MEMORANDUM OF AGREEMENT RELATING TO
RAMU NICKEL/COBALT PROJECT

BETWEEN

THE INDEPENDENT STATE OF PAPUA NEW GUINEA;

MADANG PROVINCIAL GOVERNMENT;

RAMU NICKEL LIMITED;

KURUMBUKARI LANDOWNERS ASSOCIATION;

MAIGARI INLAND PIPELINE ASSOCIATION;

COASTAL PIPELINE ASSOCIATION;

BASAMUK LANDOWNERS ASSOCIATION;

BUNDI LOCAL LEVEL GOVERNMENT;

USINO LOCAL LEVEL GOVERNMENT;

ASTROLABE BAY LOCAL LEVEL GOVERNMENT;

AND

RAI COAST LOCAL LEVEL GOVERNMENT

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THIS AGREEMENT is made on the day of 2000.

BETWEEN

THE INDEPENDENT STATE OF PAPUA NEW GUINEA (hereinafter called “the State”) of the one part;

THE MADANG PROVINCIAL GOVERNMENT (hereinafter called “the Provincial Government”) of the second part;

RAMU NICKEL LIMITED on its own behalf and on behalf of the Ramu Nickel Joint Venturers of the third part;

THE KURUMBUKARI LANDOWNERS ASSOCIATION of the fourth part;

THE MAIGARI INLAND PIPELINE ASSOCIATION of the fifth part;

THE COASTAL PIPELINE ASSOCIATION of the sixth part;

THE BASAMUK LANDOWNERS ASSOCIATION of the seventh part;

THE BUNDI LOCAL LEVEL GOVERNMENT of the eighth part;

THE USINO LOCAL LEVEL GOVERNMENT of the ninth part;

THE ASTROLABE BAY LOCAL LEVEL GOVERNMENT of the tenth part;

AND

THE RAI COAST LOCAL LEVEL GOVERNMENT of the eleventh part.
WHEREAS

(A) The State has entered into a Mining Development Contract with Ramu Nickel Joint Ventureurs dated the 26th day of July 2000 pursuant to which a mining operation, processing operation and the production of nickel cathodes and cobalt sulphates and other products is to be carried out in the Madang Province.

(B) It is recognised that the Ramu Nickel Project should proceed for the common benefit of the people of Papua New Guinea, and in particular, the people of the Madang Province.

(C) The State acknowledges and recognises the needs, aspirations and desires of the Provincial Government, relevant Local Level Governments and Landowners of the Project Area to receive an equitable share of benefits from the Ramu Nickel Project.

(D) The Parties have therefore conducted discussions and negotiations on various matters within the context of the Mining Development Forum convened by the Minister for Mining and have agreed on a number of matters in this agreement and other related agreements.

(E) The Parties recognise that they need to co-operate to ensure the proper development of the Madang Province to meet the needs that a large project such as the Ramu Nickel Project imposes both economically and socially.

(F) The Parties hereto have therefore agreed to make the decisions emanating from the Development Forum discussions and negotiations into an enduring Agreement.

IT IS HEREBY AGREED between the Parties as follows:

PART A - GENERAL

1. DEFINITIONS

In this Agreement, unless the context otherwise require:

“Business Development Plan” means a plan containing list of local business opportunities which the RNJV will assist the Landowners of the Project Area to undertake which is annexed hereto and forming part of this Agreement

“Foundation” means the Ramu Nickel Foundation established by the Provincial Government pursuant to Clause 17 of this Agreement;
“Future Generations” means

(a) the living children of beneficiaries of landowner portion of royalties; and

(b) the said children are at the age of going to school either under the Papua New Guinea National Education System or other recognised systems; and

(c) the Future Generations who are eligible to benefit from the Future Generation Trust Funds for utilisation under Clause 5 of this agreement.

“Infrastructure” shall include social and economic facilities such as roads, schools and wharves and without limiting the generality of these infrastructure shall include such infrastructure projects as contained in the Social and Economic Development Plan which forms part of this Agreement. These infrastructure projects shall exclude public investment-type projects which are dealt with in the normal national budgetary process;

“Joint Venturers” means Ramu Nickel Limited and Orogen Minerals (Ramu) Limited and include such other entity who is a joint licensee of the Special Mining Lease, and such other production and ancillary tenements granted under the Mining Act 1992 for the Project;

“Landowners” means members of any landowning group including their Future Generations, which has its origin in the Madang Province and owns land within the Special Mining Lease, mining leases, lease for mining purposes and mining easements and other tenements related to the Project that have been granted and whose ownership has been verified by the District Officer Lands for the Madang Province. For purpose of this Agreement “Landowners” also mean their respective Associations namely Kurumbukari Landowners (KLA), Maigari Inland Pipeline (MIPA), Coastal Pipeline (CPA) and Basamuk Landowners (BLA), Associations.

