



# 2019 EITI Report

Papua New Guinea Extractive  
Industries Transparency Initiative

21 July 2021





Ernst & Young ("Consultant") was engaged on the instructions of the PNG Extractive Industries Transparency Initiative (EITI) Secretariat ("Client") to prepare PNG's 2019 Report under the EITI, in accordance with our Contract for Consultancy Services dated 15 June 2020 ("the Engagement Agreement").

The results of the Consultant's work, including the assumptions and qualifications made in preparing the report, are set out in the Consultant's report dated 21 July 2021 ("Report"). You should read the Report in its entirety including any disclaimers and attachments. A reference to the Report includes any part of the Report. No further work has been undertaken by the Consultant since the date of the Report to update it.

Unless otherwise agreed in writing with the Consultant, access to the Report is made only on the following basis: in accessing the Report or obtaining a copy of the Report the recipient agrees to the terms established below.

1. Subject to the provisions of this notice, the Report has been prepared for the Client and may not be relied upon by any other party without the prior written consent of the Consultant.
2. The Consultant disclaims all liability in relation to any other party who seeks to rely upon the Report or any of its contents.
3. The Consultant has acted in accordance with the instructions of the Client in conducting its work and preparing the Report, and, in doing so, has prepared the Report for the benefit of the Client, and has considered only the interests of the Client. The Consultant has not been engaged to act, and has not acted, as advisor to any other party. Accordingly, the Consultant makes no representations as to the appropriateness, accuracy or completeness of the Report for any other party's purposes.
4. No reliance may be placed upon the Report or any of its contents by any recipient of the Report for any purpose and any party receiving a copy of the Report must make and rely on their own enquiries in relation to the issues to which the Report relates, the contents of the Report and all matters arising from or relating to or in any way connected with the Report or its contents.
5. All tax advice, tax opinions, tax returns or advice relating to the tax treatment or tax structure of any transaction to which the Consultant's services relate ("Tax Advice") is provided solely for the information and internal use of Client and may not be relied upon by anyone else (other than tax authorities who may rely on the information provided to them) for any purpose without the Consultant's prior written consent.
6. No duty of care is owed by the Consultant to any recipient of the Report in respect of any use that the recipient may make of the Report.
7. The Consultant disclaims all liability, and takes no responsibility, for any document issued by any other party in connection with the Project.
8. No claim or demand or any actions or proceedings may be brought against the Consultant arising from or connected with the contents of the Report or the provision of the Report to any recipient. The Consultant will be released and forever discharged from any such claims, demands, actions or proceedings.
9. To the fullest extent permitted by law, the recipient of the Report shall be liable for all claims, demands, actions, proceedings, costs, expenses, loss, damage and liability made against or brought against or incurred by the Consultant arising from or connected with the Report, the contents of the Report or the provision of the Report to the recipient.
10. In the event that a recipient wishes to rely upon the Report that party must inform the Consultant and, if the Consultant so agrees, sign and return to the Consultant a standard form of the Consultant's reliance letter. A copy of the reliance letter can be obtained from the Consultant. The recipient's reliance upon the Report will be governed by the terms of that reliance letter.

Matthew Savage  
Client Service Partner



# Contents

Independent Administrator's notes.....	x
Abbreviations .....	xi
Minister's foreword .....	xii
Multi-Stakeholder Group statement .....	xv
Executive summary .....	1
1. Introduction .....	17
1.1. About the Extractive Industries Transparency Initiative .....	17
1.2. 2019 EITI Standard.....	17
1.3. EITI implementation in Papua New Guinea .....	20
2. Reporting entities and revenue streams .....	30
2.1. Materiality .....	30
2.2. Resource companies .....	31
2.3. State-owned enterprises .....	37
2.4. Government entities.....	38
2.5. Revenue streams.....	38
3. Contribution of extractive industries to the economy .....	42
3.1. About Papua New Guinea.....	42
3.2. PNG economic overview for 2019 .....	44
3.3. Post-2019 developments and projections .....	44
3.4. Impact of the extractive industries .....	45
3.5. Contribution to GDP.....	46
3.6. Contribution to government revenue.....	48
3.7. Contribution to exports .....	51
3.8. Contribution to employment.....	53
3.9. Employment Data Disaggregated by Gender.....	54
3.10. Commentary .....	57
4. Legal framework and fiscal regime .....	59
4.1. National governance structures .....	59
4.2. Ownership of subsoil assets.....	59
4.3. Taxation.....	59
4.4. Corporate income tax.....	60
4.5. Salary and wages tax.....	61
4.6. Foreign contractor withholding tax .....	61
4.7. Tax Credit Scheme .....	61
4.8. Other taxes on resource projects.....	61
4.9. Regulation of the mining industry .....	63
4.10. Regulation of the petroleum industry .....	65
4.11. Regulation of unconventional hydrocarbon .....	65
4.12. Resource development agreements .....	65
4.13. Royalties, development levy and production levy.....	66

4.14.	State's equity participation right.....	66
4.15.	Other stakeholder equity participation rights .....	66
4.16.	Government policy on disclosure of contracts.....	67
4.17.	Disclosure of beneficial ownership.....	68
4.18.	Relevant legislation .....	69
5.	Management and distribution of revenues.....	71
5.1.	Budget process.....	71
5.2.	Budget governance structures.....	72
5.3.	Recent reforms to the budget process.....	74
5.4.	PNG Sovereign Wealth Fund .....	75
5.5.	How extractive industry revenues are recorded .....	75
5.6.	Auditing of public accounts.....	77
6.	Social and subnational payments.....	79
6.1.	Mandatory and discretionary social expenditure .....	79
6.2.	Subnational payments.....	80
6.3.	Social and subnational payments by PNG entity: mining.....	84
6.4.	Social and subnational payments by PNG entity: oil and gas .....	90
7.	Mining.....	98
7.1.	Overview of mining operations in 2019 .....	98
7.2.	Mines operating in 2019 .....	98
7.3.	New mining projects.....	120
7.4.	Advanced exploration mining projects .....	121
7.5.	Mines not operating in 2019 .....	122
7.6.	Mining production data .....	124
7.7.	Regulation of the mining sector .....	126
7.8.	Register of tenements .....	127
7.9.	Allocation of tenements .....	127
7.10.	Public Investment Program .....	130
8.	Oil and gas .....	132
8.1.	Classification of licences .....	132
8.2.	Oil and gas companies active in PNG.....	133
8.3.	Oil Search (PNG) Ltd projects producing in 2019.....	134
8.4.	Oil Search gas projects .....	139
8.5.	PNG LNG Project.....	140
8.6.	New oil and gas projects .....	147
8.7.	Oil and gas production data.....	148
8.8.	Regulation of the oil and gas sector.....	151
8.9.	Allocation of licences.....	152
9.	State-owned enterprises .....	156
9.1.	Legal basis .....	156
9.2.	Quasi-fiscal expenditures .....	156
9.3.	Kumul Petroleum Holdings Ltd .....	156
9.4.	Kumul Mineral Holdings Ltd.....	160

9.5.	Ok Tedi Mining Limited (OTML).....	161
9.6.	Mineral Resources Development Company Ltd .....	164
10.	Reconciliation of revenue streams .....	174
10.1.	The reporting process .....	174
10.2.	Reporting compliance .....	174
10.3.	Reconciliation overview .....	179
10.4.	Detailed reconciliation .....	181
10.5.	Mining and oil gas payments 2019 .....	181
10.6.	Mining payments 2019 .....	188
10.7.	Data quality and audit of financial statements 2019 .....	198
11.	Findings and recommendation .....	205
Appendix A	PNG MSG members and alternates.....	210
Appendix B	Mining tenements awarded/extended 2019.....	213
Appendix C	Oil and gas licence fees in 2019 .....	224
Appendix D	Changes to petroleum licences in 2019 .....	226
Appendix E	Map of Petroleum Tenements.....	231

# Figures

Figure 1: Revenue of the extractive industry .....	1
Figure 2: Historical commodity apportionment based on total oil and gas, mineral and non-mineral export value .....	5
Figure 3: Contribution of the extractive industries to government revenue (PGK m) per National Budget .....	6
Figure 4: Revenue streams received by the State of PNG.....	8
Figure 5: Social expenditures per category .....	12
Figure 6: Timeline for EITI Implementation in PNG .....	20
Figure 7: PNG EITI's objectives for EITI Implementation.....	21
Figure 8: Structure of governance of PNG EITI.....	22
Figure 9: Independent Administrator's process .....	23
Figure 10: Relative percentage of each revenue streams.....	31
Figure 11: GDP and rate of real growth 2019.....	44
Figure 12: Percentage contribution of the extractives sector to economic measures in 2019	46
Figure 13: Extractive industries contribution to nominal GDP 2019.....	46
Figure 14: Contribution of the extractive industries to Government revenue (PGK m) per National Budget .....	49
Figure 15: Historical commodity apportionment based on total oil and gas, mineral and non-mineral export value .....	51
Figure 16: Oil and gas and mineral (mineral) and non-mineral employment .....	53
Figure 17: Employment data charts .....	56
Figure 18: Overview of documents guiding PNG national budget process .....	71
Figure 19: Budget governance structure which assist with the budget process and fiscal decision making .....	74
Figure 20: Mines, advanced projects and alluvial mineral districts 2019 .....	100
Figure 21: Porgera production data, as reported by MRA.....	101
Figure 22: Porgera mine ownership structure.....	102
Figure 23: Kainantu mine production data, as reported by MRA.....	103
Figure 24: Kainantu mine ownership structure .....	105
Figure 25: Luise Caldera production data, as reported by MRA.....	105
Figure 26: Lihir ownership structure.....	107
Figure 27: Kurumbukari production data, as reported by MRA* .....	108
Figure 28: Ramu Nickel Project ownership structure.....	110
Figure 29: Hidden Valley production data, as reported by MRA.....	111
Figure 30: Hidden Valley mine ownership structure.....	112
Figure 31: Edie Creek production data, as reported by MRA.....	113
Figure 32: Edie Creek mine ownership .....	114
Figure 33: Mt Fubilan production data, as reported by MRA.....	115
Figure 34: Ownership structure of Mt Fubilan mine .....	117
Figure 35: Simberi production data, as reported by MRA .....	118
Figure 36: Simberi mine ownership structure .....	119
Figure 37: Solwara ownership structure.....	120
Figure 38: Woodlark ownership structure 2019 .....	120
Figure 39: Frieda River project ownership structure .....	121
Figure 40: Wafi-Golpu Joint Venture ownership structure.....	121

Figure 41: Tolukuma ownership structure (as at 2017 – current information could not be obtained) .....	122
Figure 42: Mt Crater production data, as reported by MRA.....	123
Figure 43: Mt Crater mine ownership structure .....	123
Figure 44: Oil and gas projects 2019, as compiled by the PNG Chamber of Mines and Petroleum .....	132
Figure 45: Oil Search licence interests, processing and distribution routes.....	134
Figure 46: SE Gobe Unit licence interests after sale of Southern Highlands Petroleum .....	135
Figure 47: PDL 2 (Kutubu Field Complex, Iagifu, Hedinia, Usano, Agogo) licence interests	136
Figure 48: Moran unit licence interests .....	138
Figure 49: Hides Gas to Electricity Project licence interests .....	139
Figure 50: PNG LNG Project Location and Pipeline .....	140
Figure 51: The relative interests of each partner in the PNG LNG project for the 2019 reporting period .....	142
Figure 52: PDL 1 Hides licence interests .....	143
Figure 53: PDL 7 (Hides) licence interests.....	144
Figure 54: PDL 8 (Angore) licence interests.....	144
Figure 55: PDL 9 (Juha) licence interests .....	145
Figure 56: Payment flows from GloCo .....	146
Figure 57: Stanley project licence interest.....	147
Figure 58: Process for DPE licence allocation.....	152
Figure 59: KPHL projects and fiscal arrangements. Note that NPCP Oil Company Pty Ltd is also sometimes referred to as Cue Oil. ....	157
Figure 60: KPHL payment streams from PNG LNG project .....	159
Figure 61: Equity distributions received by KPHL from PNG LNG .....	159
Figure 62: Dividend revenue streams from Ok Tedi Mining Limited .....	162
Figure 63: MRDC revenue distributions .....	168
Figure 64: Equity distributions received by MRDC Landowner Companies from PNG LNG	172
Figure 65: Revenue streams received by the State.....	179

# Tables

Table 1: Revenues from Extractive Industry and Recipients.....	1
Table 2: Contribution of the mining and oil and gas sectors.....	3
Table 3: Material reporting entities.....	9
Table 4: Summary of payment streams reported and reconciled .....	13
Table 5: Share of Sales Reconciliation .....	15
Table 6: Summary of Changes in the EITI Standard .....	17
Table 7: PNG's progress in implementing the EITI Standard (Initial assessment card) .....	24
Table 8: SOE, mining, oil and gas companies.....	32
Table 9 : Material reporting entities.....	36
Table 10: Resource companies' coverage .....	36
Table 11: State-owned enterprises and trustees .....	37
Table 12: Material government entities .....	38
Table 13: Other government entities .....	38
Table 14: Government revenue streams.....	39
Table 15: Revenue streams coverage .....	40
Table 16: PNG's World Development Indicators .....	43
Table 17: Contributions to growth in real GDP (% points) during 2014–19.....	47
Table 18: Contribution of the mining and oil and gas sectors to government revenue.....	48
Table 19: Comparison of 2019 Budget figures with figures from reconciliation (see Chapter 10) .....	50
Table 20: Employment Data Disaggregated by Gender.....	54
Table 21: Relevant legislation with hyperlinks .....	69
Table 22: Budget governance structure which assist with the budget process and fiscal decision making .....	72
Table 23: Public records of extractive industry revenues.....	75
Table 24: Summary of mandatory and discretionary social expenditure by company and sector in 2019 .....	80
Table 25: Subnational payments reporting framework.....	82
Table 26: Transfers to provincial and local governments in 2019 .....	82
Table 27: Mandatory social expenditure reported by Barrick .....	84
Table 28: Discretionary social expenditure reported by Barrick .....	84
Table 29: Subnational payments reported by Barrick Niugini.....	85
Table 30: Mandatory expenditure reported by K92 Mining Ltd.....	85
Table 31: Discretionary social expenditure reported by K92 Mining Ltd .....	85
Table 32: Subnational payments reported by K92 Mining Ltd.....	85
Table 33: Mandatory expenditure reported by Lihir Gold Ltd .....	86
Table 34: Discretionary expenditure reported by Lihir Gold Ltd .....	86
Table 35: Subnational payments reported by Lihir Gold Ltd .....	86
Table 36: Mandatory expenditure reported by MCC Ramu Nico.....	87
Table 37: Discretionary expenditure reported by MCC Ramu Nico .....	87
Table 38: Subnational payments reported by MCC Ramu Nico .....	87
Table 39: Mandatory social expenditure reported by Morobe Consolidated Goldfields.....	87
Table 40: Discretionary social expenditure reported by Morobe Consolidated Goldfields.....	88
Table 41: Subnational payments reported by Morobe Consolidated Goldfields.....	88



Table 42: Discretionary social expenditure reported by Simberi Gold .....	89
Table 43: Subnational royalty payments reported by Simberi Gold.....	89
Table 44: Mandatory social expenditure reported by ExxonMobil .....	90
Table 45: Discretionary social expenditure reported by ExxonMobil .....	90
Table 46: Subnational payments by ExxonMobil: local government recipients.....	90
Table 47: Discretionary social expenditure reported by Lavana.....	91
Table 48: Discretionary social expenditure reported by Santos .....	91
Table 49: Mandatory social expenditure reported by Total .....	91
Table 50: Discretionary social expenditure reported by Total .....	91
Table 51: Mandatory expenditure reported by Oil Search.....	92
Table 52: Discretionary expenditure reported by Oil Search.....	92
Table 53: Discretionary social expenditure reported by KPH.....	92
Table 54: Discretionary expenditure reported by MRDC.....	93
Table 55: Subnational payments reported by MRDC.....	95
Table 56: Discretionary expenditure reported by Ok Tedi Mining Limited .....	96
Table 57: Subnational payments reported by Ok Tedi Mining Limited .....	96
Table 58: Mining companies 2019 .....	98
Table 59: Compliance summary Porgera Mine .....	100
Table 60: Financial highlights Porgera mine.....	101
Table 61: Share of owners and consolidated payments on Porgera mine.....	102
Table 62: Compliance summary K92 mine.....	103
Table 63: Financial highlights K92 mining project.....	104
Table 64: Project revenue and consolidated payments on Kainantu project .....	104
Table 65: Compliance summary Lihir mine .....	105
Table 66: Financial highlights Lihir Gold Limited .....	106
Table 67: Project revenue and consolidated payments on Lihir Mine .....	107
Table 68: Compliance summary Ramu .....	107
Table 69: Financial highlights Ramu Nickel project .....	109
Table 70: Share of joint venture partners and consolidated payments on Ramu Nickel project .....	109
Table 71: Compliance summary Hidden Valley.....	111
Table 72: Financial highlights Hidden Valley (30 June 2019).....	112
Table 73: Project revenue and consolidated payments on Hidden Valley Project .....	112
Table 74: Compliance summary Niuminco Edie Creek.....	113
Table 75: Financial highlights Niuminco Group Limited .....	114
Table 76: Project revenue and consolidated payments of Edie Creek Mine.....	114
Table 77: Compliance summary Mt. Fubilan .....	115
Table 78: Financial highlights Ok Tedi Mining Limited.....	116
Table 79: Project revenue and consolidated payments on Ok Tedi Mining Limited .....	117
Table 80: Compliance summary Simberi Mine .....	118
Table 81: Financial highlights Simberi Mine (30 June 2019).....	119
Table 82: Project revenue and consolidated payments of Simberi Mine .....	119
Table 83: Non-material advance exploration projects.....	122
Table 84: Production and export quantities and values reported by companies and the MRA for 2019 .....	124
Table 85: Comparison of export quantities and values reported by companies, MRA and in the 2019 Budget figures^.....	126

Table 86: Mining export quantities, values and country of destination as reported by Customs .....	126
Table 87: Environmental permits as reported by CEPA in 2019 .....	129
Table 88: PIP funds administered by MRA, 2019 .....	130
Table 89: Compliance summary of partners/owners of SE Gobe Project.....	135
Table 90: Compliance summary of partners/owners of Kutubu Project.....	136
Table 91: Compliance summary of partners/owners of Moran Unit Project.....	137
Table 92: Compliance summary of partners/owners of Hides Gas to Electricity Project .....	139
Table 93: Compliance summary of partners/owners of PNG LNG Project .....	141
Table 94: Compliance summary of partners/owners of PDL 1 .....	142
Table 95: Compliance summary of partners/owners of PDL 7 .....	143
Table 96: Compliance summary of partners/owners of PDL 8 .....	144
Table 97: Compliance summary of partners/owners of PDL 9 .....	145
Table 98: Oil and gas production and export quantities provided by companies^.....	149
Table 99: Oil and gas production and export quantities reported by DPE .....	150
Table 100: Oil and gas export quantities, values and country of destination as reported by Customs.....	151
Table 101:DPE licence statistics for 2019 .....	154
Table 102: KPHL gross revenue .....	158
Table 103: KPHL payment streams .....	158
Table 104: KPHL subnational payments .....	158
Table 105: OTML reported revenue streams 2019 .....	163
Table 106:OTML dividend payments 2019.....	163
Table 107: MRDC subsidiaries and ownership structure .....	165
Table 108: MRDC subsidiaries: reported receipts for 2019.....	168
Table 109: MRDC subsidiaries: reported payments for 2019.....	170
Table 110: Total value held in MRDC trusts for oil and gas projects .....	171
Table 111: Summary of information provided by reporting entities.....	176
Table 112: Summary of information provided by government reporting entities .....	178
Table 113: Summary of information provided by State-Owned Entities reporting entities ....	178
Table 114: Summary of revenue streams reported and reconciled .....	179
Table 115: Reconciliation of corporate income tax payments .....	181
Table 116: Reconciliation of ITCs actually spent on projects in 2019 reported by companies and DNPM .....	182
Table 117: Reconciliation of ITC offsets reported by companies as credit against tax payable and values provided by IRC.....	183
Table 118: Salary and wage tax 2019.....	183
Table 119: Foreign Contractor Withholding tax 2019.....	185
Table 120: Other taxes reported by IRC.....	186
Table 121: Reconciliation of dividend payments to Treasury and Landowners .....	186
Table 122: Fees reported by CEPA for 2019.....	188
Table 123: Reconciliation of production levy .....	189
Table 124: Reconciliation of mining royalty payments paid to local/provincial government (as reported by the MRA) .....	190
Table 125: Royalty payments variance analyses.....	191
Table 126: Reconciliation of mining royalty payments paid to landowners (as reported by the MRA) .....	191
Table 127: Fees paid to MRA (unilaterally disclosed).....	191

Table 128: Reconciliation of Equity Distribution.....	192
Table 129: Reconciliation of Share of Sales.....	192
Table 130: Reconciliation of development levy .....	194
Table 131: Development levy reported by other participants of the project .....	194
Table 132: Reconciliation of oil and gas royalty payments.....	195
Table 133: Royalties reported by participants of the project .....	195
Table 134: Reconciliation of additional profits tax.....	197
Table 135: DPE reported licence fees.....	197
Table 136: Overview of status of financial audits for EITI reporting entities for the reporting period.....	198
Table 137: Findings and recommendations .....	205

# Independent Administrator's notes

## Reporting period

This report covers the calendar year from 1 January 2019 to 31 December 2019. In instances where figures for 2019 could not be obtained, the most recent available data is given. Where relevant, we have also included data subsequent to the reporting period. We have annotated data relating to years other than 2019 within the text.

