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INDEPENDENT STATE OF PAPUA NEW GUINEA

- AND -

PORGERA LANDOWNERS

MEMORANDUM OF AGREEMENT RELATING TO THE
DEVELOPMENT OF THE PORGERA GOLD MINE PROJECT

MAY 1989

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THIS AGREEMENT is made on the 12th day of May 1989

BETWEEN the INDEPENDENT STATE OF PAPUA NEW GUINEA and the ENGA
PROVINCIAL GOVERNMENT.

WHEREAS

- (A) The Porgera Joint Venture has applied to the National Government to develop a gold mine at Porgera in the Enga Province, and
- (B) The National Government has involved Landowners in the deliberations on the proposals for the development by the Porgera Joint Venture, and
- (C) The National Government and the Landowners have had negotiations in relation to matters of concern to the Landowners, and
- (D) The National Government has, in recognition of the need for proper administration and development in the Porgera District, agreed to a number of matters which will directly or indirectly assist the Landowners in the District and both parties wish to make the decisions emanating from this an enduring arrangement.

IT IS AGREED AS FOLLOWS:

A. GENERAL

1. DEFINITIONS

"Approved Proposals for Development" shall have the same meaning as in the Mining Development Contract between the Independent State of Papua New Guinea and the Porgera Joint Venture.

"Commencement of Production" means the first date on which gold is produced for sale from the Porgera Mine Project.

"Commencement of Commercial Production" shall have the same meaning as in the Mining Development Contract.

"Community Facilities Grant" means any grant made available by the Porgera Joint Venture for the provision of community facilities in the Porgera District.

"Landowners" means member of any landowning clan which at any time has its origin in and owns land in the Porgera District and includes those persons who own land within the Special Mining Lease area.

"Mining Development Contract" means the agreement executed between the Independent State of Papua New Guinea and the Porgera Joint Venture for the Porgera Mine Project.

"National Government" means the Independent State of Papua New Guinea.

"Parties" or "Party" means the parties to this Agreement.

"Porgera District" includes the Porgera and the Paiela Council areas.

"Porgera Joint Venture" means the three companies, Placer (PNG) Pty Ltd, Highlands Gold Properties Pty Ltd and RGC (Papua New Guinea) Pty Ltd, or their respective assigns or successors, which have jointly entered into the Mining Development Contract to develop the Porgera Mine Project.

"Porgera Mine Project" means the mining development approved by National Executive Council over which the Porgera Special Mining Lease has been granted.

"Provincial Government" means the Enga Provincial Government.

"royalty" means the royalty under Section 105 of the Mining Act (Chapter 195) or any amendments to, or provisions succeeding or substituted for, those provisions.

"Special Mining Lease" is the lease granted pursuant to the Mining Act to the Porgera Joint Venture for the Porgera Mine Project.

"Special Mining Lease Landowners" means member of the TIENI, WAIWA, TUANDA, PULUMAINI, ANGALAINI, MAMAI and ANGA clans of the Porgera District which own land in the Special Mining Lease area.

9. ADMINISTRATION

The National Government undertakes that -

- * (a) within six months of the execution of this Agreement, it will create, fund and provide housing and office space for twelve additional public service positions, as described in the diagram in Annexure B to this Agreement, to be based in the Porgera District, at least four of which shall be available where necessary to expatriate contract officers,
- * (b) all public servants in the Porgera District will be paid a special zone allowance comparable to those in existence in other mining areas and consistent with national wage policy,
- * (c) the National Government will ensure that the Enga Provincial Government creates a third economic zone covering the Porgera District for the better administration and development of that District.

* 10. LONG TERM ECONOMIC DEVELOPMENT PLAN

The National Government will make available a consultant for such period as is required to assist the Porgera Development Authority and the Enga Provincial Government in establishing a long term economic development plan for the Porgera District.

11. LAW AND ORDER

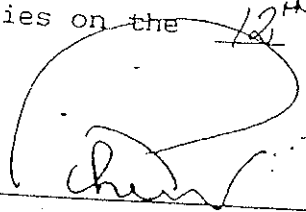
The National Government undertakes to -

- * ✓ (a) station an officer of the rank of Inspector at Porgera to be in charge of the Porgera Police Station.
- * ✓ (b) subject to the availability of suitable candidates, increase reserve police to numbers sufficient to provide effective support to full-time police officers stationed at Porgera.
- * ✓ (c) ensure, in conjunction with Enga Provincial Government and with assistance from the Porgera Joint Venture, that the boom-gate remains in place at Mount Maip to regulate the flow of people and goods into Porgera.
- * ✓ (d) upgrade the Mulitaka Police Station within two years of the execution of the agreement.

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37.2 The provisions of 37.1 shall be in addition to the consultation provisions relating to the implementation of Supply and Procurement and Training and Localisation provisions in the Mining Development Contract.

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties on the 12th day of May 1989.



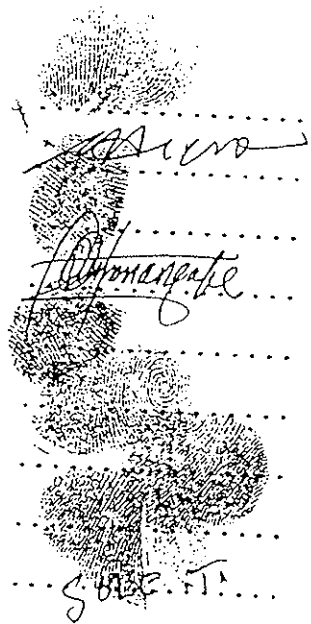
SIGNED for and on behalf of the INDEPENDENT STATE OF PAPUA NEW GUINEA by the Acting Minister for Finance and Planning. The Honourable JOHN GIHENO in the presence of:



The Honourable RABBIE NAMALIU
PRIME MINISTER

SIGNED for and on behalf of the LANDOWNING CLANS and SUBCLANS of the PORGERA SPECIAL MINING LEASE area

Wasa Aliape	:	Tiyani	-	Wagialo
Ipaia Lara	:	Tiyani	-	Kamimalo
John Kulina	:	Tiyani	-	Lakima
Nixen Magape	:	Tiyani	-	Wuape
Ekale Kangaba	:	Tiyani	-	Akira
Kimalea Ondalane:		Tiyani	-	Yagua
Pospi Karip	:	Waiwa	-	Lunda
Tapia Karipi	:	Waiwa	-	Yaliope
Aiyope Yawane	:	Tuanda	-	Yapala



SIGNED FOR AND ON BEHALF
OF THE PORGERA LOCAL GOVERNMENT COUNCIL
BY:

- | | | | |
|-----|-------------------|-----------------|----------------------------|
| *1. | Yaliman Pawe | President | <i>[Signature]</i> |
| 2. | Kemben Lenawe | Vice President | |
| 3. | Jonathan Paraia | Town Councillor | <i>[Signature]</i> |
| 4. | Pokoli Pasala | Councillor | |
| 5. | Peakape Awauakini | Councillor | <i>[Fingerprint]</i> |
| 6. | Tindiwi Waonyawe | Councillor | |
| 7. | Pakitu Pundi | Councillor | |
| 8. | Amowa Wagariri | Councillor | |
| 9. | Aiyo Anginape | Councillor | <i>[Fingerprint]</i> |
| 10. | Porowi Mangen | Councillor | |

[Signature]
 Provincial Legal Officer,
 Engor Province.