“Local Level Governments” means Bundi, Usino, Astrolabe Bay and Rai Coast Local Level Governments in the Madang Province.

“Mining Development Contract” means the agreement executed between the State and Ramu Nickel Joint Venturers for the development of the Project dated the 26th day of July 2000.

“Option Agreement” has the meaning given to that term in the Mineral Resources Development Company Pty Ltd (Privatisation) Act 1996.

“Parties” or “Party” means the parties to this Agreement;

“Project” means the Ramu Nickel Project approved by the National Executive Council to be carried out in Madang Province over which a Special Mining Lease and mining leases, lease for mining purposes and mining easements relating to it have been granted;
“Provincial Government” means the Madang Provincial Government;

“Royalty” means all mineral royalties paid to the State pursuant to the Mining Act (1992) or any other related legislation.

“Social and Economic Development Plan” means a plan containing list of infrastructure projects and social programmes annexed hereto and forming part of this Agreement.

“Special Mining Lease” means the lease granted under Section 33 of the Mining Act (1992) to the Joint Venturers for the Project.

“State” means the Independent State of Papua New Guinea and also means the National Government.

2. INTERPRETATION

In this Agreement, unless the context otherwise require:

(a) the headings herein do not affect the interpretation or construction of this Agreement.

(b) reference to any legislation or an Act includes the amendments to that legislation for the time being in force and also to any legislation passed in substitution therefor and any regulations for the time being in force thereunder;

(c) words importing the singular include the plural and vice-versa;

(d) words importing any gender include the other genders; and

(e) the recitals form part of this Agreement;

(f) in the event of any conflict as to the figures or information in this agreement and the annexed Social and Economic Development plan or the Business Development Plan or the Training and Localisation Programme then such figures and information shall be amended or varied to be consistent with this Agreement.

PART B – NATIONAL GOVERNMENT’S UNDERTAKINGS

3. ROYALTIES

3.1 Subject to clauses 3.2 and 3.3 herein, upon receipt of mine royalties for mine products from the Ramu Nickel Project, the State will retain or distribute, as the case may be, such royalties in the following proportions:
(a) Landowners 65%
(b) Madang Provincial Government 31%
(c) Local-level Governments 4%

3.2 From the total royalties received by the recipients of royalties in Clause 3.1(a) above the following distribution shall apply:

a) KURUMBUKARI LANDOWNERS
   (i) SML Landowners - 26%
   (ii) Future Generation Trust - 1%
   (iii) L.O.A. - 3%

b) MAIGARI INLAND PIPELINE LANDOWNERS
   (i) Future Generation Trust - 1%
   (ii) L.O.A. - 3%

c) COASTAL PIPELINE LANDOWNERS
   (i) Future Generation Trust - 1%
   (iii) L.O.A. - 2%

d) BASAMUK LANDOWNERS
   (i) LMP 42, LMP 43 & ML 149 Landowners 7%
   (ii) Future Generation Trust - 1%
   (iii) L.O.A. - 2%

e) EASEMENTS
   (i) Landowners (refer to 3.3) 18%

3.3 For clarity purposes all royalties referred to in clause 3.2(e) above shall be distributed to the landowners of easements and designated LMPs on an equal per hectare basis as follows:

- Pipeline easement (ME 75)
- Usino pump station (LMP 45)
- Usino switch yard (LMP 46)
- Ato switch yard (LMP 47)
- Erima pump station (LMP 48)
- Kurumbukari road easement (ME 76)
- Kurumbukari water pipeline easement (ME 77)
- Kurumbukari water pump station (LMP 44)
- Basamuk road easements (ME 78 and ME 79)
- Coastal Pipeline pump station (LMP 49)

4. THE FUTURE GENERATIONS TRUST FUNDS

4.1 Upon execution and coming into effect of this agreement and prior to commencement of commercial production of the Project, the State shall establish trust funds to be known as the Future Generations Trusts for each of the four Landowner Associations to be known as the
(a) KLA Future Generations Trust;
(b) MIPA Future Generations Trust;
(c) CPA Future Generations Trust; and
(d) BLA Future Generations Trust.

4.2 The said trust funds shall be established in the following manner:

(a) the National Government via the Department of Mineral Resources will establish ordinary trusts to be known as in Clause 4.1; and

(b) the trusts deed shall among other things make provisions for;

   (i) the trustee or trustees; and
   (ii) the persons to be the signatories to the trust account; and
   (iii) the circumstances under or the purpose for which any monies in the trust fund may be utilised or expended; and
   (iv) the procedure for the accountability of the monies of the trust fund; and
   (v) any other matters which are relevant or convenient for the proper and efficient management of the trust fund.