## Reporting on cash basis

Receipts and payments included in this report are on a 'cash basis', consistent with the approach approved by the Multi-Stakeholder Group (MSG). This approach includes only receipts and payments made during the 2019 calendar year. Some of these payments may have been accrued in previous years. Where revenues and expenses are earned or accrued during 2019, but receipts and payments were made during 2020, these will be included and annotated in the 2020 EITI Report.

## Currency

This report is presented in PNG kina (PGK). Amounts provided in US dollars (USD) and Australian dollars (AUD) have been converted at a rate of USD1: PGK3.3899 and AUD1: PGK2.3545, respectively an average for the 2019 calendar year as per the Bank of PNG figures.<sup>1</sup>

---

<sup>1</sup> Bank of Papua New Guinea, Historical Exchange Rates, <https://www.bankpng.gov.pg/historical-exchange-rates/>

# Abbreviations

<b>AML</b>	Alluvial Mining Lease	<b>MoA</b>	Memorandum of Agreement
<b>APF</b>	Agogo Processing Facility	<b>MRA</b>	Mineral Resources Authority
<b>APT</b>	Additional profits tax	<b>MRDC</b>	Mineral Resources Development Company Ltd
<b>BDG</b>	Business Development Grant	<b>MMscf</b>	Millions of standard cubic feet (gas)
<b>BO</b>	beneficial ownership	<b>MRE</b>	Mineral Resource Enga Ltd
<b>CDOA</b>	Coordinated Development and Operating Agreement	<b>MRM</b>	Mineral Resource Madang Ltd
<b>CEPA</b>	Conservation and Environment Protection Authority	<b>MROT</b>	Mineral Resource Ok Tedi No. 2 Ltd
<b>CMCA</b>	Community Mine Continuation Agreement	<b>MRSM</b>	Mineral Resources Star Mountains Ltd
<b>CPF</b>	Central Processing Facility	<b>MSG</b>	Multi-stakeholder group
<b>CRF</b>	Consolidated Revenue Fund	<b>MTFS</b>	Medium Term Fiscal Strategy 2013–2017
<b>DMPGM</b>	Department of Mineral Policy and Geohazard Management	<b>MYEFO</b>	Mid-Year Economic and Fiscal Outlook
<b>DNPM</b>	Department of National Planning and Monitoring	<b>NEC</b>	National Executive Council
<b>DoF</b>	Department of Finance	<b>NEFC</b>	National Economic and Fiscal Commission
<b>DPE</b>	Department of Petroleum and Energy	<b>NGO</b>	Non-government organisation
<b>EIR</b>	environmental impact report	<b>OGA</b>	Oil and Gas Act 1998
<b>EIS</b>	environmental impact statement	<b>OTDF</b>	Ok Tedi Development Foundation
<b>EITI</b>	Extractive Industries Transparency Initiative	<b>OTML</b>	Ok Tedi Mining Limited
<b>EL</b>	Exploration Licence	<b>oz</b>	ounce
<b>EMC</b>	Executive Management Committee	<b>PDL</b>	Petroleum Development Licence
<b>FGTF</b>	Future Generation Trust Funds	<b>PEP</b>	Politically exposed person
<b>FOB</b>	Free on board	<b>PIP</b>	Public Investment Program
<b>GBT</b>	General Business Trust	<b>PGK</b>	Papua New Guinea Kina
<b>GDP</b>	Gross Domestic Product	<b>PNG</b>	Papua New Guinea
<b>GST</b>	Goods and Services Tax	<b>PNGSDP</b>	Papua New Guinea Sustainable Development Program
<b>IA</b>	Independent Administrator	<b>PPFL</b>	Petroleum Processing Facility Licence
<b>IDG</b>	Infrastructure Development Grant	<b>PPL</b>	Petroleum Prospecting Licence
<b>ILG</b>	Incorporated Land Group	<b>PRG</b>	Petroleum Resources Gobe Ltd
<b>IMF</b>	International Monetary Fund	<b>PRK</b>	Petroleum Resources Kutubu Ltd
<b>IRC</b>	Internal Revenue Commission	<b>PRL</b>	Petroleum Retention Licence
<b>ITA</b>	Income Tax Act 1959	<b>PRM</b>	Petroleum Resources Moran Ltd
<b>ITC</b>	Infrastructure Tax Credit	<b>scf</b>	standard cubic feet (gas)
<b>JICA</b>	Japan International Cooperation Agency	<b>SML</b>	Special Mining Lease
<b>JV</b>	Joint Venture	<b>SOE</b>	State-owned enterprise
<b>KCH</b>	Kumul Consolidated Holdings Ltd	<b>SSG</b>	special support grants
<b>KMH</b>	Kumul Mineral Holdings Ltd	<b>STARS</b>	Responsible Sustainable Development Strategy
<b>KPH</b>	Kumul Petroleum Holdings Ltd	<b>stbo</b>	standard barrels of oil
<b>LBBSA</b>	Licence Based Benefits Sharing Agreement	<b>stbopd</b>	standard barrels of oil per day
<b>LNG</b>	Liquefied natural gas	<b>stbopy</b>	standard barrels of oil per year
<b>m<sup>3</sup></b>	cubic metres	<b>SWF</b>	Sovereign Wealth Fund
<b>MA</b>	Mining Act 1992	<b>TCS</b>	Tax Credit Scheme
<b>MAC</b>	Mining Advisory Council	<b>UBSA</b>	Umbrella Benefit Sharing Agreement
<b>MCC</b>	Metallurgical Corporation of China Ltd	<b>UHA</b>	Unconventional Hydrocarbons Act
<b>ML</b>	Mining Lease		



## Minister's foreword



As Chairman of the PNGEITI Multi-Stakeholder Group (MSG) and Minister responsible for EITI implementation in the country, I am honored to deliver the seventh PNGEITI Report covering the 2019 financial year. Papua New Guinea has consistently been meeting its reporting obligation as a EITI member country by publishing the Annual Reports on a timely manner. I recognize and appreciate the continued commitment and dedication demonstrated by the MSG in preparing this important report. The Marape Government has embarked on reforming some of the laws governing the extractive sector to ensure that all players gain equally from existing and future resource developments.

The purpose of this report is to continue to present to our populace a comprehensive description on the operation of the PNG extractive sector, its contributions to the domestic economy and most importantly, the accountability of revenues received by the Government.

The publication of the seventh report is a significant progression from the six reports that were published in previous years. The report not only seeks to address the remaining recommendations from PNG's first validation in 2018, but it also includes various aspects of the reporting attributed to detailed sub-national payments, disclosure of details on company beneficial ownership, contract transparency, commodity trading, project by project reporting, reporting on gender disparities, systematic disclosure on production and export of commodities, and systematic disclosures on State participation in extractive projects through State-Owned Entities (SOEs).

Despite the onset of the Covid-19 pandemic in late 2019 and disruptions to activities in 2020, I am satisfied that the 2019 EITI Report has significantly improved in addressing information and data gaps identified in previous reports and, including the corrective measures recommended from PNG's first validation assessment.

I commend the Multi-Stakeholder Group for working collaboratively in compiling such an important report that can be used as a reference source for policy discourse by government and many other stakeholders including investors. I urge the MSG to continue the good work as it is not just publishing reports to meet the EITI global Standard but also diagnosing areas of systemic weaknesses in government systems. The EITI report recommendations are important for the Government for making informed decisions for better management of the sector.

The reforms that have been recommended and others that may be put forward in future through the EITI reporting process can assist the Government to undertake critical policy and legislative reforms to ensure that resource owners gain meaningfully from the wealth derived from the development of PNG's natural resources.

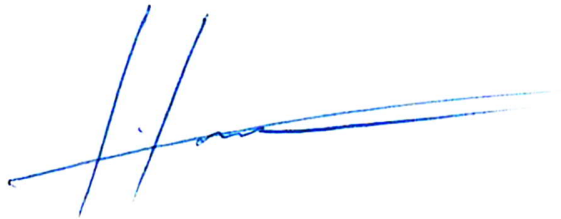
One of the key reforms by the Marape Government to address corruption risk in the country was passing of the Independent Commission Against Corruption (ICAC) Bill last year. The PNGEITI reporting process can complement such reform efforts by Government in identifying incidences of corruption in the use of resources revenues. Transparency is important to combating corruption in the extractive sector because benefits flowing from natural resources should be utilized in a manner that supports the Government's overall national development policy and program priorities.

Maintaining investor confidence is critically important for the resource sector and the Marape Government is committed to promoting transparency and creating a conducive environment for further investment in the sector.

As Chair of the PNGEITI MSG and as Minister for EITI implementation, I am deeply encouraged to see the collaborative effort by our government officials, extractive companies, and a broad range of civil society organizations involved with EITI

implementation activities in the country since the Government made a commitment in 2013 to adopt the global best practice Standard.

I am pleased to commend the Financial Year 2019 PNGEITI Report and officially endorse it for release.



**HON. IAN LING-STUCKEY, CMG. MP**

Minister for Treasury & Chairman,  
PNG Extractive Industries Transparency Initiative  
Multi-Stakeholder Group (MSG)

# Multi-Stakeholder Group statement

The PNG EITI Multi- Stakeholder Group (MSG) is an oversight body that governs and guides EITI implementation in Papua New Guinea. The MSG comprises representatives from government, civil society organizations and the extractive industry companies.

One of the MSG's main activities is the production of annual EITI reports as required by the EITI Global Standard. This tripartite stakeholder group has worked collaboratively, culminating in the publication of six PNG EITI Annual Reports covering fiscal years 2013 to 2018. This continued collaboration has led to the production of the financial year 2019 PNG EITI Report, the seventh consecutive report to be published since PNG became a member of this global body in 2013.

The EITI reporting process continues to facilitate critical policy and legislative reforms and improvements in current institutional capacities and business practices in key government departments and agencies for improved governance of the extractive sector. The publication of EITI reports also ensures that PNG adheres to the global best practices in the sector by working hard to meet the requirements of the EITI Standard. This is necessary to enhance transparency and accountability of revenues paid by industry companies to the national, provincial and local level governments and landowner associations. The publication of this seventh report is intended to stimulate further discussions on the management of the sector and should continue to build trust between resource impacted communities, government and the industry players to improve governance and enhance accountability.

The role of the MSG has been very important in that it has provided a platform for the government, industry and civil society to work together and improve communication and awareness of this important sector.

Through the chairmanship of the MSG by the Government (through the Minister for Treasury), it has further strengthened the relationship between policy, revenue administration and regulating agencies. Inter-agency collaboration has proven to derive the most positive resource revenue management outcomes, both in terms of revenue collections, expenditure tracking and transparency. Inter-agency collaboration has also assisted in identifying weakness in government systems and processes to take corrective measures for better management of the financial data and information relating to the sector.

Industry representatives have worked consistently with great generosity of time and resources to help advance all aspects of the EITI process. They have overtime seen the true value of the EITI reports as a valuable tool that promotes their contribution to the country's economy as well as the social economic benefits to the people. The publication of this seventh report, despite disruptions caused by Covid19 pandemic last year demonstrates what can be achieved when all partners collaborate and work together and the valuable contribution, they can make to the economy in pursuit of our development objectives as a nation.

For industry representatives to continue working with the Government openly and to maintain trust, it is important that there is effective consultation by the government stakeholder on any proposed policy or legislative reforms relating to the extractive sector. The EITI process is an important platform that can be utilized to consult and debate on resource sector issues.

For civil society organisations, the formal establishment of the PNG Resources Governance Coalition (PNGRGC) as the umbrella body last year is anticipated to provide value to the work of the MSG. The ongoing CSO capacity development project is anticipated to boost the work of CSOs to effectively participate at the MSG level and contribute to resource governance issues and recommendations coming out from the EITI reports for effective public debates.

The MSG would like to thank Mr. Lucas Alkan, Head of PNG EITI National Secretariat and his staff for their direction and continued support in the production of this seventh report. The MSG would also like to thank Ernst & Young (EY) for performing its role as the Independent Administrator (IA) for this Report despite the extremely difficult operating environment brought about by COVID-19 pandemic disruptions.



# Executive summary



# Executive summary

## Extractive industry contributions to Papua New Guinea

Figure 1: Revenue of the extractive industry <sup>2</sup>

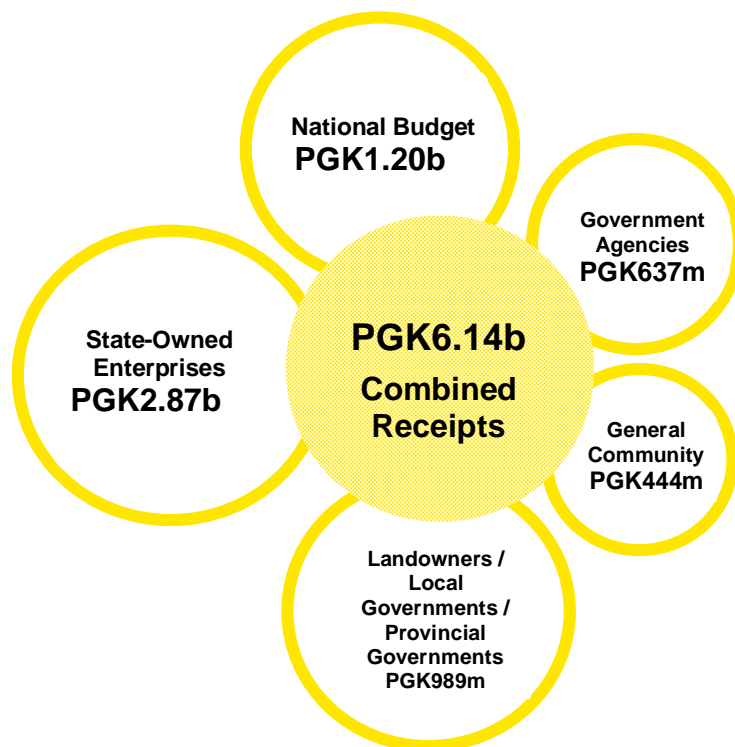


Table 1: Revenues from Extractive Industry and Recipients <sup>3</sup>

State-Owned Enterprises	National Budget	Government agencies (receipts which are not recorded in the National Budget)	Landowners / Local and Provincial Governments	General community
<ul style="list-style-type: none"> <li>► Equity distributions from PNG LNG Joint Venture <i>(excluding Dividends paid to Treasury)</i></li> <li>► Net margin generated from Ok Tedi Mining Limited (PGK1,949m) <i>(Net margin is calculated by Deducting the following from Gross Sales:</i> <ul style="list-style-type: none"> <li>• Mining Cost</li> <li>• Processing Cost</li> <li>• Decrease in Inventories of product on hand and in process</li> <li>• Dividends declared</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>► Additional profit tax</li> <li>► Corporate income tax</li> <li>► Dividend withholding tax</li> <li>► Dividends</li> <li>► Goods and services tax</li> <li>► Interest withholding tax</li> <li>► Management fee withholding tax</li> <li>► Royalty withholding tax</li> <li>► Import tax</li> <li>► Excise tax</li> <li>► Training levy</li> </ul>	<ul style="list-style-type: none"> <li>► Business payment tax</li> <li>► Environmental fees</li> <li>► Foreign contractor withholding tax</li> <li>► Salaries and wages tax</li> <li>► Licence fees</li> <li>► Alluvial levies</li> <li>► Mine security deposits</li> <li>► Exploration security deposits</li> <li>► Mining lease rentals</li> <li>► Data sale fees</li> <li>► Application</li> <li>► Mine closure bond</li> <li>► Decommissioning bonds</li> </ul>	<ul style="list-style-type: none"> <li>► Royalties</li> <li>► Levies</li> <li>► Equity distributions from oil and gas/mining projects</li> </ul>	<ul style="list-style-type: none"> <li>► Mandatory social expenditures</li> <li>► Voluntary social expenditures</li> </ul>

<sup>2</sup> 2019 Reporting Templates

<sup>3</sup> A) Refer to how extractive industry revenues are recorded - Section 5.5 of this report

B) Ok Tedi's Net Margin is calculated from the 2019 Annual Report balances, page 5; <https://oktedi.com/who-we-are/annual-performance/>, accessed 18 December 2020

## Other contributions

Other contributions of the extractive industry in PNG for the year 2019 are as follows:

PNG's economy is characterised by two large economic sectors: agriculture, forestry and fishing – which engages most of the labour force (the majority informally) – and the extractives sector (oil and gas extraction; mining and quarrying) – which accounts for the majority of export earnings.

The PNG LNG project has been the primary driver of GDP growth in recent years. Higher production volumes in the extractive industries in 2019, including significant growth in silver and nickel, contributed significantly to nominal GDP growth in 2019. The extractive industries contribute 88% of PNG's exports.

Total employment in the extractive industries improved in 2019. According to BPNG's June employment statistics, total employment average grew by 2.0%, driven largely by growth in the mining sector.<sup>8</sup>

In 2019, the extractive industry, contributed PGK109 million and PGK335 million of mandatory and voluntary social expenditures, respectively. These social expenditures are in a form of cash and in-kind which local communities have directly benefited.

Of the government revenues recorded in National Budget (composing corporate income tax, dividends, import taxes), the extractive industry contribution amounted to PGK1.1 billion. Other revenues received by state-owned enterprises and government agencies such as salaries and wages taxes, foreign contractor withholding taxes, DPE and MRA fees, environmental charges and equity distribution amounted to PGK3.7 billion.

