Pipeline, Maigari inland pipeline and Basamuk.

National Government team leader Carter Oiee said the State was ready to review the MoA and that he hoped for the best for all parties concerned.

Mr Oiee urged all parties to

exercise respect and understanding during the review process.

Governor for Madang Province Jim Kas said his government and people were looking forward to the review.

He hoped for a good outcome for all.

Member for Usino-Bundi Anton Yagama urged parties to have open hearts and open attitudes when reviewing the MoA.

He said it was important that individuals and parties had open hearts and be ready to discuss issues openly because that was the only way to move forward.

"When you don't come with



Above: Madang Governor Hom. Jim Kas (third from left) with landowner representatives during the MoA review.

an open heart, you come against a brick wall. When you put up a break wall, then the opposition will put up a brick wall. You can't negotiate when there's a brick wall," said Mr Yagama.

Spokesman for all four landowner

associations of the project, Steven Saud said they were looking forward to the review meeting adding that some of the major issues they wanted addressed in the meeting included business participation for landowners.

MRM impressed with project

THE BOARD of Directors of the Mineral Resources Madang (MRM), a subsidiary of MRDC in the multi-billion Kina RamuNiCo Project is impressed with the ongoing production of the only nickel and cobalt project in the country.

MRDC's Client & Administration General Manager Imbi Tagune, representing the Board of Directors (BOD) said despite all the technical problems and challenges faced, it is relieving to see that optimisation issues are identified and are being addressed and the management is optimistic to overcome them and deliver the project in its full production capacity soon.

MRDC represents the project landowners in the country and also a partner in the RamuNiCo Project and manages the 2.5 percent equity set aside for the project landowners.

"We want to understand the project and ensure it is economically viable sooner."

"As a joint venture partner, we fully understand the difficult situation RamuNiCo faces at the moment in finding both short and long term solutions for the long term benefits for all stakeholders, importantly the landowners," Mr Tagune said.

Mr Tagune said this during a brief visit by the MRM BOD comprising the Chairman of MRM and KBK landowners' association chairman, Mathew Denguo with directors of MRM including Lima Mullung, Chairman of Basamuk Landowners Association, Peter Tai, Chairman of Maigari Landowners Association and Steven Saud, Chairman of Coastal Pipeline landowners association.

Carter Oiee, Coordinator of Ramu project from MRA, Joe Taymen, Technical Manager from MRDC, former ambassador to China and current First Secretary to the Ministry of Mining Max Ray also accompanied the directors on a day familiarization trip to Basamuk Refinery.

Mr Tagune assured RamuNiCo Management that the visit was part of MRM comprising of landowner



Above: Client Services and Administration General Manager Imbu Tangune (third from left) and Manager Technical Services Joseph Taymen during tour to the Ramu Nico Project in Madang.

association chairmen to understand the Project as business partners to assist and support the Project and not as landowners.

RamuNiCo's Chief Operating Officer Mr GaoYongxue, his assistant Mr Wang Baowen, Deputy General Manager of Basamuk Refinery Mr Wang Jun, Basamuk Safety Manager Mr Douglas Turner, Assurance Manager of Basamuk Refinery

"We are currently operating around 30 percent of our designed capacity and we are working hard to address the technical challenges and implement process optimizations to improve the capacity," Mr Gao said.

But he assured the directors that the company is committed to the project and will continuously commit resources to achieve the optimisations and at the same time train and equip

where they visited the important components including the central control room, high pressure acid leaching trains (HPAL), new acid plant, production and packaging plant and others.

Mr Wang Baowen, assistant to the Chief Operating Officer later exchanged ideas and answered queries from the delegation on areas including production, product export, community development activities and others.

Later in Madang, the Board Members met with the Director and Executive Vice President of RamuNiCo, Mr GuYuxiang and were presented the project's financial model covering expected revenue, expenditure, levy and royalty components and other financial models. Mr Tagune thanked RamuNiCo's management for allowing them to visit the Refinery and the presentation on the Project update and financial model.

"As a joint venture partner, we fully understand the difficult situation RamuNiCo faces at the moment in finding both short and long term solutions for the long term benefits for all stakeholders, importantly the landowners," – MR IMBI TAGUNE

Mr Graham Gerrard and Training Manager Mr Jeffers Heptol were present to welcome the delegation.

Mr Gao welcomed the delegation and briefly introduced the Project update.

its work force to ensure the project reaches its full designed capacity in the near future.

Following the safety presentation by Mr Heptol, the delegation was taken on a guided tour of the refinery

PART 2. Sustaining Oil production of the Gobe field

TECHtok

with Ann-Tania Sipori

This is the second of a three part series of updates to give an insight of technical operations of Gobe field. This article will focus on the fields' production history, its current operations and the way forward for the benefit of the people of Gobe.



FIGURE 1: Hydraulic Workover Unit - RIG 102

In part 2 of this technical series we will look at the current operations and what has been done to sustain the production of oil in the Gobe fields.