4.3 The monies to be paid into the funds are:

(a) all royalties intended for the benefit of the Future Generations and distributed by the National Government in accordance with Clause 3.2 of this Agreement; and

(b) any other monies that are lawfully intended for the purpose of the fund.

5. TRUST FUND ELIGIBILITY PERIOD

The eligibility period for the utilisation or expenditure of the trust funds shall be on or after fifteen (15) years and such period shall commence on the date in which the Joint Venturers first pay royalties to the State up to and including the 15th year of continuous payment of royalties by the Joint Venturers to the State.

6. FUNDING OF LANDOWNER ASSOCIATIONS

The State shall fund an amount of K50 000 for each of the four Landowner Associations within reasonable period after the execution of this Agreement by all parties each year up to the date of commercial production and shall cease upon the start of first royalty payment to the State by the Joint Venturers.
7. **EQUITY**

7.1 If the State elects to take up 30% equity in the Ramu Nickel Project and Orogen Minerals (Ramu) Limited exercises its option to take up 25% of the 30% pursuant to the Option Agreement, then the State will make available the balance of 5% equity (Landowners equity) in the Project in the following proportion:

(a) Kurumbukari Landowners 2%
(b) Maigari Inland Pipeline Landowners 1%
(c) Coastal Pipeline Landowners 1%
(d) Basamuk Landowners 1%

7.2 This Landowners equity shall be managed by a subsidiary of the Mineral Resources Development Company Limited for the benefit of the above mentioned Project area Landowners including their future generations.

7.3 Any distribution of dividends shall be made on a per hectare basis, but in the case of:

(a) Clause 7.1(a) distribution shall be made to the landowners of the Kurumbukari section of the pipeline (ME 75), road easement (ME 76), water pipe easement (ME 77), water pump (LMP 44), at the same per hectare rate as that paid to the landowners within the Maigari Inland Pipeline Association area which is 7.1(b) and the balance paid on a per hectare basis to the landowners within SML 8; and

(b) Clause 7.1(d) distribution shall be made to the landowners of the Basamuk section of the pipeline easement (ME 75), road easement (ME 78) and ME 79 at the same rate per hectare as that paid to the Coastal Pipeline Association area which is 7.1(c) and the balance paid on a per hectare basis to the landowners of the remaining leases within the Basamuk Landowners Association area.

8. **SPECIAL SUPPORT GRANT**

8.1 The State shall appropriate and make available to the Provincial Government in each financial year a grant to be known as the()) Special Support Grant”) for use on provincial infrastructure projects and programmes to be disbursed in the manner specified in the table below;

<table>
<thead>
<tr>
<th>Recipients</th>
<th>Yr 1–5</th>
<th>Yr 6–10</th>
<th>Yr 11-15</th>
<th>Over 15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundation</strong></td>
<td>80%</td>
<td>40%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Local Level</strong></td>
<td>0%</td>
<td>0%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Governments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Provincial Government</strong></td>
<td>20%</td>
<td>60%</td>
<td>70%</td>
<td>90%</td>
</tr>
</tbody>
</table>
8.2 The Special Support Grant will be paid quarterly to the Foundation, Provincial Government and the Local Level Governments respectively and in the proportion specified under Clause 8.1 above commencing in the quarter after the Commencement of Commercial Production as defined in the Mining Development Contract and will be calculated as set out in Clause 8.4 herein.

8.3 The Special Support Grant will be equivalent to 1% of the value of annual Net Smelter Return revenue for sale of mine products from the Project. For purpose of this Clause, Net Smelter Return revenue shall have the same meaning as provided in the Mining Act (1992).

8.4 The Special Support Grant will be calculated on the estimated annual Net Smelter Return revenue from the sale of mine products, such of which shall be adjusted annually against the actual revenue as stipulated in Clause 8.3 herein.

8.5 The first quarter’s Special Support Grant will only be released after the National Government has approved a list of projects and programmes submitted by the Provincial Government or the Foundation.

8.6 Quarterly payments for the 2nd, 3rd and 4th quarters will only be released upon receipt by the National Government of satisfactory quarterly progress reports from the Foundation or the Provincial Government on the use of the Special Support Grant.