**PGK33.53b** in oil and gas and mineral exports from PGK28.77b in 2018

(Actual value of oil and gas and mineral exports)<sup>4</sup>

(Oil and gas and mineral exports account for 88% of Total Exports)

**28%** contribution to GDP (est)\*

(Real and Nominal Gross Domestic Product)

**26%** contribution to GDP growth from prior year<sup>^</sup>

(Real and Nominal Gross Domestic Product)

**18%** Employment average growth<sup>5</sup>

(Material reporting entities reported employment of 14,919 PNG Nationals in 2019)<sup>6</sup>

**PGK444m** Social Expenditures

(Refer to Chapter 6: Social and Subnational payments)

**28%** Contribution to Government Revenue<sup>7</sup>

(Other sectors contribution does not include other revenues collected from respective government agency, regulator or authority)

\*Calculated using figures from Table 1 2021 Budget Volume<sup>9</sup>

Contribution to GDP (est) Extractive = (Total Nominal GDP – Total Non-mining GDP) / Total Nominal GDP

<sup>^</sup>Calculated using growth nominal GDP from Table 1 2021 Budget Volume<sup>10</sup>

GDP Growth = (Contribution to GDP Extractive (2019) – Contribution to GDP Extractive (2018)) / Contribution to GDP Extractive (2018)

<sup>4</sup> 2021 National Budget Volume 1 Value of Main Exports Commodities Table 5 page 151;

[http://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 18 December 2020

<sup>5</sup> Table 9.7 Employment Classified by Industry Employment Classified by Region; Growth rate calculated by movement of employment index as at end of 2018 and 2019; <https://www.bankpng.gov.pg/statistics/quarterly-economic-bulletin-statistical-tables/>, accessed 18 December 2020

<sup>6</sup> Total PNG Nationals employed as reported by the material reporting entities. Refer also to Table 20: Gender information

<sup>7</sup> Refer to Figure 3 and Figure 14 for this report

<sup>8</sup> 2020 National Budget Volume 1 page 3;

[http://www.treasury.gov.pg/html/national\\_budget/files/2020/2020%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2020/2020%20Budget%20Volume%201.pdf), accessed 18 December 2020

<sup>9</sup> 2021 National Budget Volume 1 Gross Domestic Product by Economic Activity at Current and Constant Prices Table 1 page 148;

[http://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 18 December 2020

<sup>10</sup> Ibid

## Contribution by sector

Table 2: Contribution of the mining and oil and gas sectors

2019	Production value (PGK m) est*	Export value (PGK m) ^	Share of total exports <sup>11</sup>	Contribution to GDP <sup>12</sup>	Employment <sup>13</sup>
Mining	14,243.0	15,267.0	40.1%	17.2%	13,446
Oil and gas	18,250.7	18,262.7	48.0%	10.5%	4,167
<b>Total</b>	<b>32,493.7</b>	<b>33,529.7</b>	<b>88.1%</b>	<b>27.7%</b>	<b>17,613</b>

\* Production value

- a) Mining production value is not available on MRA's reporting template, but has been calculated using the below formula:

$$\text{Value of commodity} = (\text{Export value} / \text{Export quantity})$$

$$\text{Produced value} = \text{Value of commodity} * \text{quantity produced}^{14}$$

- b) Oil and gas production value is not available on DPE's reporting template nor to any public portals but has been recalculated by the Oil Search representative and forwarded to the Chamber of Mines and Petroleum. Amount was calculated by applying Oil Search's net equity in each project and grossing up; using their quarterly average gas and oil prices (stated in the Quarterly reports); applying their gas conversion factor of 5,100 scf to one barrel of oil; and the high heating value of the sales gas as LNG at 1140 BTU per mmscf. The same procedure is applied to all four quarters of 2019, resulting to a production value of PGK18,250,731,625

Estimated production values are lower than the export values due to variables used in estimation and/or the exports in 2019 included production from previous year.

<sup>11</sup> 2021 National Budget Volume 1 Value of Main Exports Commodities Table 5 page 151;  
[http://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf) Calculated share percentage based on export values, accessed 18 December 2020

<sup>12</sup> 2021 National Budget Volume 1 Gross Domestic Product by Economic Activity at Current and Constant Prices Table 1 page 148;  
[http://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 18 December 2020

<sup>13</sup> Sum of total employees reported by reporting entities, refer to Chapter 3 for further details

<sup>14</sup> Total Export Values, derived from MRA Template, refer to Chapter 7.

# EITI?

The Extractive Industries Transparency Initiative (EITI) is a global organisation established in 2002 with a goal of increasing industry transparency and accountability. Countries participate by issuing annual reports reconciling payments from the extractive industries to receipts by governments, in accordance with the EITI Standard. This is Papua New Guinea's seventh EITI report, covering the 2019 calendar year. In accordance with the EITI Standard, the reporting process has been overseen by a multi-stakeholder group (MSG), and has been compiled by an independent administrator, Ernst & Young (EY).

Important progress has been made since PNG's first EITI report, providing greater transparency for Papua New Guineans over revenue streams from the country's mining and oil and gas industry. The 2016 EITI report was the first to undergo validation by the EITI International Secretariat and was found to have achieved satisfactory progress. This report aims to build on previous disclosures and work towards satisfactory progress in those areas that were noted by the EITI International Secretariat as having inadequate progress.



The next validation was scheduled for April 2020 for the 2019 PNG Report. However, given the gaps, including challenges posed by COVID-19, the MSG has requested for a deferral and the EITI Board had scheduled for PNG to undergo its second validation commencing October 2021.

The pandemic, declared by the World Health Organization in March 2020, and the Government's response to it, have impacted the industry in various ways. At the time of writing, the extent and duration of the impact cannot yet be estimated.

Papua New Guinea is home to approximately eight million people, living predominantly outside urban areas, and speaking 800 different languages. The country is extremely diverse geographically, biologically, culturally and linguistically.

PNG has experienced 18 years of economic growth and is classified as 'lower middle income' by the World Bank. The country has a wealth of natural resources, and revenue from these resources could contribute to reducing poverty and improving the lives of PNG citizens. However, despite these abundant resources, 37.5% of PNG citizens continue to live below the national poverty line.<sup>15</sup> The country is classified as 'medium human development', ranking 155 out of 189 countries on the Human Development Index, a summary measure that assesses long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living.<sup>16</sup> Corruption is a challenge for PNG; in 2019 it was ranked 137 out of 180 countries, with a score of 28 out of 100 in Transparency International's *Corruption Perception Index* (lower scores indicating more corrupt).<sup>17</sup>

# PNG

<sup>15</sup> Asia Development Index, Basic Statistics 2019, <https://www.adb.org/countries/papua-new-guinea/poverty>, accessed 9 October 2020

<sup>16</sup> UN Human Development Reports, <http://hdr.undp.org/en/countries/profiles/PNG>, accessed 15 January 2021

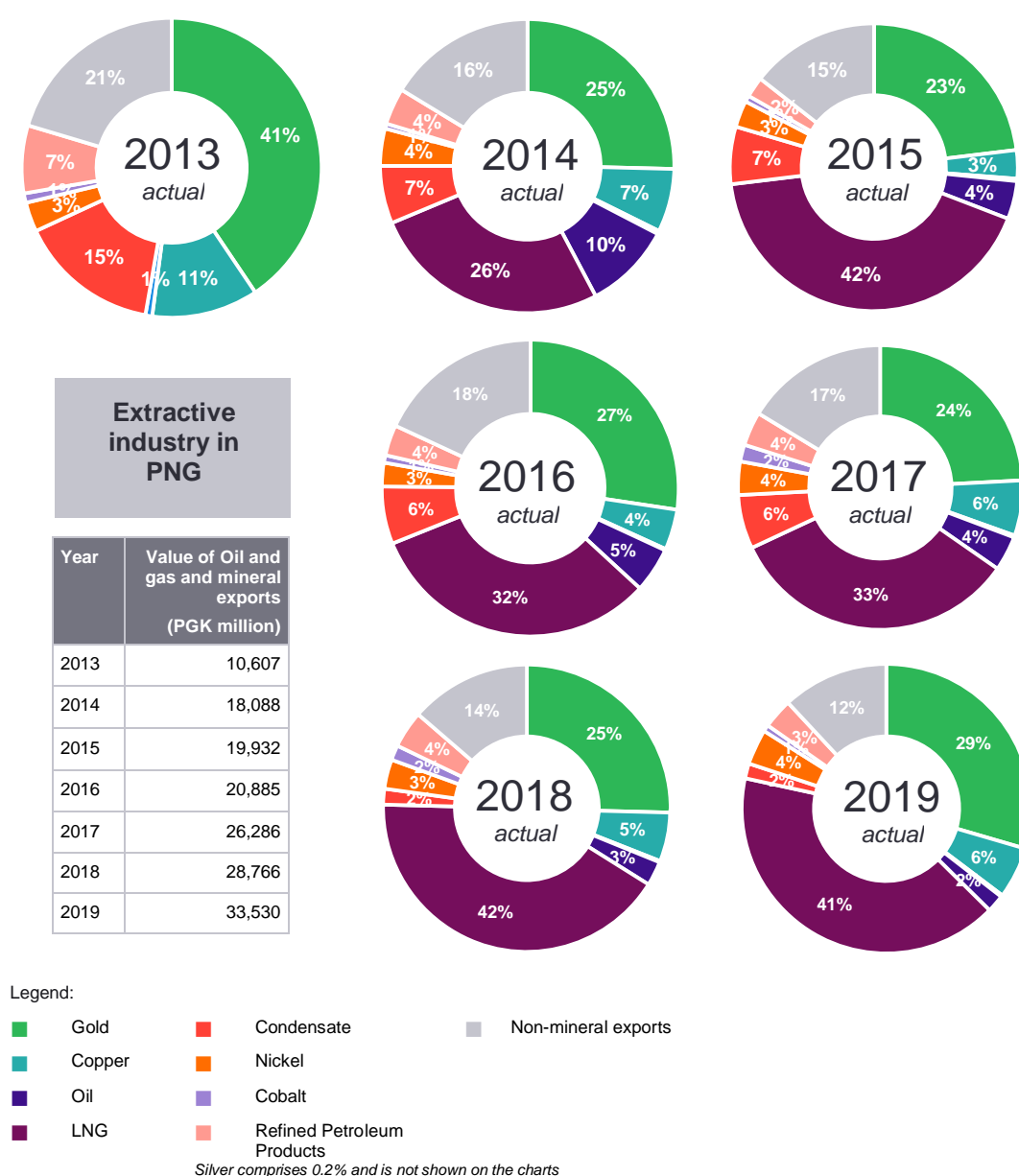
<sup>17</sup> Corruption Perceptions Index 2019, Transparency International, <https://www.transparency.org/en/cpi/2019/index/png>, accessed 15 January 2021

## Contributions to PNG Economy

The extractive industries have both positive and negative social impacts in PNG. The positive impacts of the extractive industries are the provision of employment and revenue to local communities, as well as funding for infrastructure such as roads, hospitals, schools and power generation. The extractive industries can also be a source of tension between different societal groups and negatively impact the environment through land degradation, water quality and increased carbon greenhouse gas emissions if not properly managed.

Figures 2 and 3, show the contribution of the extractive industry to exports and government revenue.

**Figure 2: Historical commodity apportionment based on total oil and gas, mineral and non-mineral export value<sup>18</sup>**



<sup>18</sup> 2021 National Budget Volume 1 Historical Value of Main Exports Commodities Table 5 page 151; [http://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 18 December 2020

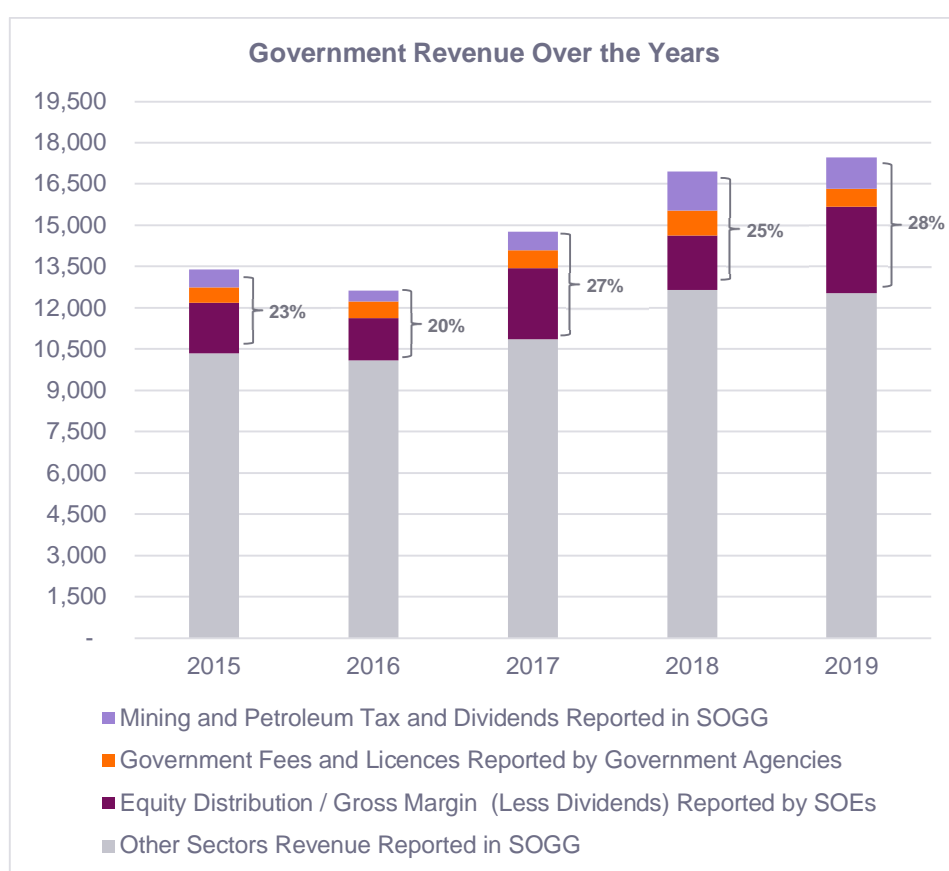


Papua New Guinea's major export commodities are gold and LNG, together comprising, over 80% of total oil and gas and mineral export value (70% of total export value including non-mineral).

Gold prices have trended upwards since December 2018, reaching a six-year high of US\$1,500 per ounce in early September 2019. This increase was driven by increased demand for gold as a safe haven asset, due to the escalation of trade tensions between US and China, volatility in financial markets, escalating US-Iran tensions and easing monetary policy in the US and elsewhere. Gold purchases by central banks have also provided some support to the gold price.<sup>19</sup>

Over the year to October 2019, gold prices have averaged around US\$1,376.0 per ounce, 8.4 per cent higher than 2018 levels. As markets continued to respond to ongoing trade tensions and geopolitical problems, gold demand remained robust over the remainder of 2019 supporting an average of US\$1,380.0 per ounce for the year.<sup>20</sup>

Figure 3: Contribution of the extractive industries to government revenue (PGK m) per National Budget <sup>21</sup>



Revenues reported in the Statement of Operations for the General Government ("SOGG" or "National Budget") do not include equity distributions received and gross margin reported by state-owned enterprises, and revenues received by government agencies, such as salaries and wages taxes (SWT), foreign contractor withholding taxes (FCWT), DPE and MRA fees and environmental charges. For purposes of presentation in Figure 3, other revenues received by SOE and government agencies were included; royalties and landowner receipts (either direct or through Trustee) are excluded. Other sectors revenue presented in Figure 3 does not include other revenues collected from respective government agency, regulator or authority.

<sup>19</sup> 2020 National Budget Volume 1 Gold Prices, page 18

<sup>20</sup> Ibid

<sup>21</sup> Statement of operations for general Government. 2020 National Budget Volume 1; reporting templates over the years

Declines in 2016 were driven primarily by lower commodity prices. The increasing revenues from 2017 through 2019 resulted from increasing commodity prices triggering increased distributions to State Owned Entities and dividends to Government, partially offset by lower corporate income tax collections from certain reporting entities (i.e. PGK14m from Ok Tedi in 2019, compared with PGK147m in 2018), and salaries and wages taxes (PGK470m in 2019 was the lowest receipts in the past 6 years) driven by reduced employment from lower development activity.”

Government agencies receive taxes and fees averaging PGK690m. Highest collections were recorded in 2018, where FCWT and SWT peaked with a combined amount of PGK865m. The lowest collections were in 2015 and 2016, due to absence of FCWT as reporting revenue in previous reports. Decline in revenues in 2019 is due to reduced FCWT (by 40%) and SWT (by 27%, respectively).

Average annual equity distribution received by KPHL over the past 5 years amounted to PGK957m. Highest collections were recorded in 2015 amounting to PGK1,790m. Lowest receipts, on the other hand, were recorded in 2016 amounting to PGK297m.

Gross margin from Ok Tedi is calculated by deducting mining cost, processing cost, and change in Inventories of product on hand and in process. Ok Tedi earned an annual average of PGK1,726m of gross margin over the past 5 years. Highest gross margin was earned in 2017 amounting to PGK2,430m while lowest was in the year 2015 where Ok Tedi earned PGK487m.

## **How do the extractive industries contribute to State revenue?**

In 2019, the largest sources of revenue from the extractive industries included equity distributions, corporate income tax, salaries and wages taxes, dividends and royalties.

Most of this revenue goes into consolidated government revenue, with the rest primarily distributed to SOEs. PNG’s budget is prepared by the Department of Treasury through a public consultative process. In recent years there has been an effort to make the process more strategic and rules-based so that it is directed towards achieving sound fiscal policy.

Some revenue from the extractive industries is earmarked for specific purposes, such as the Public Investment Program, a vehicle through which the PNG government implements development policies aimed at improving the livelihood and wellbeing of PNG citizens in all provinces.

The PNG Sovereign Wealth Fund was established in 2015 to ensure that some of the wealth generated by the extractive industries is saved for the benefit of future generations. However, at the time of writing, the Government has yet to appoint an inaugural board, and the 2019 National Budget projects zero balances for the funds through to 2023.

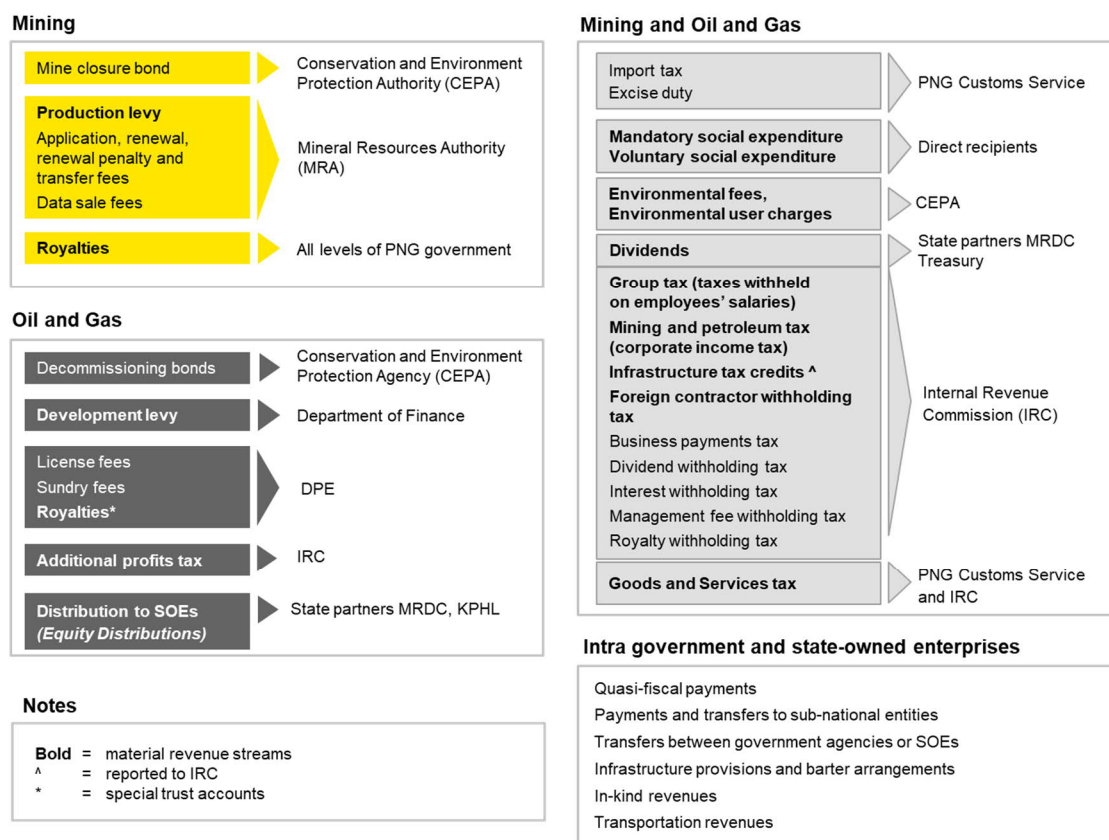
Revenue flows to the government from the extractives industry can be volatile, as the financial performance of the individual operations are affected by a variety of factors that include fluctuating commodity prices, natural disasters, and impacts of severe weather events such as drought and flood.