The operator has not embarked on infill-drilling opportunities as compared to the Kutubu fields but rather has focused on workover drilling to rejuvenate and working over the current wells to alleviate the current sanding problems and optimize production. A workover simply means to redrill an existing well that is shut-in and to repair the well to production status or convert to a gas or water injector well.

Naturally the field has a gas cap or gas fluid sitting on top of the oil regime that gives natural pressure against the oil bearing sands to produce by natural drawdown during production. But over the production years the gas cap has expanded as indicated by pressure data and variation in fluid contacts which means there is not enough pressure to produce from the oil sands.

Hence, there have been several interventions performed on selected wells in the South East Gobe (SEG) field to provide a greater volume gas lift to the current producers. While Gobe Main (GM) has wells prone to high water cuts/production, high gas oil ratios (GOR) and hydrate issues have prolong the low production rates.

THE PNG WORKOVER CAMPAIGN BETWEEN 2011 AND 2012 – PHASE 1

The workover campaign was aimed at redrilling the current wells in the field that have ceased or decreased in production. The successful workover campaign in phase 1 included drilling a total of three wells in Gobe and several in Kutubu. Apart from the improvements in production, Phase 1 brought many learning experiences such as proper contingency in time planned to avoid cost overrun and proper mitigation plans for fishing in high risk wells.

With lessons learned, phase 2 of the campaign is aimed

at drilling at least three more wells in the Gobe fields. The workovers are eminent because such well servicing is economical and helps take hold of a field in decline production.

Figure 1 shows the RIG 102 used for the workover campaign. While Figure 2 illustrates the need to continue to do workovers on wells where the tubing has deteriorated over time and has contributed to the decline of production.

CONCLUSION

Every effort has been specified by the operator in its capacity to carry out major initiatives and a workover campaign to maintain the fields' production performance.

Effective workover plans on existing wells and successful field management is the key to sustaining the oil production in Gobe.

In part 3, the last of this series we will look at how Gobe field plans to accommodate the gas development plans as its way forward to sustain the economical benefits of the people of Gobe.



FIGURE 2: Deteriorating Tubing from SEG 8 well completion, showing thin walls and easily breaking off after recovery from the well.

Did you know...



The MRDC Group of Companies have invested in Hevilift by acquiring 50% of shares in the company. Hevilift currently has a fleet of 44 aircrafts including fixed and rotary wings operating in Papua New Guinea, Australia, Indonesia, Malaysia, Singapore, Thailand, Myanmar, Cambodia and Vietnam.



Pacific Property Trust is a unit trust (not a company) with its very existence and operation being legitimized by the Securities Act of PNG through its trust deed Melanesian Trustee Services Ltd and the Fund Manager is Pacific Equities & Investment Ltd.

The Trust has total assets portfolio of over K100 million and MRDC is the single largest unit-holder with 74 % interest in the Fund.

The Trust owns the following properties (all in PNG): Pacific Place, Pacific MMI Building, Vacant Land adjacent to Pacific MMI Building, and ANZ Haus in Lae.

Baguale Health Centre gets new AMBULANCE

Baguale village, situated near Lake Kutubu, in the Southern Highlands province was the proud recipient of a brand new ambulance donated by the Mineral Resource Development Company (MRDC) recently.

The village celebrated the occasion with traditional signing and slaughtering of pigs to signify the event.

MRDC Managing Director Augustine Mano arrived to a rousing welcome to personally present the ambulance to the Baguale health centre. Also accompanying Mr Mano was Client & Administration Services General Manager Imbi Tagene and Petroleum Resources Moran (PRM) Chairman Pape Punga, Director Tony Kila and Director Paul Yawe.

Mr Mano had committed K150, 000 in his earlier visit to Baguale village. This commitment was honoured with the new ambulance – a Toyota Land cruiser that was fitted out.

MRDC's commitment in promoting the delivery of health services in the area.

Chairman for the Baguale Health Center John Kila expressed his gratitude to MRDC by thanking Mr Mano for the assistance.

Mr Balera said that the ambulance would go a long way in assisting not just Baguale village but all the surrounding villages with transporting the people, especially mothers and children to these hospitals; Pimaga, Moro and Mendi.

The nearest hospital is approximately ten kilometres

away at Pimaga, Moro and Mendi.

The people of Baguale are royalty and equity beneficiaries in the Moran Project under PDL 5.

ABOVE: MRDC Managing Director Augustine Mano presenting the keys of the new ambulance (RIGHT) to Mr. John Kila, Chariman of Baguale Health Centre.



STAFF ACHIEVEMENTS: Recent appointments

The MRDC Management continues to make changes to accommodate the Board approved company restructure.

Managing Director Augustine Mano said this in his letter to all staff when announcing the recent appointments made within MRDC.

Mr Mano was happy to announce the following appointments effective as of Monday 15th July

2013; Mr Kilangit Sapulai has been appointed to the position of Manager – Treasury

Mrs Madeline Masa has been appointed to the position of Manager HR & Administration

Mr Jack Parina has been appointed to the position of Company Secretary

Mr Steven Evekone has been

appointed to act in the position of Manager External Affairs; and

Mr Kini Renagi has been appointed to act in the position of Senior Client Services Coordinator

Mr Mano, on behalf of the management and staff, congratulated them on their appointments and looked forward to continue working with them in their new roles.