9. INFRASTRUCTURE

9.1 The State shall fund or co-fund as the case may be through the Special Support Grant or with such moneys as are lawfully available to it certain of the infrastructure projects as identified by the Provincial Government or the Foundation and as contained in the Social and Economic Development Plan. For this purpose the State shall also contribute K 3 million for Phase 2 project pursuant to the said Social and Economic Development Plan and this period shall run from calendar year 2000-2002 inclusive or prior to Special Support Grant becoming available and payable.

9.2 Subject to proper costing to be done by the Foundation, these infrastructure projects shall be implemented by the Foundation established under Clause 17 of this Agreement.

9.3 The proper costing referred to in clause 9.2 of this Agreement shall be done in consultation with the relevant government agencies.
10. **ENVIRONMENTAL ISSUES**

10.1 The State through the Department responsible for Environment and Conservation matters undertakes to fund the position of one (1) environmental control and monitoring officer in Madang Province after the grant of the Special Mining Lease.

10.2 The Officer shall be responsible, among other things, to monitor and respond promptly, where practicable, on physical and social environmental issues relating to mining and processing operations relating to the Project.

10.3 The State hereby undertakes to establish a Committee under the Consultation Clause of the Mining Development Contract, which shall operate for the duration of the Project. The membership of the Committee shall comprise one (1) representative each from the Departments responsible for mining matters and environment and conservation matters, the Ramu Nickel Joint Venture, the Provincial Government, the four Landowner Associations and chaired by the representative from the Department responsible for environment and conservation matters. The Committee shall review environmental matters concerning the Project.

11. **LOCAL BUSINESS DEVELOPMENT**

11.1 The State shall ensure that the Clauses relating to Supply and Procurement and Local Business Development of the Mining Development Contract under which the National Government and the Ramu Nickel Joint Venturers have agreed upon a Business Development Plan to encourage Local Business Development is fully complied with and implemented.

11.2 The State, subject to the Supply and Procurement Clause of the Mining Development Contract, hereby undertakes to ensure that the Business Development Plan includes provisions whereby preference is given by the Ramu Nickel Joint Venture, firstly to businesses owned and operated by Landowners or joint ventures in which Landowners have substantial participating and controlling interest, and secondly to businesses owned and operated by the people of the Madang Province located within the Province and thirdly to other Papua New Guineans, in the supply and procurement of materials, equipment and services.
11.3 (a) The State undertakes to establish a Committee as provided in the Consultation Clause of the Mining Development Contract, which shall operate for the duration of the Project. The membership of the Committee will comprise one (1) representative each from the Departments responsible for mining matters, commerce & industry matters, the Ramu Nickel Joint Venture, the four Landowner Associations, the relevant Local Level Governments and the Provincial Government and shall be chaired by the representative from the Department responsible for commerce and industry matters.

(b) The Committee shall monitor the supply of goods and services to the Project including the monitoring of the operations of business development and where necessary, make recommendations for the better implementation of the Business Development Plan.

11.4 The State shall endeavour to secure a quarterly report from the Ramu Nickel Joint Venture on behalf of the Committee, the implementation of the Business Development Plan.

12. **BUSINESS ESTABLISHMENT GRANT**

12.1 The State shall extend a one-off grant of K1,000,000 initial capital to assist the Landowners through their respective umbrella companies to take part in business opportunities made available by the Project.

12.2 This K1,000,000 initial capital grant shall be equally divided and distributed among the Landowners’ umbrella companies.

13. **TRAINING AND LOCALISATION**

13.1 The State shall, subject to the Clause relating to Training and Localisation of the Mining Development Contract, ensure that:

(a) the Ramu Nickel Joint Venture complies with and implement the Training and Localisation Programme forming part of the Approved Proposals for Development and as provided for in the Training and Localisation Clause of the Mining Development Contract; and

(b) preference is given in training and employment opportunities in the construction and operation of the Project, firstly to Landowners, secondly to people from other areas of the Madang Province and thirdly to other Papua New Guineans.
13.2 The State hereby undertakes to establish a Committee according to the Consultation Clause of the Mining Development Contract, which shall operate for the duration of the Project. The membership of the Committee will comprise one (1) representative each from the Departments responsible for mining matters, labour & employment matters, the Ramu Nickel Joint Venture, the four Landowner Associations, the relevant Local Level Governments and the Provincial Government and shall be chaired by a representative from the Department responsible for labour & employment matters.

The Committee shall monitor the implementation of the training and localisation programme for the Project and where necessary, make recommendations for the better implementation of the Training and Localisation Programme.

13.3 The State shall endeavour to secure a quarterly report from the Ramu Nickel Joint Venture in relation to the implementation of the Training and Localisation programme, problems encountered and recommendations for solutions, if any, positions filled and the number of Madang people and other Papua New Guinean employed on its establishment.