Whilst not analysed in this report, state revenue is significantly enhanced by the multiplier effect that each operation generates from hiring by subcontractors, increased business start-ups and expansions, increased demand for housing and services, etc.

## What are the revenue streams from the extractives industry?

The diagram below outlines the main revenue streams and their recipients.

Figure 4: Revenue streams received by the State of PNG



## Which revenue streams are considered material for this report?

The revenue streams deemed material for this report are shown in bold in the diagram above. This includes all revenue streams that contribute 2% or more of the total revenue received by the government from the mining and oil and gas sectors for the year 2019.

The report also covers revenue streams that fall below this quantitative threshold, but which are deemed material based on a qualitative definition adopted by the MSG, which captures revenue streams that were:

- ▶ Defined by law
- ▶ Of potential significant interest or benefit to the PNG population
- ▶ Likely to exceed a pre-defined quantitative level of materiality in the future.

For 2019, these included environmental permit fees, environmental user charges, production levies and goods and services taxes. Individually, these revenue streams fall below the quantitative threshold, but together they represent more than 2% of revenue from the extractive industries. Therefore, all payments that could affect the comprehensiveness of the EITI report are included in the scope of reconciliation.

Where revenue streams are not considered material for reconciliation, these revenue streams are reported unilaterally by the receiving entity, or in the case of social expenditure, by the companies making the payments. For the 2019 report, to increase transparency at the provincial level, the IA and MSG have requested unilateral disclosure of subnational payments by reporting entities.

## Which organisations are considered material for this report?

The entities required to submit data templates for this report include:

- ▶ All mining and oil and gas companies, including those with interests in operations or interests in projects in advanced stages of exploration or pre-production, which have paid combined government revenue above the materiality threshold.
- ▶ Resource companies that paid combined government revenue below the quantitative threshold, but for which the IA considered qualitative factors such as significant production and export quantities including PGK values, and entities with a high public profile.
- ▶ Government entities that received payments from the companies
- ▶ Trustees of government funds
- ▶ SOEs that have interests in resource companies, or that receive or make payments to the resources sector
- ▶ Entities that do not receive payments but keep records of payments.

**Table 3: Material reporting entities**

Mining companies	Oil and gas companies	State-owned enterprises and Trustees	Government departments and statutory authorities
<ul style="list-style-type: none"> <li>▶ Barrick (Niugini) Ltd (Porgera mine – SML 1 (P))</li> <li>▶ K92 Mining Ltd (Kainantu)</li> <li>▶ Lihir Gold Ltd (Lihir/Luise Caldera mine – SML 6)</li> <li>▶ MCC Ramu NiCo Ltd (Kurumbukari mine, Ramu – SML 8)</li> <li>▶ Morobe Consolidated Goldfields Ltd (Hidden Valley mine – ML 151)</li> <li>▶ Simberi Gold Co. Ltd (Simberi mine – ML136)</li> </ul>	<ul style="list-style-type: none"> <li>▶ ExxonMobil PNG Ltd (and affiliates)</li> <li>▶ JX Nippon Oil and Gas Exploration Corporation (and subsidiaries)</li> <li>▶ Oil Search Ltd (and subsidiaries)</li> <li>▶ Santos Ltd (and subsidiaries)</li> <li>▶ Total E&amp;P PNG Limited</li> </ul>	<ul style="list-style-type: none"> <li>▶ Kumul Petroleum Holdings Ltd</li> <li>▶ Mineral Resources Development Company Ltd</li> <li>▶ Ok Tedi Mining Limited</li> </ul>	<ul style="list-style-type: none"> <li>▶ Conservation and Environment Protection Authority</li> <li>▶ Department of National Planning and Monitoring</li> <li>▶ Department of Petroleum and Energy</li> <li>▶ Department of Treasury</li> <li>▶ Internal Revenue Commission</li> <li>▶ Mineral Resources Authority</li> <li>▶ PNG customs</li> </ul>

## Who are the beneficial owners of resource extraction in PNG?

A beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity.<sup>22</sup>

The PNG Government does not require companies to disclose the beneficial owners of companies producing oil and gas or minerals and does not have a publicly available register of the beneficial owners of the corporate entities in the sector. This report includes information on beneficial owners of material entities, as far as could be established through direct enquiry, voluntary reporting, reference to corporate websites and annual reports, and the PNG Mining Cadastre Portal database, hosted by the MRA website. Most interests are held by listed companies and/or state-owned enterprises.

The EITI Standard 2019 (2.5c) requires that reports from 2020 onward include detailed information relating to beneficial ownership. A Beneficial Ownership (BO) report for PNG was published in 2020, which includes a description of the approach, definitions and scope of the BO data collection and provides recommendations on issues to be considered when implementing a mandatory BO disclosure regime once the core definition has been agreed.<sup>23</sup>

## The mining industry in PNG

During 2019, five large mines and two small mines were operating in PNG, distributed across several provinces. A further three projects were in approval or financing stages.

Companies active in mining and exploration in PNG include large international companies, state-owned enterprises, and many junior companies, together with significant contributions from up to 80,000 small-scale alluvial miners.

Mining in PNG is governed principally by the *Mining Act* 1992 (MA) and administered by the Mineral Resources Authority (MRA), an independent statutory body.

There are four principal channels by which communities benefit economically from mining projects, other than through employment and procurement: Royalties, Infrastructure Development Grants, Special Support Grants, and the Public Investment Program. The benefits for a project are agreed in a development forum with relevant stakeholders, including the State, company, provincial government, local level government and landowners, and set out in a Memorandum of Agreement. These agreements are not currently publicly disclosed.

## The oil and gas industry in PNG

During 2019, five principal oil fields were operating in PNG. Commercial oil production began in PNG in 1992 and has been in slow but steady decline since the mid-1990s.

The PNG LNG project began exporting liquefied natural gas (LNG) in 2014. The project started with a design capacity of 6.9 million tonnes of LNG per annum but has since increased that to over 8.5 million tonnes in 2019. This project is expected to make a significant long-term contribution to the economy and government revenues. Negotiations with the government for two other LNG projects are ongoing.

Oil and gas interests in PNG are predominantly in listed companies and state-owned enterprises. A range of companies are actively engaged in exploration and production in PNG, with several new projects in planning and development stages.

The oil and gas industry in PNG is governed principally by the *Oil and Gas Act* 1998 (OGA) and overseen by the Department of Petroleum and Energy (DPE). DPE is chronically under-resourced and lacking in capacity and has been the subject of a number of recommendations in previous PNG EITI Reports. DPE is

<sup>22</sup> EITI Standard "What is a Beneficial Owner", <https://eiti.org/beneficial-ownership>, accessed 18 December 2020

<sup>23</sup> Beneficial Ownership Final Report, [http://www.pngeiti.org.pg/wp-content/uploads/2020/12/BDO\\_PNG-EITI-BO-Report-Final-version-20-12-20.pdf](http://www.pngeiti.org.pg/wp-content/uploads/2020/12/BDO_PNG-EITI-BO-Report-Final-version-20-12-20.pdf), 22 January 2021



working to address some of these recommendations, such as establishing an electronic registry and revenue system.

The IA continues to have difficulty reconciling production figures for 2019 reported by DPE, Customs and the companies.

## **State-owned enterprises**

In addition to receiving taxes, royalties and levies, the State holds the right to acquire a participating interest in any mining or petroleum project in PNG at par value, or 'sunk cost', after the exploration risk has been eliminated. The State as a participant in the project receives its share of profits from the project in accordance with its rights as a co-owner. The State creates state-owned enterprises to hold its ownership interests in the various projects. The projects distribute a share of the profits to the SOEs, which can make dividend distributions to the State. During 2019, PNG's state-owned enterprises (SOEs) that held interests in the extractive industries included:

- ▶ Kumul Petroleum Holdings Ltd (all hydrocarbon assets)
- ▶ Kumul Mineral Holdings Ltd (all mining assets)
- ▶ Ok Tedi Mining Limited

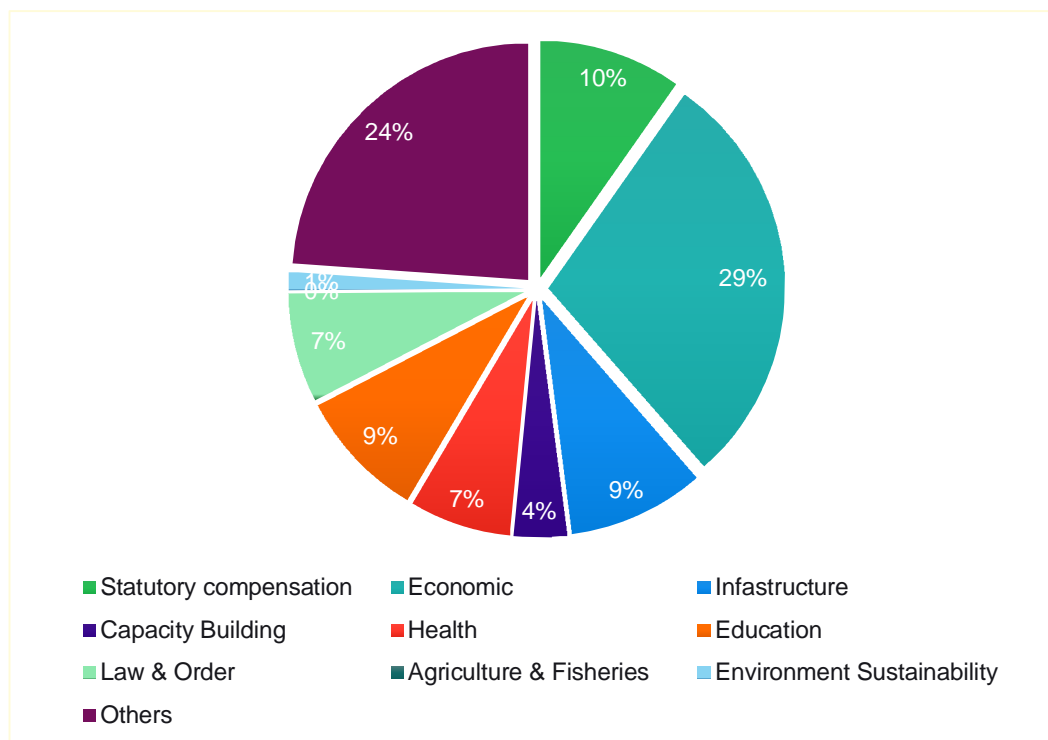
The report also covers Mineral Resources Development Company Ltd (MRDC) that act as a trustee for the landowners.

In 2019, KPHL and MRDC received PGK1,379M of equity distributions.

MRDC acts as a trustee shareholder for beneficiary landowners and provincial governments. It holds and manages shareholdings and pays royalties and equity to project landowners. The OGA specifies MRDC's role in holding and managing hydrocarbon assets for landowners, including investment of funds for future generations and community infrastructure trust funds. All oil and gas projects therefore have associated trusts which are wholly owned subsidiaries of MRDC. The MA allows for MRDC to hold and manage landholder interest, but does not mandate it; consequently, not all mining operations have an associated MRDC subsidiary.

## Social expenditures

Figure 5: Social expenditures per category



Many extractive companies contribute to the communities in which they operate beyond the direct economic benefits and employment provided. These contributions may be mandated through legislation or through contracts with the government or may be at the company's discretion.

The EITI Standard does not define 'social', and the types of payments reported by companies under this heading varied, with some including payments such as compensation or lease payments, which others classify as commercial.

Discretionary social expenditures by operators ranged from zero to hundreds of millions of Kina. Payments were made to support health, education and community projects, among others. Where companies invest in approved infrastructure, they may be entitled to claim Infrastructure Tax Credits.

For 2019, the total social expenditures disclosed were:

- ▶ Mandatory: PGK108,589,562
- ▶ Discretionary: PGK335,329,415

## Subnational payments and transfers

Subnational payments include royalties, dividends, compensation payments, development levies, Special Support Grants, and other benefits as agreed through memoranda of agreement.

The MSG commissioned a scoping study to investigate the possibility of implementing the EITI Standard to subnational governments and landowner associations; the PNG EITI Sub-national Payments Report was published April 2019.<sup>24</sup> It makes recommendations including the establishment of subnational multi-stakeholder groups with links to the PNG EITI MSG; entities to be included and materiality thresholds; standardised payment categories; and implementation through pilot projects.

For this report, the IA has attempted to include as much information as possible on subnational payments, reported unilaterally. Subnational payments and transfers have not been reconciled for this report except for Royalties and Levies, which were reconciled against records maintained by MRA and DPE.

## Is the data on the extractive industries revenues reliable?

Entities participating in this EITI report were asked to submit data templates in a protected format sent by an authorised company representative, confirming that reported amounts are materially consistent with the audited financial statements. More than 90% of the reporting entities provided these.

All the producing companies have accounts audited to international standards. Government entities and state-owned enterprises (other than Ok Tedi) are audited by the PNG Auditor General. Most, however, do not yet have audited financial statements for the reporting period, and previous audit statements indicate significant shortcomings in the reliability of accounts.

Improved data assurance has been the subject of previous recommendations, but improvements have not yet been seen. The Auditor General, together with the assistance of the PNG EITI Secretariat, planned to specifically test receipts from government agencies relevant to EITI reporting, prior to submission of data, but that did not occur for the 2019 report.

## Reconciliation of revenue streams

For material revenue streams, the IA attempted to obtain data from both the paying and receiving entity, so the amounts could be reconciled. In some instances, however, the MSG agreed that data would be collected unilaterally.

A summary of the payment streams reported and reconciled is presented below:

Table 4: Summary of payment streams reported and reconciled

	Revenue stream	Reconciled/ Unilateral	Receiving entity	Amount reported paid (PGK)	Amount initially reported received (PGK)	Revised Amount reported received (PGK)	Variance (PGK)	Variance
Mining	Production levy	Reconciled	MRA	35,149,908	34,340,856	34,340,856	(809,053)	-2.36%
	MRA fees	Unilateral (MRA)	MRA	Not applicable	5,907,097	5,907,097	Not applicable	Not applicable
	Development levy	Reconciled	Finance (via DPE)	114,142,488	113,175,316	113,175,316	(967,172)	-0.85%
Oil and gas	Licence fees	Unilateral (DPE)	DPE	Not applicable	4,746,054	4,746,054	Not applicable	Not applicable
	Additional profits tax	Reconciled	IRC	154,525,902	152,625,185	152,625,185	(1,900,717)	-1.25%
	Equity distribution	Reconciled	SOEs, Landowners through MRDC	1,379,113,286	1,379,113,286	1,379,113,286	0	0.00%

<sup>24</sup> Subnational Payments Study, [www.pngeiti.org.pg/wp-content/uploads/2019/07/PNGEITI-Subnational-Payments-Report-May-2019.pdf](http://www.pngeiti.org.pg/wp-content/uploads/2019/07/PNGEITI-Subnational-Payments-Report-May-2019.pdf), accessed 18 December 2020.

	Revenue stream	Reconcile d/ Unilateral	Receiving entity	Amount reported paid (PGK)	Amount initially reported received (PGK)	Revised Amount reported received (PGK)	Variance (PGK)	Variance
Mining and oil and gas	Mandatory social expenditure	Unilateral	See section 6	108,589,562	Not applicable	Not applicable	Not applicable	Not applicable
	Voluntary social expenditure	Unilateral	See section 6	335,329,415	Not applicable	Not applicable	Not applicable	Not applicable
	Dividends	Reconciled	State and landowners	612,129,250	602,762,762	602,762,762	(9,366,488)	-1.55%
	Salary and wage tax	Reconciled	IRC	625,036,571	496,010,344	632,762,203	7,725,631	1.22%
	Corporate income tax	Reconciled	IRC	608,269,970	626,729,608	616,633,643	8,363,673	1.36%
	Foreign contractor withholding tax	Reconciled	IRC	132,344,505	103,269,555	134,223,261	1,878,756	1.40%
	Infrastructure tax credit – 2. ITC offset from tax paid in reporting period	Reconciled	IRC	257,230,537	250,358,944	250,358,944	(6,871,593)	-2.74%
	Infrastructure tax credit – 1. ITC actual spent on projects in reporting period	Reconciled	DNPM	131,741,175	123,638,223	123,638,223	(8,102,952)	-6.55%
	Business payments tax	Unilateral (IRC)	IRC	Not applicable	3,622,910	3,622,910	Not applicable	Not applicable
	Dividend withholding tax	Unilateral (IRC)	IRC	Not applicable	0	0	Not applicable	Not applicable
	Interest withholding tax	Unilateral (IRC)	IRC	Not applicable	9,388,369	9,388,369	Not applicable	Not applicable
	Management fee withholding tax	Unilateral (IRC)	IRC	Not applicable	7,648,376	7,648,376	Not applicable	Not applicable
	Royalty withholding tax	Unilateral (IRC)	IRC	Not applicable	3,416,869	3,416,869	Not applicable	Not applicable
	Goods and services tax	Unilateral (IRC)	IRC	Not applicable	35,810,449	35,810,449	Not applicable	Not applicable
	Environmental permit fees	Reconciled	CEPA	8,845,478	6,522,217	6,522,217	(2,323,261)	-26.26%
	Royalties – MRA	Reconciled	MRA landowners and subnational governments	240,987,800	259,476,582	259,476,582	18,488,782	7.13%
	Royalties – DPE	Reconciled	DPE, landowners and subnational governments	153,177,436	152,966,584	152,966,584	(210,852)	-0.14%
Oil and gas	Import Duty	Unilateral	Customs	Not applicable	29,282,558	29,282,558	Not applicable	Not applicable
	Excise Duty	Unilateral	Customs	Not applicable	22,196,979	22,196,979	Not applicable	Not applicable

- Salaries and wages taxes differences were due to erroneous fill-out of data and GST refunds applied on tax liability. Final reconciliation resulted to PGK7.7 million or 1.22% unreconciled difference. Refer to Section 10.5.3 Salary and wage tax of this report.
- Corporate income taxes differences were due to erroneous fill-out of data, GST refunds applied on tax liability, foreign translation and classification of additional profit taxes to CIT. Final reconciliation resulted to PGK8.4 million or 1.36% unreconciled difference. Refer to Section 10.5.1 Corporate income tax of this report.
- Foreign contractor withholding taxes differences were due to GST refunds applied on tax liability. Final reconciliation resulted to PGK1.89 million or 1.40% unreconciled difference. Refer to Section 10.5.4 Foreign Contractor Withholding tax of this report.

We have also included in the analysis the Share of Sales as part of other account item.

**Table 5: Share of Sales Reconciliation**

Account item	Reconciled/ Unilateral	Receiving entity	Amount reported paid (PGK)	Amount reported received (PGK)	Variance (PGK)	Variance
Share of Sales	Reconciled	State partners	7,323,360,865	7,279,903,613	(43,457,252)	-0.60%

## Findings and recommendations

Previous PNG EITI Reports have made recommendations that could improve the quality, accuracy, and comprehensiveness of future PNG EITI reports, and that could ultimately improve the transparency of the extractive industries in PNG. Some of these have already resulted in improved disclosure. Our recommendations for 2019 are outlined below (refer to Chapter 11 for further details and discussion).