At the same time Mr Mano also announced the departure of Mr. Francis Pumbu from MRDC on medical grounds.

Mr Pumbu joined MRDC on 30th July 2007 as Senior Client Services Coordinator. In March 2012 he was appointed to acting Manager Client Services, an appointment he held until this year.



↘ Kilangit Sapulai
Manager – Treasury



↘ Madeline Masa
Manager HR &
Administration



↘ Jack Parina
Company Secretary



↘ Steven Evekone
Manager External Affairs



↘ Kini Renagi
Senior Client Services
Coordinator

MRDC assists PNG Rugby Union development in the Highlands

MRDC has thrown its support to developing the code of rugby union in the Highlands region after presenting K450, 000.00 to the PNG Rugby Football Union Inc (PNGRFU).

MRDC Managing Director Augustine Mano while presenting the cheque said MRDC was happy to continue supporting the PNGRFU.

Mr Mano said the assistance demonstrates MRDC's commitment in supporting the PNGRFU's efforts in developing the code of rugby union in the country and especially in the highlands region.

He added that with the World Cup in 2016 it was important to support and build PNG's national rugby union team.

PNGRFU President Richard Sapias thanked MRDC for the huge donation and its continued support as a sponsor over the years.

Mr Sapias said the sponsorship would be used towards funding its programs in the highlands region especially the development of the code and competition.



MRDC Managing Director Augustine Mano (centre) presenting the cheque of K450,000 to PNGRFU President Richard Sapias (right) and Simon Kerr (left), General Maanger PNG Rugby Union Ground.

Mr Sapias also said that a portion of the funding would be used with the directive of the sponsor, MRDC,

for tournaments and other activities of the PNGRFU throughout the country.

MRDC backs PNG netball with K20,000 sponsorship

MRDC presented K20,000 to the Papua New Guinea Netball Federation (PNGNF) to support the National Under 21 team and further local netball development.

MRDC's Client & Administration Services General Manager Imbi Tagune presented the cheque to a small group of netball representative players and managers.

Mr Tagune said the assistance demonstrates MRDC's commitment in supporting the Netball Federation's efforts in developing the National Under 21 team as the potential National Netball team for the 2015 Pacific Games.

Mr Tagune added that MRDC was happy to add the netball code to its list of funded sporting codes.

"We have backed PNG's champion soccer team Hekari United, we recently broke into rugby and now to put our weight behind netball through this sponsorship only furthers MRDC's aim to



GM Client Services and Administration Imbi Tagune (centre) with PNG Netball Federation executives during cheque presentation.

help the country through community recreational development," said Tagune.

PNGNF President Julienne Leka-Maliaki thanked MRDC for its support and said that PNG netball was on the rise with a real shot at making it big in the international arena.

"This support from MRDC only furthers our cause and strengthens our efforts to focus on developing our young players, especially the

Under 21 team that has players already playing in the Pepes team due to their remarkable skill.

"Our Pepes team is foremost of course but we are putting a strong emphasis on developing our next set of players. That is why we are soliciting funds that we hope will reach K200,000 to enable PNG netball to send a team to Glasgow in August for this year's World netball series," said Leka.

All for a worthy cause



It was all fun and games at the Rita Flynn Courts for MRDC staff who took part in a fundraiser event for the PNGs under twenty-one netball team.

Pictured from left to right are MRDC's very own netballers for the day; Hitolo Morea, Patricia Hobart, Alex Orovea, Breflyn Kapa, Kini Renagi, Perpetua Haikaire and Rupana Tauloi.



PRK Mendi Muruks get new jerseys

Mineral Resources Development Company (MRDC) presented new jerseys to the PRK Mendi Muruks recently.

MRDC's Client & Administration General Manager, Imbi Tagune was on hand at the Kiburu Lodge in Mendi to make the presentation to the players witnessed by the team's management and coaching staff.

Mr Tagune while presenting the new jerseys encouraged the team to play to their best as a team and remember that they represented the people of Mendi and the Southern Highlands province as a whole.

Earlier in the year PRK jumped on board to support the Mendi Muruks and become the major sponsors with a sponsorship of K500, 000.00 to participate in the Digicel Cup. The Southern Highlands Provincial Government under William Powi's leadership also pledged K500, 000.00 while Kiburu Lodge gave K200, 000.00 and the promise that the lodge will house the players and team officials during the season.

RIGHT (from left to right): PRK Mendi Muruks Chairman Pastor Joseph Issac, SHPG Governor's representative Jerry Agus, PRK Major Sponsor Chairman John Kapi Natto, Minister for Works Francis Awesa and MRDC Managing Director Augustine Mano at the major sponsorship and naming rights cheque presentation.

TOP: MRDC's Steven Evekone (left) and Imbi Tagune (right) pose with PRK Mendi Muruks Team.



RIGHT: MRDC External Affairs General Manager Imbi Tagune Presenting the new PRK Mendi Muruks jersey to Bobby Yaicopya.