14. **ELECTRICITY AND TELECOMMUNICATION**

The State undertakes to request Papua New Guinea Electricity Commission (ELCOM) and Telikom PNG to investigate the possible provision of rural electricity and rural telephone links as the case may be to appropriate villages within the Project Area as defined in the Mining Development Contract.

15. **LOAN GUARANTEES**

Subject to commercial viability of a project proposal by the relevant Landowner umbrella company, and taking account of the need for equality of access by all the Landowners in the utilisation of this facility, the State may guarantee repayment of loan for business venture on a case by case basis up to K1 million per annum for a period of five years from the date of execution of this Agreement by all parties. For purposes of this clause the maximum amount to be guaranteed is K5 million for five years from the date of this Agreement.

16. **NATIONAL GOVERNMENT TO CONSULT**

16.1 The Supply and Procurement, Training & Localisation and the Environmental Review Committees will meet quarterly on the same dates and in the same location (Madang or Port Moresby).
16.2 Prior to these meetings, a meeting will be held for all members of the above Committees to receive an update on the Project by the Ramu Nickel Joint Venture through the Manager. The Department responsible for mining matters will chair the meeting.

**PART C – MADANG PROVINCIAL GOVERNMENT UNDERTAKINGS**

**17. ESTABLISHMENT OF RAMU NICKEL FOUNDATION**

17.1 A Foundation known as the Ramu Nickel Foundation shall be established by the Madang Provincial Government before the commencement of Phase 3 to implement infrastructure projects funded by among other sources Special Support Grant provided pursuant to Clause 7 of this Agreement.

17.2 There shall be a Board of the Foundation whose members shall be as follows:

- Chairman shall be an independent person other than a member of the Board appointed by the Board on the recommendation of the management of the Foundation;
- Deputy Chairman shall be the Administrator of Madang Provincial Government;
- National Member for Raicost;
- National Member for Usino Bundi;
- Chairman for Provincial Finance & Planning;
- Four Presidents of the Project Area LLGs;
- Four Landowners Association Chairmen;
- A representative of Ramu Nickel Joint Venture;
- A representative of Department of Mining; and
- A representative of Department of Treasury & Planning.

The above members services shall be on voluntary basis and shall not be paid any remuneration for attending any meetings of the Foundation.

17.3 A project management office will be established by the Foundation to be responsible for the day to day management of Foundation affairs.

17.4 Among its other designated functions the Foundation shall, to the best of its ability from time to time, implement Phase 3 Projects and approved infrastructure projects and social programmes as contained in the Social and Economic Development Plan that have been funded through mining related benefits.
17.5 The parties contemplate that the Foundation will be responsible for preparing a rolling five year Social and Economic Development Plan for the Project Area designed to give effect to the efficient and effective utilisation of mining related benefits.

17.6 The Joint Venturers will fund the reasonable management and operational expenses for the first two years of the operation of the Foundation up to an amount not exceeding K500,000.00 referred to in clause 22 of this agreement.

17.7 After the first two years of the operation of the Foundation, the management and operations of the Foundation are intended to be funded through project management and design fees for infrastructure projects and programs implemented by the Foundation.

17.8 It is intended that the Foundation will establish a task force five years prior to closure of the mining operations to prepare an action plan for mine closure. The proposed plan is to focus on consolidating the use of the remaining benefits from the mining operations.

17.9 The Foundation shall provide annual progressive reports to the parties under this Agreement on the implementation of agreed and approved infrastructure projects and programmes with a view to reviewing and revising such projects and programmes.

18. INFRASTRUCTURE

18.1 The Provincial Government shall fund to the value of K1.4 million Phase 2 Infrastructure Projects as contained in the Social and Economic Development Plan.

18.2 These infrastructure projects shall be implemented by the Foundation for and on behalf of the Provincial Government.

19. FUNDING OF LANDOWNER ASSOCIATIONS

The Provincial Government shall fund an amount of K25,000 for each of the four Landowner Associations within reasonable period after the execution of this Agreement by all parties each year up to the date of commercial production and shall cease upon the start of first royalty payment to the State by the Joint Venturers.
20. MADANG PROVINCIAL GOVERNMENT TO CO-OPERATE AND CONSULT

The Provincial Government hereby undertakes to:

(a) work in full consultation with the National Government, the relevant Local Level Governments, Landowners Associations and the Company to ensure the smooth and efficient operation of the Project; and

(b) explore all avenues to resolve disputes and difficulties connected with mining and processing operations of the Project.

PART D – RAMU NICKEL JOINT VENTURERS' UNDERTAKINGS

21. INFRASTRUCTURE

21.1 The Ramu Nickel Joint Venturers shall fund to the value of K2 million Phase 2 infrastructure projects as contained in the Social and Economic Development Plan.