### Recommendations:

1. Address findings of Independent Validation
2. Improve timing data collection
3. Presentation of government revenue
4. Reconcile mandatory and social expenditures
5. Increase data availability through PNG government web portals for licence allocation
6. Assurance and compliance reviews over royalties and levies
7. Improve comprehensiveness of data
8. Improve consistency of data reported
9. Include import and excise taxes as reporting revenue streams
10. Co-ordinated reconciliation of sub-national payments and transfers
11. Address findings of PNG Beneficial Ownership Report 2020
12. Availability of financial reports

# 1

## Introduction

# 1. Introduction

## 1.1. About the Extractive Industries Transparency Initiative

The Extractive Industries Transparency Initiative (EITI) was established in 2002. It assists countries to increase transparency and accountability across the oil, gas and mineral resources value chain. The EITI is a global organisation of sponsoring countries, civil society representatives and companies developing a framework for transparency. Participating countries issue annual reports reconciling payments from the extractive industries to receipts by governments. The adoption of the EITI Standard is discretionary and must be incorporated into individual countries' laws to be binding. At the time of writing, the EITI website lists 55 countries at various stages of implementing the EITI Standard. Of these, 9 have achieved satisfactory progress, 35 (including PNG) have achieved meaningful progress, 3 have achieved inadequate progress or have been suspended due to political instability or for missing the reporting deadline, and the remainder are yet to be assessed against the standard.<sup>25</sup>

## 1.2. 2019 EITI Standard

The EITI Standard was updated in 2019 with the intention to:<sup>26</sup>

- ▶ Take feedback from stakeholders into account, and address ambiguities for more clarity
- ▶ Reflect good practices in implementing countries
- ▶ Make implementation less burdensome by introducing flexibility
- ▶ Encourage countries to strengthen disclosures where it counts and addresses national priorities.

Implementing countries are required to comply on the EITI Standard 2019 from 1 January 2020 onwards.

Below is a summary of the changes and where they are addressed in this report:<sup>27</sup>

Table 6: Summary of Changes in the EITI Standard

Requirement	Reasons for the change	Details	Reference
Gender	<ul style="list-style-type: none"><li>▶ Participation of women and marginalised groups in natural resource governance is key to a well-managed sector.</li><li>▶ Changes aim to improve MSG representation, ensure data responds to gender analysis, improve access to data by women and marginalised groups.</li></ul>	<ul style="list-style-type: none"><li>▶ MSGs are required to consider gender balance (#1.4).</li><li>▶ EITI reporting should provide employment figures by project, role and gender where available (# 6.3).</li><li>▶ MSGs should consider information access challenges by gender and sub-groups (# 7.1).</li><li>▶ MSGs are encouraged to document efforts to improve gender equality and social inclusion (# 7.4).</li></ul>	Chapter 3.9 of this Report

<sup>25</sup> EITI.ORG, Countries | [Extractive Industries Transparency Initiative \(eiti.org\)](https://www.eiti.org/countries), accessed 30 November 2020

<sup>26</sup> [Webinar: Changes to the 2019 Standard | Extractive Industries Transparency Initiative \(eiti.org\)](#), accessed 30 November 2020

<sup>27</sup> Ibid



Requirement	Reasons for the change	Details	Reference
Contract Transparency	<ul style="list-style-type: none"> <li>▶ Contracts are key to understanding the fiscal terms of a project and the revenues collected by the state.</li> <li>▶ More than 30 EITI implementing countries disclose at least some contracts.</li> <li>▶ 18 major extractive companies supportive of contract transparency.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Contracts entered, signed or amended from 1 January 2021 are required to be made public (#2.4.a).</li> <li>▶ For work plans covering 2020, MSGs are expected to include plans to disclose contracts (#2.4.b).</li> <li>▶ EITI reporting should describe what contracts exist (#2.1), and the government's policy and actual practice (#2.4.c).</li> </ul>	<p>Due to confidentiality limitations, contract transparency will be a challenge for reporting.</p> <p>Refer to Chapter 4.16 of this report</p>
Sale of the state's share of oil, gas and minerals	<ul style="list-style-type: none"> <li>▶ Over half of USD 2.5 billion revenues disclosed by EITI countries come from the sale of the state's oil, gas or minerals to trading companies.</li> <li>▶ Countries and SOEs have made significant progress with disclosures on sales of oil through the EITI 'targeted effort on commodity trading'.</li> <li>▶ Opportunities identified to encourage disclosures based on emerging practices and encourage buying companies to match disclosures by countries/SOEs.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Implementing countries, SOEs and third parties selling on behalf of the government are covered (#4.2.a).</li> <li>▶ Volumes and values sold should be disaggregated by sales contract (rather than by buyer).</li> <li>▶ Disclosures on the process for selecting buyers and of sales contracts are encouraged (#4.2.b).</li> <li>▶ Buying companies are encouraged to disclose their payments to the state for commodity purchases (#4.2.c).</li> </ul>	<p>Due to confidentiality limitations, sale of the state's share of oil, gas and minerals will be a challenge for reporting.</p> <p>Refer to Chapter 7.1 and 8.1 of this report</p>
Environmental reporting	<ul style="list-style-type: none"> <li>▶ Environmental issues are an important part of natural resource governance.</li> <li>▶ At least 28 countries have included information on environmental payments or monitoring of environmental impact in EITI reporting.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Material environmental payments to governments should be disclosed (#6.1).</li> <li>▶ Disclosure of information related to environmental impact and monitoring is encouraged (#6.4).</li> </ul>	Refer to Chapter 10.5.9 of this report
State-owned enterprises	<ul style="list-style-type: none"> <li>▶ State-owned enterprises (SOEs) often play an important role in managing the state's natural resources.</li> <li>▶ Validation has demonstrated recurring challenges and lack of clarity of relevant EITI Requirements.</li> <li>▶ SOEs are increasingly 'mainstreaming' disclosures and publishing information through websites or annual financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Description of the financial relationship between the state and SOEs should also cover joint ventures and subsidiaries (#2.6.a.i).</li> <li>▶ Loan details to be disclosed include repayment schedule and interest rate (#2.6.a.ii).</li> <li>▶ SOEs are expected to publish their audited financial statements (#2.6.b)</li> <li>▶ MSGs can consider applying IMF definition of quasi-fiscal expenditures (#6.2).</li> </ul>	Refer to Chapter 9 of this report.

Requirement	Reasons for the change	Details	Reference
Systematic Disclosures	<ul style="list-style-type: none"> <li>▶ Implementing countries and governments are increasingly publishing information through routine government and corporate reporting.</li> <li>▶ Systematic disclosures will ensure more timely, reliable and routine disclosures.</li> <li>▶ Changes recognise the shift towards regular disclosures and the key role of the multi-stakeholder groups in ensuring that these in line with the EITI Standard.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Requirements emphasise comprehensive and reliable disclosures by reporting entities rather than only focusing on EITI Reports (#4.1).</li> <li>▶ Companies expected to disclose annual financial statements (#4.1.e).</li> <li>▶ Allows for MSGs to consider other data assurance procedures than reconciliation, pending Board approval (#4.9).</li> </ul>	Refer to Chapter 10.7 of this report.
Project-level reporting	<ul style="list-style-type: none"> <li>▶ Increasing recognition that payment and revenue data needs to be disaggregated to understand what the state receives from each individual extractive project.</li> <li>▶ Emerging mandatory disclosure rules require project-level reporting.</li> <li>▶ The EITI Board agreed in 2017 to require revenue disclosures to be disaggregated by project for EITI reporting covering 2018 and onwards.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Including definition of project in line with emerging practices:</li> <li>▶ “Operational activities that are governed by a single contract, licence, lease, concession or similar legal agreement, and form the basis for payment liabilities with a government” (#4.7).</li> </ul>	Applied throughout the report. Project-level reporting since 2017 PNG EITI Report.
Annual progress reporting	<ul style="list-style-type: none"> <li>▶ Stakeholder consultations have revealed that annual progress reports often do not always serve the purpose of reviewing impact.</li> <li>▶ Many countries have other ways of reviewing impact and outcomes of implementation (e.g. impact studies, EITI Reports, MSG meetings, stakeholder events or other reporting tools.)</li> </ul>	<ul style="list-style-type: none"> <li>▶ MSGs can choose how to undertake their annual review the outcomes and impact of EITI implementation (#7.4).</li> <li>▶ Countries are no longer required to publish such reviews by 1 July.</li> </ul>	

The following are also the summary of changes:<sup>28</sup>

#### Other encouraged provisions

- ▶ Licensing (#2.2) – Selection of licence procedures and requirements for revoking or cancelling licences.
- ▶ Production and exports (#3.2, #3.3) – Disclosure by company or project.
- ▶ Data timeliness (#4.8) – More timely disclosures.
- ▶ Subnational transfers (#5.2) – Allocation and expenditure.
- ▶ Follow-up on EITI findings (#7.3) – Recommendations for reform.
- ▶ Section on ‘Terminology’ also explains systematic disclosures
- ▶ Countries are not suspended for achieving less than satisfactory progress on Requirements 1.1-1.3.
- ▶ Separate section on EITI Board oversight of implementation (previous Requirement 8 on ‘Compliance and deadlines’).

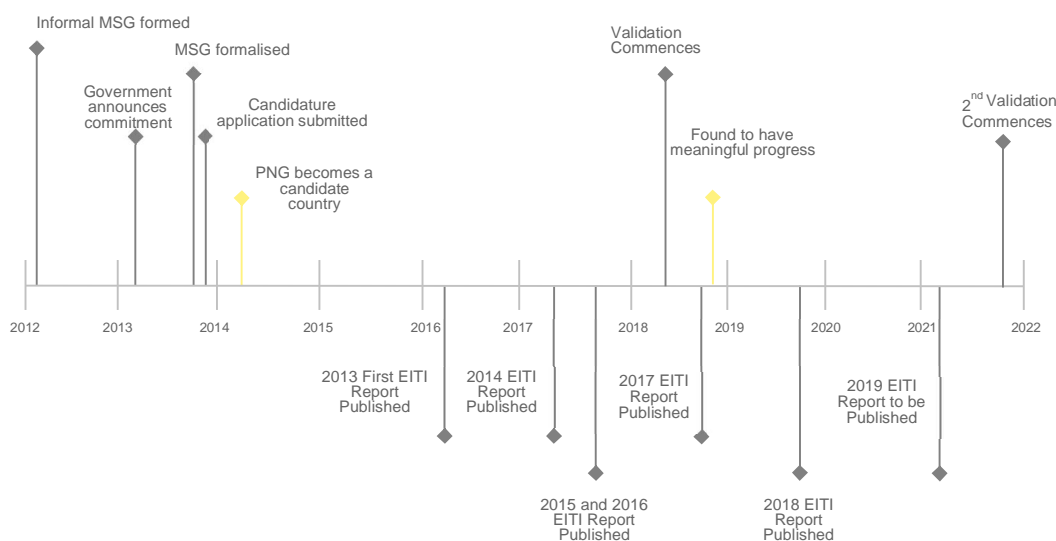
<sup>28</sup> [Webinar: Changes to the 2019 Standard | Extractive Industries Transparency Initiative \(eiti.org\)](#), accessed 30 November 2020

### 1.3. EITI implementation in Papua New Guinea

PNG has a wealth of natural resources, and revenue from these resources could contribute to reducing poverty and improving the lives of its citizens. However, despite these abundant resources, 37.5% of PNG citizens continue to live below the national poverty line.<sup>29</sup> PNG also ranked 137 out of 180 countries in Transparency International's *Corruption Perception Index* for 2019.<sup>30</sup> In this context, it is important that PNG continues to strive for increased transparency.

To address transparency and to improve PNG's attractiveness for foreign investment, the PNG Government, led by the Minister for Treasury, applied for EITI candidacy in 2013 and was accepted as an EITI implementing country in 2014. PNG has since published reports for the calendar years 2013–18. The timeline for EITI implementation in PNG is shown in Figure 6 below. The 2018 report focused on improving the completeness of data collected, and this 2019 report will focus on additional disclosures on subnational payments (Chapter 6), improved presentation (across all chapters), and aims to meet all validation recommendations from its first validation.

Figure 6: Timeline for EITI Implementation in PNG<sup>31</sup>



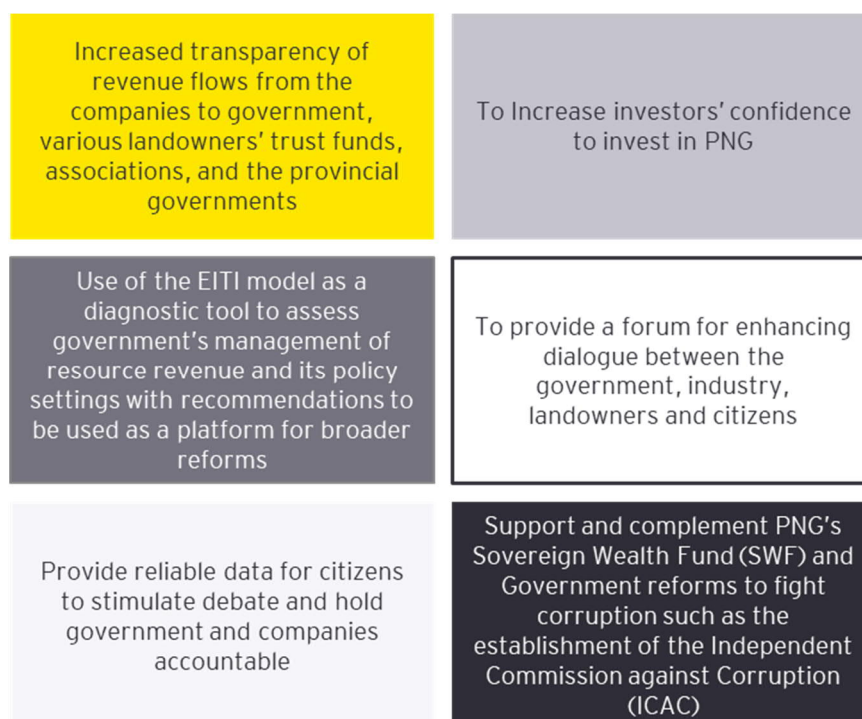
<sup>29</sup> Asia Development Index, Basic Statistics 2019, <https://www.adb.org/countries/papua-new-guinea/poverty>, accessed 9 October 2020

<sup>30</sup> Corruption Perceptions Index 2019', Transparency International, <https://www.transparency.org/en/cpi/2019/index/png>, accessed 15 January 2021

<sup>31</sup> Based on actual submissions and scheduled events. Validation is scheduled on April 2021

The PNG EITI has stated that its objectives for implementing EITI in PNG are:

Figure 7: PNG EITI's objectives for EITI Implementation



### 1.3.1. EITI governance and leadership in PNG

The EITI Standard requires candidate countries to form a multi-stakeholder group (MSG) as the key decision-making body for implementation. The MSG represents government, civil society and industry. An informal group first met in PNG in early 2012, and the group was formalised on 1 November 2013 via a Memorandum of Understanding.<sup>32</sup> Figure 8 below shows the governance structure of the PNG EITI.

The MSG is chaired by the PNG Treasurer, and comprises:

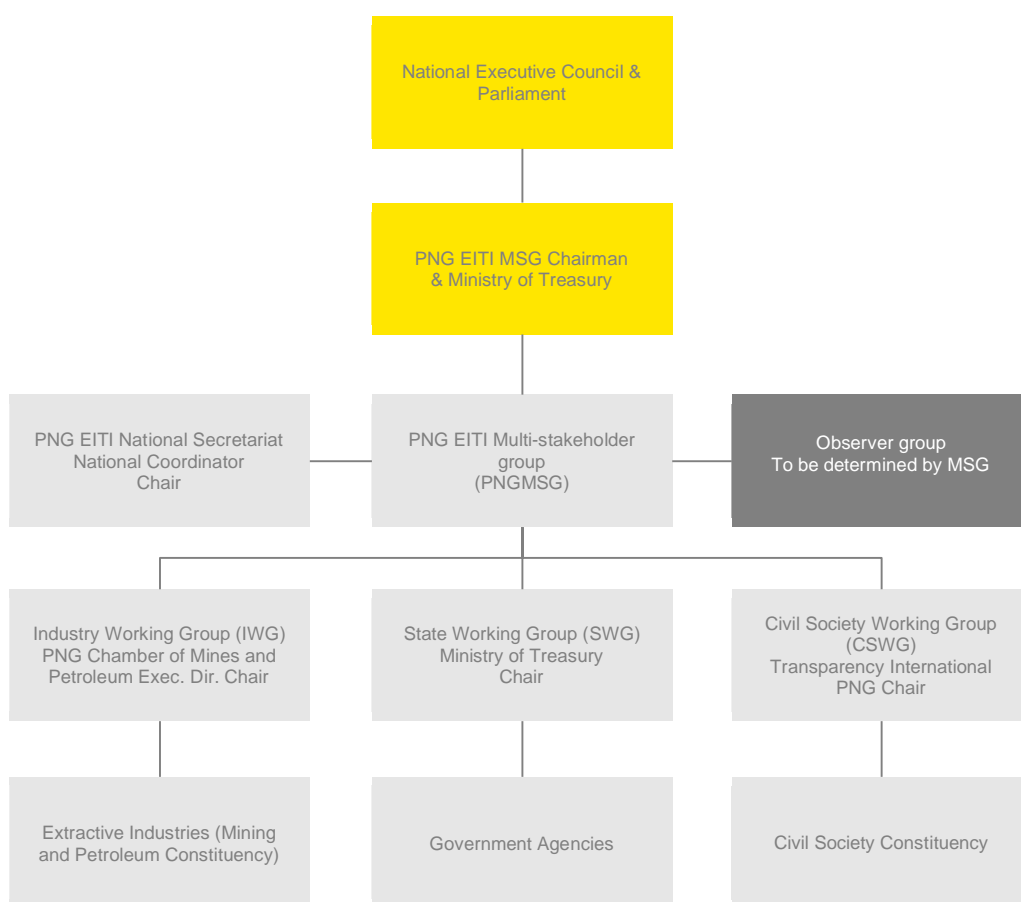
- ▶ Eleven representatives from the Government of PNG, including four voting and seven non-voting members, selected through internal processes and through direct engagement with participating ministries, agencies and departments.
- ▶ Four representatives from state-owned enterprises (SOEs), including three voting members and one non-voting member.
- ▶ Eight representatives from civil society, including seven voting members and one non-voting member, selected through a democratic process based on agreed criteria, representing a range of perspectives and constituencies.

<sup>32</sup> 2017 Final PNGEITI MSG MoU, <http://www.pngeiti.org.pg/wp-content/uploads/2018/04/2017-Final-PNGEITI-MSG-MoU.pdf>, accessed 9 October 2020. Based on actual submissions and scheduled events. Validation is scheduled on April 2021

- Seven representatives from the extractive industries, selected through a democratic process based on agreed criteria, in collaboration with the PNG Chamber of Mines and Petroleum.

Each MSG member has a primary and two alternate representatives; a proxy vote can be given to others in case these representatives are unable to join a meeting. The organisational structure is shown in Figure 8 below, and the complete list of members and representatives is provided at Appendix A.

