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News Release

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“NEW PORGERA A LONG ROAD BUT IT WAS WORTH THE EFFORT,” PM MARAPE SAYS AS MINE NEARS REOPENING

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Port Moresby, Papua New Guinea: Prime Minister Hon. James Marape has today welcomed the reopening of Porgera Mine, which is set to officially restart under SML 13 on 22 December 2023 with New Porgera Limited (NPL) expecting its first gold in the First Quarter of 2024.

Prime Minister Marape said New Porgera exemplifies a new direction in the handling of negotiations with mining companies for better benefits-sharing for Papua New Guinean stakeholders, as he commended developer Barrick Gold Corporation for settling at a win-win agreement for all involved parties.

He said, “It has been a long road we have travelled to the reopening of Porgera Mine, but it has been worth the effort.

“The result is a partnership between our country and two leading global mining companies – Barrick and Zijin.

“For the first time, such an agreement has given a majority ownership in a major resource project to Papua New Guinean shareholders.”

Under the renegotiated arrangements, New Porgera has 51 percent ownership by PNG stakeholders. They include the State via its mining company Kumul Minerals Holdings Limited, Enga Provincial Government, and local landowners. Barrick Gold Corporation and Zijin Mining Group together have 49 percent share.

PM Marape said, “New Porgera will deliver unprecedented benefits to the people of Papua New Guinea.

“Over the 20-year life of mine, PNG shareholders, which comprises Porgera landowners, Enga Province and the State, will receive 53 percent of Porgera’s overall economic benefits. The investors will share the remaining 47 percent.

“The 3 percent royalty to landowners is part of these benefits so landowners are big winners with 15 percent equity as they are getting 18 percent harvest value of gold from first production.

“At an assumed gold price of US\$1,800 per ounce, PNG shareholders can expect to receive nearly US\$7.3 billion (approximately K27.6 billion) over 20 years and US\$2.8 billion (K10.6 billion) in the first ten years. As we all know, the current gold price is much higher at approximately US\$2,000 per ounce.”

As it stands, New Porgera Limited looks set to be a significant contributor to the National Treasury, with a 32 percent Corporate Tax rate imposition and facing an increase in royalty from 2 percent to 3 percent.

Prime Minister announced the following steps back to full production as follows:

- Official restart of operations on 22 December, 2023.
- Re-commissioning to be completed in the coming weeks.
- Mining and processing operations to restart in the First Quarter 2024.
- First Gold production expected in the First Quarter 2024.
- Full production throughout into the Third Quarter of 2024.
- Employee ramp-up to occur throughout 2024, reaching 3,200 employees by year’s end.

PM Marape said the return of the mine to full production depended on the Hides Power Station and transmission lines being brought back into operation following recent acts of vandalism, and there being no further damage to the mine and essential infrastructure that supports the project, such as the Highlands Highway.

“Separately, the Community Development Agreement negotiations will be conducted starting in the first quarter of 2024, led by the Mineral Resources Authority on behalf of the State. We expect to conclude this at the earliest but not more than two years so our landowners of all project areas, including powerlines and source and riverine areas, can benefit.

“I want to thank President Mr Mark Bristow and Barrick Gold Corporation for ensuring that PNG got more in the New Porgera SML 13 for the next 20 years.

“New Porgera is a fine example for mining companies demonstrating that they can still make money in the new benefit-sharing arrangement we have carved out with Barrick.

“I welcome the reopening of Porgera this year,” said Prime Minister Marape.

He also thanked Governor of Enga Hon. Peter Ipatas, and the government and people of Enga Province, including all landowners, for their support and trust over the four years while the Government worked to secure these heightened benefits for them.

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