21.2 These infrastructure projects shall be implemented by the Joint Venturer

21.3 The funding and co-funding component of the Ramu Nickel Joint Venture except tax credit fund shall be deemed to be “development levy” for the purposes of Section 98(2)(a)(i) of the Organic Law on Provincial Government and Local Level Government 1995.

22. SEED FUNDING FOR RAMU NICKEL FOUNDATION

Notwithstanding the provisions of Clause 17 of this Agreement the Ramu Nickel Joint Venturers shall provide a one-off seed capital of K500 000.00 for the establishment, operation and management of the Ramu Nickel Foundation.

23. AGREEMENT WITH PROVINCIAL GOVERNMENT

23.1 The Provincial Government has advised the Joint Venturers and the Joint Venturers acknowledge that the Provincial Government desires to participate in the financing of some or all of the infrastructure to be developed to support the Project. This could include wharf, Basamuk Power Plant, water and sewerage services, township, housing development and road works.
23.2 The Provincial Government’s involvement in the financing of any of these infrastructure is subject to the negotiation of a commercial agreement satisfactory to the Joint Venturers but based on the following principles:

(a) the Landowners’ rights and benefits not being compromised;

(b) the Landowners being in agreement with any proposal;

(c) the provision of the proposed infrastructure not adversely affecting the timing and quality of the Project;

(d) the cost of the infrastructure being no greater than the cost contained in the Project’s feasibility studies including interest costs and tax effect;

(e) the Project’s financier’s acceptance of and consent to the proposed arrangements being forthcoming;

(f) the Provincial Government providing “bankable evidence” of its ability to raise the debt and its equity contribution without recourse to the Joint Venturers;

(g) the Joint Venturers being able to operate the infrastructure for the term of the Project;

(h) no service charge being levied for access to the infrastructure by the Joint Venturer.

24. LOCAL BUSINESS DEVELOPMENT

The Ramu Nickel Joint Venturers, in consultation and co-operation with the State and the Provincial Government, will-

(a) comply with and carry out the Business Development Plan outlined in the Approved Proposals for Development which is annexed hereto and forms part of this Agreement; and

(b) conduct an annual review of progress being made on the implementation of the Business Development Plan and make such variations to it as required by changing circumstances and are agreed by the Minister responsible for trade and industry matters.
25. **TRAINING AND LOCALISATION**

The Joint Venturers will comply with the Training and Localisation Programme and priority in employment will be given in the following order, firstly to the residents of the Usino-Bundi and Rai Coast Districts, then to other Madang Province residents, and then to other Papua New Guineans.

**PART E – LANDOWNERS’ UNDERTAKINGS**

26. **ACCOUNTABILITY REPORT**

The Landowners undertake to furnish expenditure report to the National Government and the Provincial Government as the case may be upon receipt and expenditure of public funds allocated or granted under Clauses 6 and 19 (Funding of Landowner Associations), and 12 (Business Establishment Grant) under this Agreement.

27. **LANDOWNERS TO CO-OPERATE AND CONSULT**

The Landowners hereby undertake:

(a) not to disrupt the operation of the Project at any time during the life time of the Project should any problem arise which is connected with the Project; and

(b) work in full consultation with the National Government, the Provincial Government, their Local Level Governments, the Joint Venturers and to ensure the smooth and efficient operation of the Project; and

(c) explore all avenues of consultation with the Joint Venturers, the Provincial Government and the National Government to resolve any problems or difficulties emanating from the project.

**PART F – LOCAL LEVEL GOVERNMENT’S UNDERTAKINGS**

28. **IDENTIFICATION AND IMPLEMENTATION OF INFRASTRUCTURE PROJECTS**

28.1 The Local Level Government acknowledges the establishment of the Foundation and shall ensure that it will provide necessary assistance for the identification and implementation of agreed infrastructure projects and programmes by the Foundation, to be funded with portion of Special Support Grant and such other funding sources including Local Government Grant.
28.2 The respective Local Level Government undertakes to fund out of its portion of the Special Support Grant or such other monies that are lawfully available to it other infrastructure projects in their respective areas that are not included in the Social and Economic Development Plan.

29. **LOCAL LEVEL GOVERNMENT TO CO-OPERATE AND CONSULT**

The Local Level Government hereby undertakes to:

(a) work in full consultation with the National Government, Provincial Government, the relevant Local Level Governments, Landowners Associations and the Joint Ventures to ensure the smooth and efficient operation of the Project; and

(b) explore all avenues to resolve disputes and difficulties connected with mining and processing operations of the Project;

**PART G – FORMAL CLAUSES**

30. **LAW APPLICABLE**

This Agreement shall be governed by and construed in accordance with the laws of Papua New Guinea.