**Figure 8: Structure of governance of PNG EITI**



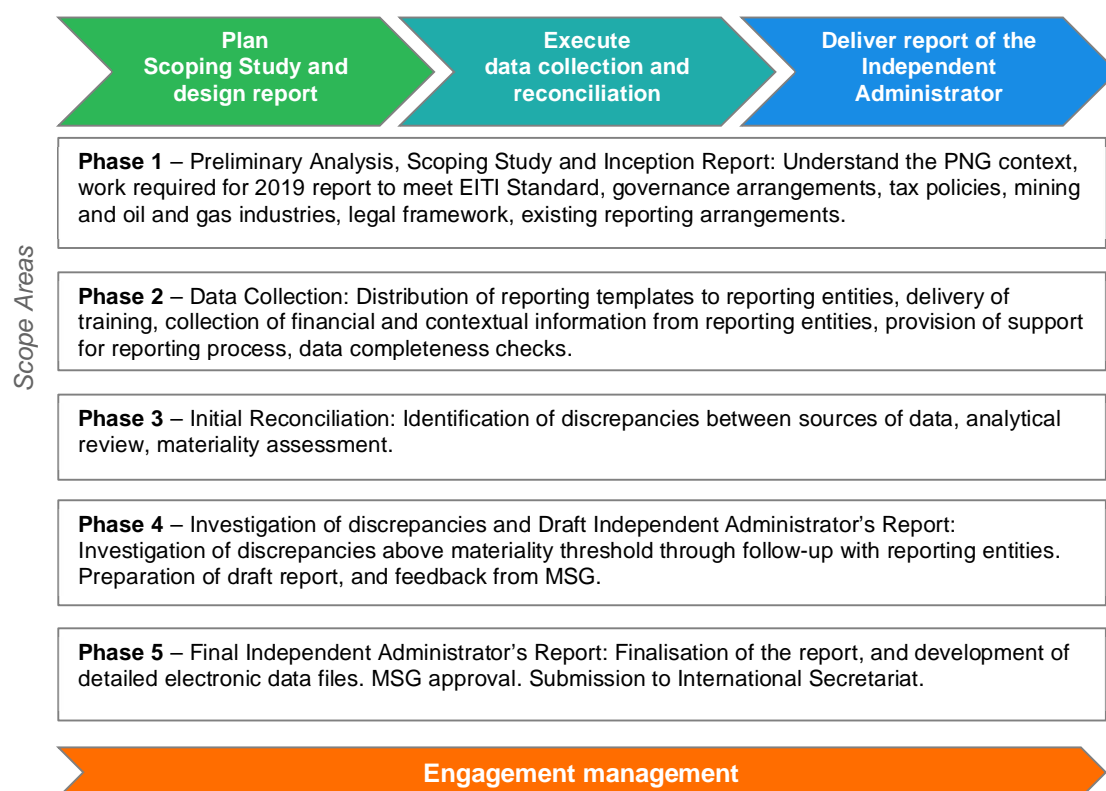
The PNG EITI National Secretariat assists the Chairman in providing coordination, facilitation and administrative support to the MSG. It is governed by terms of reference approved by the MSG.

### 1.3.2. The role of the Independent Administrator

The EITI Standard (4.9b) requires that payments and revenues be reconciled by an Independent Administrator (IA). Ernst & Young (EY) has been engaged by the PNG EITI National Secretariat to fulfil this role and prepare this report. The detailed responsibilities of the IA are outlined within the terms of reference issued by the PNG EITI National Secretariat and provided on the PNG EITI website at <http://www.pngeiti.org.pg/>.<sup>33</sup>

EY's process in preparing this report is shown in Figure 9 below

Figure 9: Independent Administrator's process



### 1.3.3. Progress in implementing EITI in PNG

PNG underwent its first EITI validation in April 2018, to assess the progress made in the 2016 and earlier reports. The independent validator assigned by the EITI International Secretariat found that, overall, PNG had made meaningful progress. However, while some aspects, including MSG oversight, show meaningful or satisfactory progress, several aspects of revenue collection and revenue allocation were assessed as having inadequate progress. The results are summarised in Table 7 below.<sup>34</sup>

<sup>33</sup> 2019 PNG EITI Report Terms of Reference, <http://www.pngeiti.org.pg/wp-content/uploads/2020/04/Final-TOR-for-FY2019-PNGEITI-Report.pdf>, accessed 18 December 2020. 2017 Final PNGEITI MSG MoU, <http://www.pngeiti.org.pg/wp-content/uploads/2018/04/2017-Final-PNGEITI-MSG-MoU.pdf>, accessed 9 October 2020

<sup>34</sup> IPNG Validation Report, [https://eiti.org/sites/default/files/documents/png\\_validation\\_-\\_validators\\_final\\_validation\\_report.pdf](https://eiti.org/sites/default/files/documents/png_validation_-_validators_final_validation_report.pdf) accessed 9 October 2020

The next validation was initially scheduled for April 2020 for the 2018 PNG Report. However, given the gaps, including challenges posed by COVID-19, the EITI Board further deferred PNG's validation to October 2021.

**Table 7: PNG's progress in implementing the EITI Standard (Initial assessment card)** <sup>35</sup>

Categories	EITI requirements		No Progress	Inadequate	Meaningful	Satisfactory	Beyond	Report chapter	Updates for this report
MSG oversight	1.1	Government engagement						1	
	1.2	Industry engagement						1	
	1.3	Civil society engagement						1	
	1.4	MSG governance						1	
	1.5	Work plan						1	
Licences and contracts	2.1	Legal framework						4	
	2.2	Licence allocations						7, 8	We have again specifically requested the MRA and DPE to report each tenement/licence awarded, extended, or transferred, surrendered or cancelled during the reporting period: ID, ownership and date of award/transfer/extension in the non-financial reporting template.  We held meetings with MRA to further clarify the licence allocation criteria and these are discussed in Section 7.9
	2.3	Licence register						7, 8	
	2.4	Policy on contract disclosure						4.16	
	2.5	Beneficial ownership (BO)	n/a					4.17	BO reporting becomes mandatory under the Standard in 2020.  A Beneficial Ownership (BO) report was published which includes description of the approach, definitions and scope of the BO data collection and provides recommendations on issues that will need considering when implementing a mandatory BO disclosure regime once the core definition has been agreed. <sup>36</sup>
	2.6	State participation						4.14, 9	

<sup>35</sup> IPNG Validation Report, [https://eiti.org/sites/default/files/documents/png\\_validation\\_-\\_validators\\_final\\_validation\\_report.pdf](https://eiti.org/sites/default/files/documents/png_validation_-_validators_final_validation_report.pdf) accessed 9 October 2020

<sup>36</sup> Beneficial Ownership Final Report, [http://www.pngeiti.org.pg/wp-content/uploads/2020/12/BDO\\_PNG-EITI-BO-Report-Final-version-20-12-20.pdf](http://www.pngeiti.org.pg/wp-content/uploads/2020/12/BDO_PNG-EITI-BO-Report-Final-version-20-12-20.pdf), 22 January 2021



Categories	EITI requirements		No Progress	Inadequate	Meaningful	Satisfactory	Beyond	Report chapter	Updates for this report
Monitoring production	3.1	Exploration data						8	
	3.2	Production data						7, 8	<p>The IA has again requested this information in the reporting template, but reporting remains incomplete and inconsistent. IA derived the production value as follows:</p> <p>a) Mining production value is not available on MRA's reporting template, but has been estimated using the below formula:</p> <ul style="list-style-type: none"> <li>Value of commodity = (Export value / Export quantity)</li> <li>Produced value = Value of commodity * quantity produced<sup>37</sup></li> </ul> <p>b) Oil and gas production value is not available on DPE's reporting template not to any public portals but has been recalculated by the Oil Search representative and forwarded by the Chamber of Mines and Petroleum. Amount was calculated by applying Oil Search's net equity in each project and grossing up; using their quarterly average gas and oil prices (stated in the Quarterly reports); applying their gas conversion factor of 5,100 scf to one barrel of oil; and the high heating value of the sales gas as LNG at 1140 BTU per mmscf. The same procedure is applied to all four quarters of 2019, resulting to a production value of PGK18,250,731,625</p> <p>Export values are also not available in the reporting templates of either DPE or reporting companies, hence, we obtained data from 2021 National Budget.<sup>38</sup></p>
	3.3	Export data						8	

<sup>37</sup> Total Export Values, derived from MRA Template, refer to Chapter 7.

<sup>38</sup> 2021 National Budget Volume 1 Volume and Value of Main Exports Commodities Table 4 and 5; [http://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 18 December 2020

Categories	EITI requirements		No Progress	Inadequate	Meaningful	Satisfactory	Beyond	Report chapter	Updates for this report
Revenue collection	4.1	Comprehensiveness						2	The IRC reporting template has been updated since the 2016 validation to clarify that total revenue stream value as requested and the IA have been working to confirm full unilateral disclosure of all government extractive revenue streams. Specifically, we have sought to include revenue streams from projects that are not yet producing.
	4.2	In-kind revenues <sup>^</sup>							Engagement undertaken through the validation process found there was consensus among stakeholders consulted that this requirement was not applicable to PNG under the current fiscal regime. <sup>39</sup> To further increase transparency for the 2019 report, it was agreed by the MSG to include a sub-national payments framework to be completed by reporting entities. This includes cash and in-kind payments to the sub-national level.
	4.3	Barter agreements <sup>^</sup>							Validation process consultation found that extractives companies are not required to undertake expenditures that could be categorised as barter agreements. <sup>40</sup>
	4.4	Transportation revenues <sup>^</sup>							Treasury has confirmed that transport revenues do not exist in PNG except for pipeline fees, which are not material. <sup>41</sup>
	4.5	SOE transactions						9	
	4.6	Direct subnational payments						6	
	4.7	Disaggregation						10	
	4.8	Data timeliness						10	
	4.9	Data quality						10	
Revenue allocation	5.1	Distribution of revenues						5, 10	Engagement with the PNG Auditor General's Office was undertaken to establish the current status of the audit of Government and SOE accounts. This information has been incorporated into the assessment of data quality in the reconciliation chapter of this report.
	5.2	Subnational transfers						5, 6, 10	Information relating the distribution of revenues has been updated in this report and additional information is also provided relating to the distribution of funds managed by MRDC.
	5.3	Revenue management and expenditures*							
	6.1	Mandatory social expenditures						6	

<sup>39</sup> <https://eiti.org/papua-new-guinea#validation>, accessed 18 December 2020

<sup>40</sup> *ibid*

<sup>41</sup> PNG EITI 2016 Report, <http://www.pngeiti.org.pg/wp-content/uploads/2018/04/PNG-EITI-2016.pdf>

Categories	EITI requirements		No Progress	Inadequate	Meaningful	Satisfactory	Beyond	Report chapter	Updates for this report
Outcomes and Impact	6.2	SOE quasi-fiscal expenditures						9	The IA requested that companies include the name of any contract that defines social payments so that a better understanding of what is a mandatory social expenditure could be included in this report. At the time this report was finalised, no entities had included this information in their reporting template.
	6.3	Economic contribution						3	
	7.1	Public debate						3	
	7.2	Data accessibility*	n/a						
	7.3	Follow up on recommendations						11	
	7.4	Outcomes and impact of implementation							

\* These requirements are only encouraged or recommended and are not currently considered in assessing compliance with the EITI Standard.

^ During the validation process, the MSG was able to demonstrate that these requirements of the Standard were not applicable in PNG.

On 6 April 2017, the National Executive Council (NEC) endorsed the recommendations from the first PNG EITI country report. Certain recommendations have already been implemented, and we expect that this will continue to drive improvements in the completeness and accuracy of data relating to the extractives sector in PNG.<sup>42</sup>

The NEC directives have the potential to facilitate improvements in the data collection process and address many of the gaps identified in previous PNG EITI reports. The MSG and PNG EITI Secretariat have also started to improve and address these gaps, particularly by encouraging and supporting greater participation and engagement by SOEs including the Mineral Resources Development Company (MRDC) and Kumul Petroleum Holdings Ltd (KPH)<sup>43</sup> These entities have submitted templates for this report.

The PNG EITI Secretariat held discussions with State solicitors on the legality of making Memorandum of Agreements (MOAs) public. However, publication disclosure continues to be restricted due to confidentiality clauses.

Further directives that relate to implementing systems improvements should flow through to improvements in EITI reports onwards. These include:

<sup>42</sup> 2018 Validation Report, [https://eiti.org/sites/default/files/documents/png\\_validation\\_-\\_validators\\_final\\_validation\\_report.pdf](https://eiti.org/sites/default/files/documents/png_validation_-_validators_final_validation_report.pdf) accessed 30 November 2020

<sup>43</sup> NEC File No.-NEC04-1-21.11.17 <http://www.pngeiti.org.pg/wp-content/uploads/2018/04/NEC-File-No.-NEC04-1-21.11.17.pdf>, accessed 30 November 2020

### **Implementing an electronic registry and revenue system at the Department of Petroleum and Energy (DPE):**

DPE has been tasked with implementing a reliable Electronic Registry and Revenue System (ERRS) in place of the current paper ledger registry. This project will be supported by technical cooperation from Japan International Cooperation Agency (JICA) under its support program to the PNG EITI National Secretariat. This directive remains in progress at the time of writing.

### **Amending budget and fiscal reports to continue to collect information on subnational payments:**

The current reporting by the National Secretariat and the National Economic and Fiscal Commission (NEFC) does not capture all subnational revenue and payment streams required by the EITI Standard. NEFC's current reporting is provisioned under the *Intergovernmental Relations (Functions and Funding) Act 2009*, which governs NEFC's operations. It is proposed that NEFC and the PNG EITI Secretariat work together to identify mechanisms that can better align NEFC reporting to the EITI requirements, not only in relation to subnational payments but to all other payments for the various levels of governments.

This directive remains in progress. Subnational payments implementation is yet to be started.

### **Government agencies are directed to submit timely reports to the Auditor-General's Office (AGO):**

The formal letter of notification on this directive has been conveyed to the AGO. To date no formal response has been received on their implementation progress and/or strategy. The AGO has undertaken an active audit program on relevant government agencies. The Secretariat will continue to liaise with the AGO regarding the implementation of this directive.



# **Reporting Entities and Revenue Streams**

## 2. Reporting entities and revenue streams

### 2.1. Materiality

This report covers all material revenue streams from the material reporting entities, for the 2019 calendar year. These are defined below:

#### Material revenue streams

- ▶ Revenue streams that contribute 2% or more of government revenue from the sector
- ▶ Revenue streams that currently contribute less than 2% to government revenue from the sector, but which are considered by the MSG to be 'of significant interest' to the people of PNG – for example, production levy, development levy or environmental fees.

#### Material reporting entities

- ▶ All mining and oil and gas companies which have interests in operations that were producing saleable commodities, as agreed by the MSG
- ▶ Government entities who received payments from the companies
- ▶ Trustees of government funds
- ▶ SOEs that have interests in resource companies, or receive or make payments to the resources sector
- ▶ Entities that do not receive payments but keep records of payments

#### 2.1.1. Determination of materiality for revenue streams

The MSG considered both qualitative and quantitative definitions of materiality to determine which revenue streams would be deemed material for this report, in alignment with PNG EITI's strategic objectives.

The quantitative threshold applied was all revenue streams that contribute 2% or more to the total revenue received by the government from the mining and oil and gas sectors. In 2019, this threshold was PGK79 million. This is within the range applied in auditing financial accounts and is broadly consistent with materiality thresholds used for other EITI-compliant countries. According to this standard, 98% of PNG government revenues attributed to the extractives sector were considered material.

Some revenue streams that fall below this quantitative threshold have also been reconciled, based on a qualitative definition of materiality adopted by the MSG, which captures revenue streams that were:

- ▶ Defined by law
- ▶ Of significant interest or benefit to the PNG population
- ▶ Likely to exceed a pre-defined quantitative level of materiality in the future

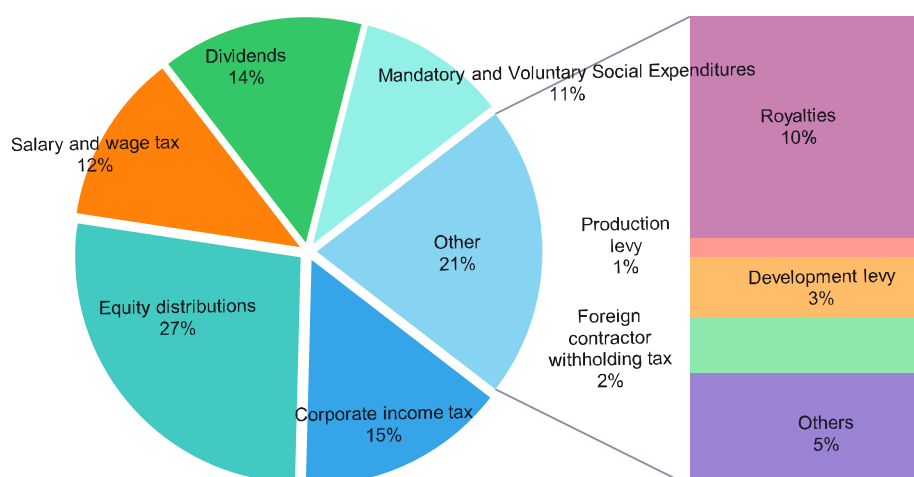
For 2019, these revenue streams included the environmental permit fees, environmental user charges, production levies and goods and services taxes (refer to table 14). Individually, these revenue streams fall below the quantitative threshold, but together they represent more than 2% of revenue from the extractive industries. Further, infrastructure tax credits applied (offset against corporate income taxes) and spent (reported to the Department of National Planning and Monitoring) were also included based on qualitative nature of these accounts. Therefore, all payments that could affect the comprehensiveness of the EITI report are included in the scope of reconciliation.

Share of sales from joint venture projects and equity holdings are included for additional information.

Where revenue streams are not considered material for reconciliation, these revenue streams are reported unilaterally by the receiving entity, or in the case of social expenditure, by the companies making the payments. For the 2019 report, to increase transparency at the provincial level, the IA and MSG have requested unilateral disclosure of subnational payments by reporting entities (further discussed in Chapter 6).

An overview of Government revenue streams from the extractive industry is illustrated below: \*

**Figure 10: Relative percentage of each revenue streams**



*\*Not included in the chart are the following*

- *Share of sales – these are sales prior to deduction of any spending on production costs, operating expenses, finance costs and tax payments.*
- *Infrastructure tax credits (offset from tax paid) – already included in corporate income tax payments above*
- *Infrastructure tax credits spent – to avoid double counting on expenditures which may be included in Mandatory and Voluntary expenditure*

## 2.2. Resource companies

Resource companies were those with interests in extractive projects that were producing saleable commodities during the reporting period and projects in advanced stages of exploration or pre-production. The MSG approved the exclusion of mid-stream and down-stream resource companies.

To identify material resource companies, the IA requested the IRC, MRA, Customs, CEPA, DPE and SOEs to supply the value of all receipts from extractive industry companies, encompassing those that had ownership in active mining exploration licences, mining leases, special mining leases, or leases for mining purposes, petroleum development, pipeline, processing facility or retention licences, as identified by the MRA and DPE. Upon receipt, this revenue data was used to calculate the quantitative threshold for EITI reporting and identify material reporting entities based on consolidated receipts by receiving entities.

As many companies have multiple affiliates active in mining and oil and gas projects, the threshold is applied to the total value across the parent and all its affiliates. When the threshold is reached for the group, each affiliate company is then required to report.

The table below shows which resource companies were quantitatively assessed as being material or not for the 2019 report. Each material reporting company is discussed in more detail in Chapters 7 and 8, including company structure, contribution to extractive industry revenues, and any changes in ownership during the reporting period.



Table 8: SOE, mining, oil and gas companies

Project	PNG Entity	Parent company	Consolidated Receipts (PGK)	Material under quantitative definition
<b>Mining</b>				
Porgera	Barrick (Niugini) Ltd	<ul style="list-style-type: none"> <li>Barrick (PD) Australia Pty Limited – 50%</li> <li>Gold Mountains International Mining Company Limited – 50%</li> </ul>	279,604,801	Y
	Mineral Resources Enga Ltd	<ul style="list-style-type: none"> <li>Porgera Gold Mines Limited – 50%</li> <li>Enga Provincial Government – 50%</li> </ul>	13,064,570	N
Kainantu	K92 Mining Ltd	K92 Mining Inc	23,001,186	N
Lihir (Luise Caldera)	Lihir Gold Ltd	Newcrest Mining Ltd	235,105,571	Y
Ramu Nickel (Kurumbukari)	MCC Ramu NiCo Ltd – 85%	MCC-JJJ Mining	81,739,654	Y
	Ramu Nickel Limited – 8.56%	Highlands Pacific Limited	-	N
	Mineral Resources Ramu Limited – 2.50%	Mineral Resources Development Company	-	N
	Mineral Resources Madang Limited – 3.94%	Mineral Resources Development Company	-	N
Hidden Valley Mine	Morobe Consolidated Goldfields Ltd	Harmony Gold Mining Company Ltd	42,443,669	N
Edie Creek	Niuminco Edie Creek Ltd	Niuminco Group Ltd	-	N
Ok Tedi (Mt Fubilan)	Ok Tedi Mining Limited	<ul style="list-style-type: none"> <li>Independent State of PNG – 67%</li> <li>Mineral Resources OK Tedi Star No.2 Limited – 12%</li> <li>Mineral Resources Star Mountains Limited (MRSM) - 9%</li> <li>Mineral Resources CMCA Holdings Limited – 12%</li> </ul>	501,109,567	Y
Ok Tedi Mining Limited Subsidiary	Ok Tedi Power Limited	Ok Tedi Mining Limited	469,455	N
	Ok Tedi Development Foundation	Ok Tedi Mining Limited	1,187,707	N
Simberi	Simberi Gold Co. Ltd	St Barbara Ltd	24,644,341	N
Solwara (Bismarck Sea) (not producing in 2019)	Nautilus Minerals Niugini Ltd	Kumul Mineral Holdings Ltd	-	N
Woodlark (Kulumadau) (not producing in 2019)	Woodlark Mining Ltd	Geopacific Resources Ltd/ Kula Gold Ltd	-	N
Frieda River	Frieda River Ltd	PanAust Ltd	1,305,188	N
Tolukuma (not producing in 2019)	Tolukuma Gold Mine Ltd	Asidokona Mining Resources Pty Ltd	-	N
Mt Crater (HGZ Mine)	Anomaly Ltd	Crater Gold Mining Ltd	-	N
Wafi-Golpu (not producing in 2019)	Newcrest PNG 2 and Wafi Mining Ltd	<ul style="list-style-type: none"> <li>Newcrest Mining Limited – 50%</li> <li>Harmony Gold Mining Company Ltd – 50%</li> </ul>	9,231,969	N

Project	PNG Entity	Parent company	Consolidated Receipts (PGK)	Material under quantitative definition
<b>Oil and gas companies that provided consolidated template</b>				
PNG LNG	ExxonMobil PNG Ltd (Operator of PNG LNG)	ExxonMobil Corporation	663,849,776	Y
PNG LNG and other Oil Projects	Oil Search (PNG) Ltd (Operator of Oil and Associated Gas projects)	Oil Search Ltd	132,907,420	Y
PNG LNG and other Oil Projects	Kumul Petroleum Holdings Ltd (KPH)	Independent State of Papua New Guinea	432,743,131	Y
<b>Oil and gas projects</b>				
SE Gobe (PDL 3 and PDL 4)	Oil Search (PNG) Ltd	Oil Search Ltd	251,867	Y – Part of the Oil Search Group
	Merlin Petroleum Company	Japan Papua New Guinea Petroleum Company, Nippon Oil Exploration (PNG) Pty Ltd, Marubeni Corporation	2,832,440	N
	Ampolex Highlands Ltd	ExxonMobil Corporation	587,290	Y – Part of ExxonMobil Group
	Petroleum Resources Gobe Ltd	Mineral Resources Development Company	38,779	N
	Cue PNG Oil Co. P/L	Kumul Petroleum Holdings Ltd	See previous	N
	Southern Highlands Petroleum Company Ltd	Kumul Petroleum Holdings Ltd	See previous	Y – Part of KPH Group
	Barracuda Ltd	Santos Ltd	279,210	N
Gobe Main (PDL 4)	Oil Search (PNG) Ltd	Oil Search Ltd	See previous	Y – Part of the Oil Search Group
	Ampolex Highlands Ltd	ExxonMobil Corporation	See previous	Y – Part of ExxonMobil Group
	Merlin Petroleum Company	Japan Papua New Guinea Petroleum Company, Nippon Oil Exploration (PNG) Pty Ltd, Marubeni Corporation	See previous	N
	Petroleum Resources Gobe Ltd	Mineral Resources Development Company	See previous	N
Kutubu	Oil Search (PNG) Ltd	Oil Search Ltd	28,114,215	Y – Part of the Oil Search Group
	Ampolex (PNG Petroleum) Inc	ExxonMobil Corporation	1,034,222	Y – Part of ExxonMobil Group
	Merlin Petroleum Company	Japan Papua New Guinea Petroleum Company, Nippon Oil Exploration (PNG) Pty Ltd, Marubeni Corporation	1,743,887	N
	Petroleum Resources Kutubu Ltd	MRDC	47,097,475	N
	Merlin Pacific Oil Co. NL	ExxonMobil Corporation	6,787	Y – Part of ExxonMobil Group

Project	PNG Entity	Parent company	Consolidated Receipts (PGK)	Material under quantitative definition
<b>Oil and gas projects</b>				
Moran	Oil Search (PNG) Ltd	Oil Search Ltd	See previous	Y – Part of the Oil Search Group
	Merlin Petroleum Company	Japan Papua New Guinea Petroleum Company, Nippon Oil Exploration (PNG) Pty Ltd, Marubeni Corporation	See above	N
	Esso PNG Moran Ltd	ExxonMobil Corporation	1,112,280	Y – Part of ExxonMobil Group
	Eda Oil Ltd	Kumul Petroleum Holdings Ltd	See previous	Y – Part of KPHL Group
	Ampolex (PNG Petroleum) Inc	ExxonMobil Corporation	See previous	Y – Part of ExxonMobil Group
	Ampolex (Highlands) Inc	ExxonMobil Corporation	See previous	Y – Part of ExxonMobil Group
	Petroleum Resources Kutubu Ltd	MRDC	See previous	N
	Merlin Pacific Oil Co. NL	ExxonMobil Corporation	See previous	Y – Part of ExxonMobil Group
	Petroleum Resources Moran Ltd	MRDC	73,729	N
Papua LNG (Elk-Antelope) (not producing in 2019)	Total E&P PNG Ltd	Total S.A.	13,053,720	N
	ExxonMobil PNG Antelope Limited	ExxonMobil Corporation	See above	Y
	Oil Search	Oil Search Ltd	See above	Y
	Kumul Petroleum Holdings Limited	Independent State of Papua New Guinea	See above	Y
Pasca A (not producing in 2019)	Twinza Oil	Twinza Oil	-	N

Project	PNG Entity	Parent company	Consolidated Receipts (PGK)^	Material under quantitative definition
<b>Oil and gas projects</b>				
PNG LNG	Ampolex (PNG) Ltd	ExxonMobil Corporation	9,829,528	Y – Part of ExxonMobil Group
	Esso PNG Juha Ltd	ExxonMobil Corporation	12,198,140	Y – Part of ExxonMobil Group
	ExxonMobil PNG Ltd	ExxonMobil Corporation	See above	Y – Part of ExxonMobil Group
	Kumul Petroleum (Kroton) Ltd	Kumul Petroleum Holdings Ltd	See above	Y – Part of KPHL Group
	Kumul Petroleum (PNG LNG) Ltd	Kumul Petroleum Holdings Ltd	See above	Y – Part of KPHL Group
	Nippon PNG LNG LLC	Nippon Oil exploration (PNG) Pty Ltd, JX Nippon Oil & Gas Corporation, Marubeni Corporation	7,496,855	N
	Merlin Petroleum Company	Japan Papua New Guinea Petroleum Company, Nippon Oil Exploration (PNG) Pty Ltd, Marubeni Corporation	See above	N
	Oil Search (LNG) Ltd	Oil Search Ltd	23,540,648	Y – Part of Oil Search Group
	Oil Search (Tumbudu) Ltd	Oil Search Ltd	34,559	Y – Part of Oil Search Group
	Lavana Ltd	Santos Ltd	-	N
	Santos (Hides) Ltd	Santos Ltd	38,830	N
	Gas Resources Gigira Ltd	MRDC	3,715,674	N
	Gas Resources Gobe Ltd	MRDC	-	N
	Gas Resources Angore Ltd	MRDC	267,844	N
	Gas Resources Hides No.4 Ltd	MRDC	629,209	N
	Gas Resources Juha Ltd	MRDC	266,693	N
	Gas Resources Kutubu Ltd	MRDC	3,853,005	N
Stanley Project	Repsol	Talisman Niugini Pty Ltd	605,868	N
	Horizon oil (Papua) Ltd		861,696	N
	Osaka Gas Niugini Pty Ltd		-	N
	Mitsubishi Corporation (Diamond Gas Niugini B.V.)		-	N

*^Consolidated receipts are calculated based on the reported receipts by government departments and agencies excluding infrastructure tax credits and social expenditures*

The following entities have consolidated receipts below the quantitative threshold. However, the IA considered qualitative factors such as significant production and export quantities, including PGK values, and entities with a high public profile:

- ▶ K92 Mining Ltd (Kainantu)
- ▶ Morobe Consolidated Goldfields Ltd (Hidden Valley)
- ▶ Simberi Gold Co. Ltd (Simberi)
- ▶ Total E&P PNG Ltd (Papua LNG Elk-Antelope)
- ▶ Barracuda – SE Gobe (Santos)
- ▶ Joint venturers of PNG LNG project
  - Santos (Lavana, Santos Hides)
  - JX Nippon (Merlin Petroleum Company, Nippon PNG LNG LLC)
- ▶ Mineral Resources Development Co. Ltd subsidiaries  
(Due to stake in Porgera, and Equity Distributions received from PNG LNG)
  - Mineral Resources Enga Ltd
  - Petroleum Resources Gobe Ltd
  - Petroleum Resources Kutubu Ltd
  - Petroleum Resources Moran Ltd
  - Gas Resources Gigira Ltd
  - Gas Resources Gobe Ltd
  - Gas Resources Angore Ltd
  - Gas Resources Hides No.4 Ltd
  - Gas Resources Juha Ltd
  - Gas Resources Kutubu Ltd

The final list of material resource companies is:

**Table 9 : Material reporting entities**

Mining companies	Oil and gas companies
<ul style="list-style-type: none"> <li>▶ Barrick (Niugini) Ltd (Porgera mine – SML 1 (P))</li> <li>▶ K92 Mining Ltd (Kainantu)</li> <li>▶ Lihir Gold Ltd (Lihir/Luise Caldera mine – SML 6)</li> <li>▶ MCC Ramu NiCo Ltd (Kurumbukari mine, Ramu – SML 8)</li> <li>▶ Morobe Consolidated Goldfields Ltd (Hidden Valley mine – ML 151)</li> <li>▶ Simberi Gold Co. Ltd (Simberi mine – ML136)</li> <li>▶ Ok Tedi Mining Limited</li> </ul>	<ul style="list-style-type: none"> <li>▶ ExxonMobil PNG Ltd (and affiliates)</li> <li>▶ JX Nippon Oil and Gas Exploration Corporation (and subsidiaries)</li> <li>▶ Kumul Petroleum Holdings Ltd (and subsidiary)</li> <li>▶ Mineral Resources Development Company (MRDC) (and subsidiaries)</li> <li>▶ Oil Search Ltd (and subsidiaries)</li> <li>▶ Santos Ltd (and subsidiaries)</li> <li>▶ Total E&amp;P PNG Limited (and subsidiaries)</li> </ul>

**Table 10: Resource companies' coverage**

Companies	No. of resource companies	Government receipts (PGK)*	Coverage based on Government receipts.
Companies deemed material under quantitative definition	16	2,153,840,614	91.64%
Companies deemed material under qualitative definition	21	182,797,228	7.78%
Companies not deemed material	17	13,661,883	0.58%
<b>Total</b>	<b>54</b>	<b>2,350,299,725</b>	<b>100.00%</b>

*\*Amount does not include Equity Distributions. PNG LNG stakeholders Landowner companies under MRDC and KPHL receiving equity distribution from PNG LNG Project are included as part of the required reporting entities. Equity distribution amounts reported by KPHL and Landowner entities under MRDC have been agreed and confirmed by ExxonMobil in its capacity as the operator of PNG LNG project.*

Based on the above selection of material reporting companies, the IA has attempted to reconcile 99.42% of the extractive revenues for the 2019 report. The mining and oil and gas companies that have not been included do not affect the comprehensiveness of the report.

## 2.3. State-owned enterprises

State-owned enterprises (SOEs) and trustees play a key role in managing and distributing PNG's wealth. Transparent disclosure of their processes for managing and transferring funds to beneficiaries (landowners, subnational governments, national government, etc.) is therefore critical for a comprehensive EITI report. Material SOEs and trustees were those with interests in (or responsibility for managing interests in) extractive projects that were producing saleable commodities during the reporting period. These are listed below:

**Table 11: State-owned enterprises and trustees**

Reporting entity	Revenue streams received	Revenue streams paid to PNG Government
Kumul Petroleum Holdings Ltd (KPH)	Equity Distributions from subsidiary companies that are joint venture partners in oil projects and PNG LNG	Dividends paid to PNG Treasury KPH taxes paid to IRC Subsidiary company taxes paid to IRC Return of capital to the State State support
Kumul Mineral Holdings Ltd (KMH)	Not material for 2019, as no interests in operations that were producing saleable commodities	Salary & wages tax of PGK166,196 (Group tax)
Mineral Resources Development Company Ltd (MRDC)	Management fees from trusts managed on behalf of subsidiary landowner companies. MRDC also report the royalty and equity distributions received from subsidiary landowner companies for their interest in PNG LNG and on payments to relevant trust funds.	MRDC taxes paid to IRC Subsidiary company taxes paid to IRC
Ok Tedi Mining Limited (OTML)	Sales revenue from Ok Tedi mine	Dividends paid to PNG Treasury Taxes paid to IRC Production levy paid to MRA
Ok Tedi Development Foundation	Not material for 2019 data reconciliation, but contextual information was requested by the IA	Salary & wages tax of PGK1,187,707 (Group tax)
Ok Tedi Power Limited	Not material for 2019 data reconciliation, but contextual information was requested by the IA	Salary & wages tax of PGK161,611 (Group tax) Goods and Services Tax PGK307,844

State participation in the extractive industries contributes to government revenues through equity distribution receipts, dividends and tax payments to PNG Treasury and IRC, respectively. Where the SOE is also the operator of the project (as is the case with Ok Tedi), the SOE pays a production levy to the MRA. Royalty payments are also distributed to local governments and landowners through the MRDC.

Each SOE, and associated subsidiary companies, is considered material for reporting purposes regardless of whether the quantitative threshold is met. This is due to the requirement of the EITI Standard to transparently report the management of funds through these entities. Each SOE, its structure, subsidiaries and its contribution to extractive industry revenues are discussed in more detail in Chapter 9 of this report.

44

<sup>44</sup> Refer also to SOE Scoping Report, <http://www.pngeiti.org.pg/soe-scoping-study/>, accessed 30 April 2021

## 2.4. Government entities

Government entities are material reporting entities if they received payments from the reporting companies and SOEs during the reporting period. Government entities that do not receive payments, but keep records of payments, are also included in the list of material government entities, as shown below.

Table 12: Material government entities

Government entity	Revenue streams received or recorded
Internal Revenue Commission (IRC)	Mining and petroleum tax (corporate income tax), salary and wages tax (group tax), infrastructure tax credits, additional profits tax, foreign contractor withholding tax, management fee withholding tax, interest withholding tax, training levy, business payments tax, royalty withholding tax and dividend withholding tax.
Mineral Resources Authority (MRA)	Production levy, royalties and tenement fees, rents and security payments. Requested MOA information.
Department of Treasury	Dividends from SOEs, values of funds held in royalty trust funds and other resource related trusts as listed on Volume 2D of Budget Booklet, and methodology of calculations of benefit streams for each project and development levy (records of payments).
Department of Petroleum and Energy (DPE)	Royalties, development levy, licence fees.
Department of National Planning and Monitoring (DNPM)	Infrastructure tax credits report.
Conservation and Environment Protection Authority (CEPA)	Decommissioning and mine closure bonds, environmental permit fees and user charges.
PNG Customs	Bills of lading of every shipment of minerals, oil and gas so IA can verify export data. Import taxes and excise taxes

The following government entities are used to cross-check certain references in the report based on available information

Table 13: Other government entities

Government entity	Information to be requested
Bank of PNG	Gold and silver export bonds (MRA).
Department of Mineral Policy and Geo-hazard Management (formerly the Department of Mining)	To request information on dividend payments made by Ok Tedi to Western Province Peoples Dividend Trust Fund (from Terms of Reference document).
Department of Finance	Development levies and royalties from oil and gas. (already reported via DPE)

## 2.5. Revenue streams

The PNG Government revenue streams relevant to the extractive sector, identified to date, are shown in Table 14 below. Amounts generated through each of these revenue streams during the reporting period were requested from the relevant reporting entity. In the case of reconciled revenue streams, amounts were requested from the resource company (or SOE), as well as the relevant government receiving entity to compare. In cases where a revenue stream has been identified as material, but has not been reconciled, the reasons are stated below the table.



Table 14: Government revenue streams

Revenue stream	Revenue (PGK)	% of revenue	Material	Reconciled	Paid to
<b>Mining</b>					
Mine closure bond	-	0.00%	N	N	CEPA
Production levy	34,340,856	0.86%	N	Y	MRA
Alluvial levies	5,907,097	0.15%	N	N	
Mine security deposits					
Exploration security deposits					
Mining lease rentals					
Exploration licence rentals					
Data sale receipts					
Exploration applications, extensions, extension late fees, transfer and dealing fees (related to exploration)					
Mining applications, extensions, extension late fees, transfer and dealing fees (related to mining)					
Public Investment Program (PIP) project funds	-	0.00%	N	N	MRA
<b>Oil and gas</b>					
Decommissioning bonds	-	0.00%	N	N	CEPA
Development levy	113,175,316	2.84%	Y	Y	Collected and recorded by DPE, (also recorded by the Department of Finance), and paid to relevant local or provincial government
Licence fees	4,746,054	0.12%	N	N	DPE
Additional profits tax	152,625,185	3.82%	Y	Y	IRC
Equity distributions	1,379,113,286	34.56%	Y	Y	State-owned enterprises (KPHL and MRDC)
<b>Mining and oil and gas</b>					
Import taxes and excise duty	51,479,537	1.29%	N	N	PNG Customs
Goods and services tax	-35,810,449	-0.90%	N	N	IRC
Royalties	412,443,166	10.33%	Y	Y	<p>O&amp;G: Oil Search pays by cheque to DPE, ExxonMobil makes payments direct to trust account to be apportioned to relevant landowners, local-level governments and provincial governments.</p> <p><i>Mining:</i> Paid directly relevant landowners, local-level governments and provincial governments; also reported to MRA</p>
Dividends	602,762,762	15.10%	Y	Y	Treasury (from SOEs)

Revenue stream	Revenue (PGK)	% of revenue	Material	Reconciled	Paid to
Environment permit fees and user charges	7,067,387	0.18%	N	Y	CEPA
Salary and wage tax (Group tax – taxes withheld on employees' salaries)	508,479,411	12.74%	Y	Y	IRC
Mining and petroleum tax (corporate income tax)	626,729,608	15.70%	Y	Y	
Business payments tax	3,622,910	0.09%	N	N	
Dividend withholding tax	-	0.00%	N	N	
Interest withholding tax	9,388,369	0.24%	N	N	
Management fee withholding tax	7,648,376	0.19%	N	N	
Royalty withholding tax	3,416,869	0.09%	N	N	
Foreign contractor withholding tax	103,704,461	2.60%	Y	Y	
Training levy	-	0.00%	N	N	
Infrastructure tax credits	123,638,223	n/a	Y	Y	Spending reported to DNPM; Claimed as credits to IRC

We have noted PGKnil reporting on the following intra government and state-owned enterprises revenues:

- Quasi-fiscal payments
- Transfers between government agencies or SOEs
- Infrastructure provisions and barter arrangements
- In-kind revenues
- Transportation revenues

Payments and transfers to subnational entities; and social expenditures are reported in Chapter 6.

We have analysed the percentage of government receipts covered by the material revenue streams as follows:

Table 15: Revenue streams coverage

Revenue streams	Government receipts (PGK)	Coverage based on Government receipts
Revenue streams covered	3,904,630,989	97.84%
Revenue streams not covered	86,217,211	2.16%
<b>Total</b>	<b>3,990,848,200</b>	<b>100.00%</b>

Based on the above selection of revenue streams, the IA has attempted to reconcile 97.84% of extractive revenues for the 2019 report. The revenue streams not covered do not affect comprehensiveness of the report.

A large, light gray, stylized number '3' is positioned on the left side of the slide, partially overlapping the text.