31. **FORCE MAJEURE**

31.1 Any failure on the part of a Party to comply with any of the terms, conditions and provisions of this Agreement (except any obligation of a Party to make payment of monies owed to the other party) shall not be grounds for termination or give the other Party any claim for damages if such failure arises from Force Majeure, and if the first – mentioned Party;

(a) has taken all appropriate precautions, due care and reasonable alternative measures either with the objective of avoiding such failure and/or of carrying out its obligations under this Agreement; and

(b) has given notice to the other Party of the occurrence of Force Majeure upon becoming aware of the same.

31.2 The first-mentioned party shall take all reasonable measures to overcome the Force Majeure and to fulfil the terms and conditions of this Agreement with the minimum of delay (provided) that no party has an obligation to settle a labour dispute or to test the constitutionality of any legislation or laws) and shall give notice to the other Party upon the restoration of normal conditions.
31.3 For the purposes of this Agreement, Force Majeure shall include war, insurrection, civil disturbances, blockades, riot, embargoes, strikes, lock-outs and other labour conflicts and disputes, epidemics, volcanic eruptions, earthquakes, cyclones, floods, tidal waves, explosions, fires, lightning, governmental restrictions or unavailability of material or equipment and any other event which the party claiming force Majeure could not reasonably be expected to prevent or control.

32. **TERMINATION/REVIEW**

32.1 This Agreement shall terminate on the expiration of the Special Mining Lease or its earlier revocation or surrender.

32.2 The Parties shall review this Agreement every five (5) years from the execution of this Agreement.

33. **RESOLUTION OF DISPUTES**

Where a dispute arises between the Parties as to the interpretation or implementation of this Agreement, a meeting shall be held within fourteen (14) days of the request made by a party, with a view to resolving the dispute.

34. **ARBITRATION**

Where a dispute referred to in Clause 33 is not resolved within sixty (60) days after the request for a meeting, the Parties may submit the dispute to a single Arbitrator agreed to by the Parties for resolution of disputes in accordance with the provisions of the Arbitration Act (Chapter 46).

35. **WAIVER**

The failure of any party to enforce, at any time, any of the provisions of this Agreement shall in no way be construed to be a waiver of the provision or any part thereof of this Agreement or the right of any Party thereafter to enforce each and every part of the provision in respect of any subsequent default or breach.

36. **SEVERABILITY**

The provisions of this Agreement shall be separate and several each from the other to the extent that if any portion or any one provision or portion is deemed to be inoperative then the remainder of this Agreement shall remain binding upon and enforceable by the Parties hereto.
37. **FURTHER ACTS**

The Parties shall execute such documents and do and perform such acts that lie within their power and are necessary to give full effect to this Agreement.

38. **IMPLEMENTATIONS**

Each party undertakes to use all legal and administrative powers it reasonably has at its disposal from time to time to ensure that the provisions of this Agreement are effectively and expediently implemented.

39. **COMMUNICATIONS**

39.1 Signatories to Communications

Any formal communication by the Parties concerning this Agreement shall be deemed to have been made:

(a) in the case of the National Government, if signed by the Minister or the Secretary of the Department responsible for mining matters as their respective responsibilities require; and

(b) in the case of the Provincial Government, if signed by the Governor or the Provincial Administrator of the Department of Madang Province as their respective responsibilities require.

(c) in the case of Ramu Nickel Joint Venturers if signed by the Managing Director of the Manager appointed under the Joint Venture Agreement dated 17 November 1978 as amended.

(d) in the case of a Local Level Government if signed by the President of the Local Level Government; and

(e) in the case of a Landowners Association if signed by the Chairman of the Association.

39.2 Notice to Recipients

**A NOTICE TO THE NATIONAL GOVERNMENT:**

The Secretary  
Department of Mining  
Private Mail Bag  
PORT MORESBY  
National Capital District  
Fax No.: 3217958/ 3213701
A NOTICE TO THE MADANG PROVINCIAL GOVERNMENT:

The Administrator
Madang Provincial Adminstration
P O Box 2108
MADANG
Madang Province
Fax No.: 8523038

A NOTICE TO THE RAMU NICKEL JOINT VENTURERS:

The Manager
Ramu Nickel Limited
P O Box 113
MADANG
Madang Province
Fax No: 8521710

A NOTICE TO A LOCAL LEVEL GOVERNMENT:

The President
Local Level Government (Name)
C/- Madang Provincial Government
P O Box 2108
MADANG
Madang Province
Fax No: 8523038

A NOTICE TO A LANDOWNERS ASSOCIATION:

The Chairman
(Name of the Landowners Association)
P O Box 1256
MADANG
Madang Province
Fax No.: 8523542

Any formal communication shall be in writing and may be delivered either personality, or transmitted by telex, or facsimile to the person or persons referred to in Clause 39.1. herein at it’s address given above:

39.3 Receipt of Transmission

Any formal communication shall be deemed to have reached the other Party:
(a) in the case of personal delivery, when received by the relevant person referred to in Clause 39.1.; and

(b) in the case of telex or facsimile, as soon as the transmission is confirmed.
40. CONSULTATION

40.1 The National Government shall, upon receipt, promptly supply the Provincial Government with copies of the following notices, reports or other documents referred to in the following Clauses of the Mining Development Contract:

Clause 5 - Infrastructure Facilities and Ownership of Infrastructure
Clause 14 - Environmental Plan and in addition, all reports, documents and recommendations prepared by the environment officer stationed in Madang under Clause 10 of this agreement and any consultant engaged by the National Government
Clause 15 - Training and Localisation
Clause 16 - Supply and Procurement
Clause 21 - Termination
Clause 22 - Consequences of Termination
Clause 25 - Arbitration
Clause 31 - Variation

40.2 Where such reports, notices or documents are confidential such confidentiality shall extend to and be observed by the Provincial Government and other stakeholders.

40.3 The National Government shall consult the Provincial Government in relation to matters dealt with in the Clauses of the Mining Development Contract outlined in Clause 40.1 of this Agreement.

40.4 The provisions of Clause 40.3 herein shall be in addition to the consultation provisions relating to the implementation of the Supply and Procurement, Training and Localisation and Environmental Plan provisions in the Mining Development Contract.
IN WITNESS WHEREOF the Parties hereto have executed and delivered this Agreement in Papua New Guinea on the day and year first above written.

SIGNED for and on behalf of THE INDEPENDENT )
STATE OF PAPUA NEW GUINEA by the Prime )
Minister the HONOURABLE SIR MEKERE MORAUTA, MP )

In the presence of:

______________________________
WITNESS
Name (printed): ..............................

The COMMON SEAL of the MADANG )
PROVINCIAL GOVERNMENT was affixed by the )
Acting Governor, the HONOURABLE PENGAU NENGO, MPA )
with the Authority of the Madang Provincial Executive )
Council )

In the presence of:

______________________________
WITNESS
Name (printed): ..............................

The COMMON SEAL of the RAMU NICKEL )
LIMITED was affixed and sealed by the authority of the )
Board of Directors on its own behalf and for and on behalf of the Joint Venturers by virtue of )
clauses 10 and 11 of the Ramu Joint Venture Agreement dated 17 November 1978 as amended } in the presence of, and is attested by:

______________________________  __________________________
Signature of the Secretary  Signature of Director
SIGNED for and on behalf of the **KURUMBUKARI**  )
**LANDOWNERS ASSOCIATION** by the **CHAIRMAN**  )

In the presence of:

______________________________

WITNESS
Name *(printed)*: …………………………………

SIGNED for and on behalf of the **MAIGARI INLAND**  )
**PIPELINE ASSOCIATION** by the **CHAIRMAN**  )

In the presence of:

______________________________

WITNESS
Name *(printed)*: …………………………………

SIGNED for and on behalf of the **COASTAL**  )
**PIPELINE ASSOCIATION** by the **CHAIRMAN**  )

In the presence of:

______________________________

WITNESS
Name *(printed)*: …………………………………

SIGNED for and on behalf of the **BASAMUK**  )
**LANDOWNERS ASSOCIATION** by the **CHAIRMAN**  )

In the presence of:

______________________________

WITNESS
Name *(printed)*: …………………………………
SIGNED for and on behalf of the BUNDI LOCAL LEVEL GOVERNMENT by the PRESIDENT

In the presence of:

____________________________________
WITNESS
Name (printed): ........................................

SIGNED for and on behalf of the USINO LOCAL LEVEL GOVERNMENT by the PRESIDENT

In the presence of:

____________________________________
WITNESS
Name (printed): ........................................

SIGNED for and on behalf of the ASTROLABE BAY LOCAL LEVEL GOVERNMENT by the PRESIDENT

In the presence of:

____________________________________
WITNESS
Name (printed): ........................................

SIGNED for and on behalf of the RAI COAST LOCAL LEVEL GOVERNMENT by the PRESIDENT

In the presence of:

____________________________________
WITNESS
Name (printed): ........................................