# Contribution of extractive industries to the economy

## 3. Contribution of extractive industries to the economy

### 3.1. About Papua New Guinea

Papua New Guinea (PNG) is part of Oceania, occupying the eastern half of the island of New Guinea and numerous offshore islands. PNG's capital and largest city is Port Moresby.

PNG is known for its diversity, with over 800 indigenous languages and at least as many traditional societies, within a population of only 8.78 million people.<sup>45</sup> It is also one of the most rural societies in the world, with only 13.3% of people living in urban centres.<sup>46</sup>

The nation established independence from Australia in 1975 and has a unicameral National Parliament, for which elections are held every five years. There has been one significant internal conflict, the Bougainville crisis of 1988–98, which began because of tensions related to the Bougainville Copper mine (Panguna Mine).

PNG has now experienced 19 years of economic growth, progressing from 'low income' to 'lower middle income' according to World Bank classifications from GDP US\$3 Billion in 2002 to US\$24.83 Billion in 2019.<sup>47</sup> This progress is echoed in the United Nations' Human Development Index (HDI), with an HDI of 0.543 in 2019, a steady improvement from 0.422 in 2000. However, the country is still classified as 'medium human development', ranking 155 out of 188 countries.<sup>48</sup>

Challenges to improving the wellbeing of the PNG population remain, as the country still faces skills shortages, poor infrastructure, and a weak institutional set-up that hinders development. Corruption, political uncertainty, access to land, and maintaining law and order are a few of the major constraints to business investment and growth.<sup>49</sup> Corruption is a challenge for PNG; in 2019 it was ranked 137 out of 180 countries, with a score of 28 out of 100 in Transparency International's *Corruption Perception Index* (lower scores indicating more corrupt).<sup>50</sup> However, the PNG Government has expressed a strong commitment to meeting the UN Sustainable Development Goals, working towards improvements in sustainable development and reducing incidents of corruption.<sup>51,52</sup>

Table 16 below provides an overview of PNG's performance against a range of economic and social development indicators.

<sup>45</sup> World Bank Data - <https://data.worldbank.org/country/papua-new-guinea>, accessed 9 October 2020

<sup>46</sup> World Data Bank – World Development Indicators <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators&>, accessed 9 October 2020

<sup>47</sup> World Bank in Papua New Guinea – Data <https://data.worldbank.org/country/papua-new-guinea>, accessed 9 October 2020

<sup>48</sup> UN Human Development Reports, <http://hdr.undp.org/en/countries/profiles/PNG>, accessed 15 January 2021

<sup>49</sup> World Bank, PNG Economic Update 2019, <http://documents.worldbank.org/curated/en/597161549016416469/pdf/Papua-New-Guinea-Economic-Update-Slower-Growth-Better-Prospect.pdf> accessed 9 October 2020

<sup>50</sup> Corruption Perceptions Index 2019, Transparency International, <https://www.transparency.org/en/cpi/2019/index/png>, accessed 15 January 2021

<sup>51</sup> PNG Department of National Planning and Monitoring, Millennium Development Goals Final Summary Report 2015, [https://www.pg.undp.org/content/papua\\_new\\_guinea/en/home/library/millennium-development-goals-final-summary-report-2015.html](https://www.pg.undp.org/content/papua_new_guinea/en/home/library/millennium-development-goals-final-summary-report-2015.html), 9 October 2020

<sup>52</sup> United Nations Development Program, More Government agencies join fight against corruption, [http://www.pg.undp.org/content/papua\\_new\\_guinea/en/home/presscenter/pressreleases/2018/04/04/more-government-agencies-join-fight-against-corruption-.html](http://www.pg.undp.org/content/papua_new_guinea/en/home/presscenter/pressreleases/2018/04/04/more-government-agencies-join-fight-against-corruption-.html), accessed 9 October 2020

Table 16: PNG's World Development Indicators<sup>53</sup>

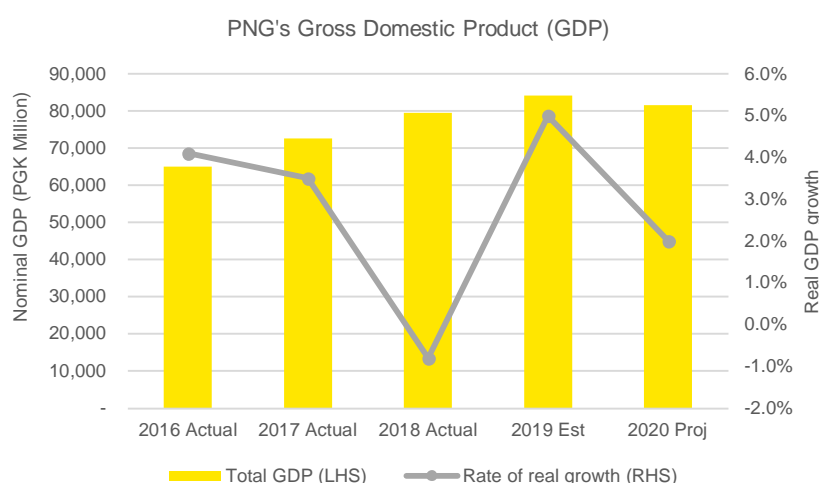
	Indicator	2014	2015	2016	2017	2018	2019
Population	Surface area (sq. km)	462,840 sq.km					
	Population, total	7,946,731	8,107,775	8,271,760	8,438,029	8,606,316	8,776,109
	Population density (people per sq. km of land area)	17.5	17.9	18.3	18.6	18.6	18.9
	Population growth (annual %)	2.0	2.0	2.0	2.0	2.0	2.0
	Urban population (% of total)	13.0	13.0	13.1	13.1	13.2	13.3
	Rural population (% of total)	87.0	87.0	87.0	86.90	86.8	86.8
Economy	Real Gross Domestic Product (real GDP) growth (annual %) <sup>a</sup>	13.5	9.5	4.1	2.2	-0.3	5.9
	Gross National Income (GNI) per capita, Atlas method (current US\$)	2,990	2,910	2,700	2,570	2,570	2,780
	Inflation, GDP deflator (annual %)	5.5	-3.9	3.9	7.6	7.12	3.9
	Ease of doing business index (1=most business-friendly regulations)	-	-	-	-	-	120
	Unemployment, total (% of total labour force) (modeled ILO estimate)	2.6	2.6	2.5	2.5	2.4	2.5
	Labour force, total	2,383,465	2,429,159	2,486,045	2,549,967	2,618,045	2,671,927
Health	Labour force, female (% of total labour force)	48.5	48.5	48.5	48.5	48.5	48.4
	Fertility rate, total (births per woman)	3.8	3.7	3.7	3.6	3.6	-
	Improved sanitation facilities (% of population with access)	18.9	18.9	-	-	-	-
	Improved sanitation facilities, rural (% of rural population with access)	13.3	13.3	-	-	-	-
	Improved sanitation facilities, urban (% of urban population with access)	56.4	56.4	-	-	-	-
	Improved water source (% of population with access)	40	40	-	-	-	-
	Improved water source, rural (% of rural population with access)	32.8	32.8	-	-	-	-
	Mortality rate, under-5 (per 1,000 live births)	51.8	50.5	49.0	47.6	46.3	44.8
	Life expectancy at birth, total (years)	63.2	63.5	63.7	64.0	64.3	63 male / 67 female
	Fixed broadband subscriptions (per 100 people)	0.2	0.2	0.2	0.2	-	-
Infrastructure	Fixed telephone subscriptions (per 100 people)	1.8	1.9	1.9	1.9	-	-
	Individuals using the Internet (% of population)	6.5	7.9	9.6	11.2	-	-
	Mobile cellular subscriptions (per 100 people)	42.3	43.9	45.7	47.6	-	-
	Access to electricity (% of population)	39.5	44.5	49.4	54.4	59.0	-
	Access to electricity, rural (% of rural population)	33.9	39.4	44.9	50.4	55.5	-
	Access to electricity, urban (% of urban population)	76.7	78.1	79.3	80.9	82.1	-

<sup>53</sup> Values in table sourced from World Data Bank except values for <sup>a</sup>GDP are sourced from the PNG 2021 National Budget Vol 1, Appx 3, Table 9, p. 156 (Actual data for 2007 to 2014: National Statistical Office. Estimates and projections: Dept. of Treasury). Life expectancy for 2019 are sourced from World Health Organisation, <https://www.who.int/countries/png/>

## 3.2. PNG economic overview for 2019

PNG's Gross Domestic Product (GDP) in recent years is shown in Figure 11 below.

Figure 11: GDP and rate of real growth 2019<sup>54</sup>



The overall real GDP growth for 2019 is projected at 5.0 percent. This is higher by 0.6 and 1.0 percentage points respectively compared to the growth forecasts reported in the 2019 Mid-Year Economic and Fiscal Outlook (MYEFO) and the 2019 Budget. The upgrade in growth is driven primarily by the resource sector, particularly the stronger than expected growth in gas and condensate output, reported by ExxonMobil for PNG LNG supported by an uptick in mining output, whilst growth for the non-resource sector has been revised down slightly from 3.1 percent in the 2019 Budget to 2.9 percent.<sup>55</sup>

The 2019 National Budget projected growth in the oil and gas sector to rebound strongly at 14.4 percent in 2019. This is higher than the 13.0 percent growth envisaged in the 2019 MYEFO. After the abnormalities relating to the earthquake in February 2018, the LNG project increased output substantially, ramping up production rates to 8.6 million tonnes per annum (mtpa) in the first half of 2019, well above the project's nameplate of 6.9 mtpa. According to Oil Search Ltd's first half results for 2019, the PNG LNG project production is projected at a range of 8.1 to 8.7 mtpa.<sup>56</sup>

The projected uptick in the mining and quarrying sector growth of 2.3 percent has also supported overall growth. This is an improvement from the 1.0 percent growth forecast in the 2019 MYEFO. The improved growth rate reflects mostly higher than expected gold output in a number of gold mines including Ok Tedi and Porgera, while output from Lihir is expected to remain flat. Operations of these mines were also affected by the earthquake in 2018.<sup>57</sup>

## 3.3. Post-2019 developments and projections

Potential future extractive opportunities include the Papua LNG, Pasca A Gas, Stanley Gas, P'nyang Gas, Yandera mining, Woodlark mining, Wafi-Golpu and Frieda River mining and petroleum projects. These have the potential to stimulate the PNG economy and provide the government with revenue to enable the

<sup>54</sup> 2021 National Budget, Appendix 2, Table 1, p. 148.

[http://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 18 December 2020

<sup>55</sup> 2020 National Budget, p. 22 and 23.

[http://www.treasury.gov.pg/html/national\\_budget/files/2020/2020%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2020/2020%20Budget%20Volume%201.pdf), accessed 30 November 2020

<sup>56</sup> Ibid

<sup>57</sup> Ibid

delivery of social services and infrastructure. However, sustainable economic growth is contingent upon broader-based investment that will spread economic activities and opportunities across PNG.<sup>58</sup>

The domestic economy is projected to contract in real terms by -3.8 percent in 2020, 0.8 percentage points lower than the MYEFO projection of -3.0 percent. This is considerably worse than the 2020 Budget growth estimate of 2.0 percent. This contraction is driven by the general downgrade in both the resource and non-resource sector activity as a result of the COVID-19 impact on the domestic and world economy, as well as specific developments including the indefinite closure of the Porgera mine and lower gold output from Lihir mine. Whilst the downturn in the world economy affected PNG's trade export receipts and foreign investment inflows, the domestic containment measures through the State of Emergency (SOE) adversely affected business and consumer sentiments.

The oil and gas sector growth for 2020 is projected to contract by -3.1 percent, down from the MYEFO forecast of 1.1 percent, mainly due to the 0.8 percent decline in LNG production driven by falling demand for oil and the price shock in the first half of the year.<sup>59</sup>

The mining and quarrying sector is projected to contract substantially by -21.0 percent, which is 0.8 percent lower than the MYEFO growth projection of -20.2 percent. Even without the closure of Porgera, this sector was expected to contract by 9.4 percent due to the impacts of COVID-19 as well as difficult geological conditions at Lihir. The unanticipated closure of the Porgera mine increased the anticipated level of negative growth in 2020 for the Mining & Quarrying sector to -21.0 percent. Porgera, the second largest gold producer in PNG, ceased production in April and export in May. The closure represents -68.5 percent growth compared to Porgera's 2020 production projections. This contributed to the attenuation of GDP by -1.3 percentage points in 2020.<sup>60</sup>

Ramu NiCo's production has improved, driven by improved labour mobility. Gold production from Lihir for 2020 has been affected by difficult mining and geothermal conditions.<sup>61</sup>

### 3.4. Impact of the extractive industries

For the purposes of EITI reporting, the MSG agreed that the extractive industries include mining, oil and gas. Quarrying, forestry and fisheries have been excluded.<sup>62</sup>

The extractive industries dominate exports and are correlated with economic activity in other sectors such as construction and transport. The relative contribution of the extractive industries to a selection of economic measures for the 2019 reporting period are shown in Figure 12 below.

---

<sup>58</sup> 2021 National Budget [https://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](https://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 30 November 2020

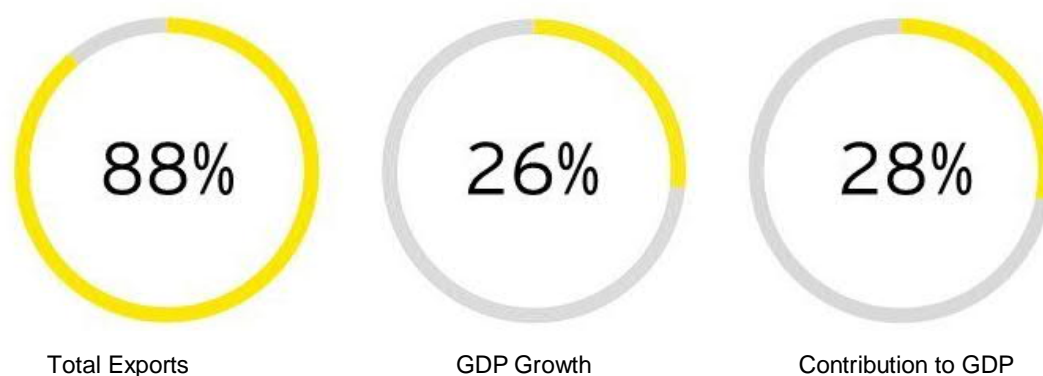
<sup>59</sup> Ibid

<sup>60</sup> Ibid

<sup>61</sup> Ibid

<sup>62</sup> Minutes of MSG meeting #2, 27 March 2015. GDP figures above include quarrying in the extractives as that industry was not able to be omitted from the analysis using publicly available information.

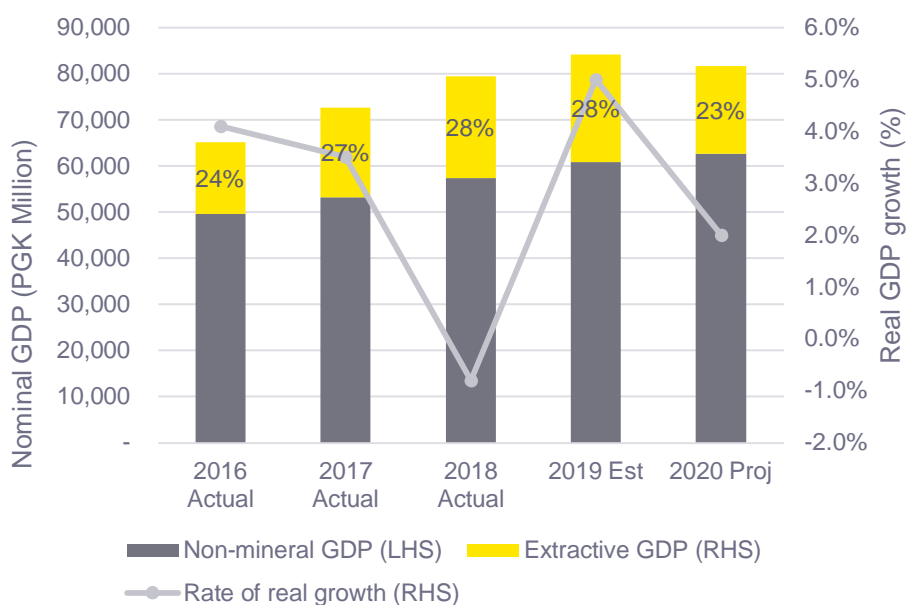
Figure 12: Percentage contribution of the extractives sector to economic measures in 2019



### 3.5. Contribution to GDP

The contribution of the extractives (or oil and gas and mineral) and non-mineral sectors to GDP in recent years is shown below in Figure 13 and Table 17.<sup>63</sup>

Figure 13: Extractive industries contribution to nominal GDP 2019



<sup>63</sup> 2021 National Budget [https://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](https://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 30 November 2020



The table below sets out the contribution of various sectors of the PNG economy to historic and forecast overall real GDP growth.

Table 17: Contributions to growth in real GDP (% points) during 2014–19<sup>64</sup>

CONTRIBUTIONS TO GROWTH IN REAL GROSS DOMESTIC PRODUCT (% points)						
	2014	2015	2016	2017	2018 Act	2019 Est*
Agriculture, forestry and fishing	0.7	-0.5	0.4	0.4	0.7	0
Oil and gas extraction	9.5	12.5	1.4	0.9	-3.3	3.7
Mining and quarrying	0.5	0.2	1.6	1.6	0.3	0.5
Manufacturing	0	-0.3	0.1	0.1	-0.1	0
Electricity gas & air conditioning	0	0	0	0	0	0
Water supply & waste management	0	0	0	0	0	0
Construction	0.4	-1	0.1	-0.07	-0.1	0.1
Wholesale and retail trade	0.1	-0.6	0.2	0.1	0.2	0.2
Transport and storage	-0.4	0.1	0.1	0	0.1	0
Accommodation and food services	0	0	0	0.1	0.2	0
Information and communication	0.6	0.1	0.1	0	0	0.1
Financial and insurance activities	-0.8	-0.6	-0.1	0	0	0
Real estate activities	0.2	0.2	0.3	0.2	0.1	0.1
Professional and scientific	-0.1	-0.3	0	-0.1	-0.1	0
Administrative and support services	0.2	-0.2	0	0	0.8	0.1
Public administration and defence	0.6	0.2	0.1	0.1	0.4	0.2
Education	0.2	0.1	0.1	0.1	0.1	0.1
Health and social work activities	0	0	0.3	0.1	0.1	0.1
Other service activities	-0.1	-0.1	0	0	0	0
<b>Total</b>	<b>11.6</b>	<b>9.8</b>	<b>4.7</b>	<b>3.5</b>	<b>-0.6</b>	<b>5.2</b>
<b>Total Oil and gas extraction; and Mining and quarrying</b>	<b>10.0</b>	<b>12.7</b>	<b>3.0</b>	<b>2.5</b>	<b>-3.0</b>	<b>4.2</b>

\* At the time of writing, figures for these years are listed as estimates or projections only.

<sup>64</sup> 2021 National Budget [https://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](https://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 30 November 2020

### 3.6. Contribution to government revenue

Figures drawn from the 2019 Final Budget Outcome indicate that the mining and petroleum sectors contributed 8.35% of government revenue (via corporate income tax and dividends) in 2019, as shown in Table 18 below.

Table 18: Contribution of the mining and oil and gas sectors to government revenue<sup>65</sup>

	2015 (PGK million)	2016 (PGK million)	2017 (PGK million)	2018 (PGK million)	2019 (PGK million)
Total tax and non-tax revenue (excluding grants) <sup>^</sup>	11,003.1	10,485.6	11,525.1	14,085.2	13,680.5
Mining and petroleum tax (corporate income tax)	195.4	92.0	113.6	775.0	760.7
Mining and petroleum dividends	456.4	300.5	562.3	653.5	381.2
Contribution of mining and petroleum in government revenue	5.92%	3.74%	5.86%	10.14%	8.35%

\* As per IRC templates 2014–19

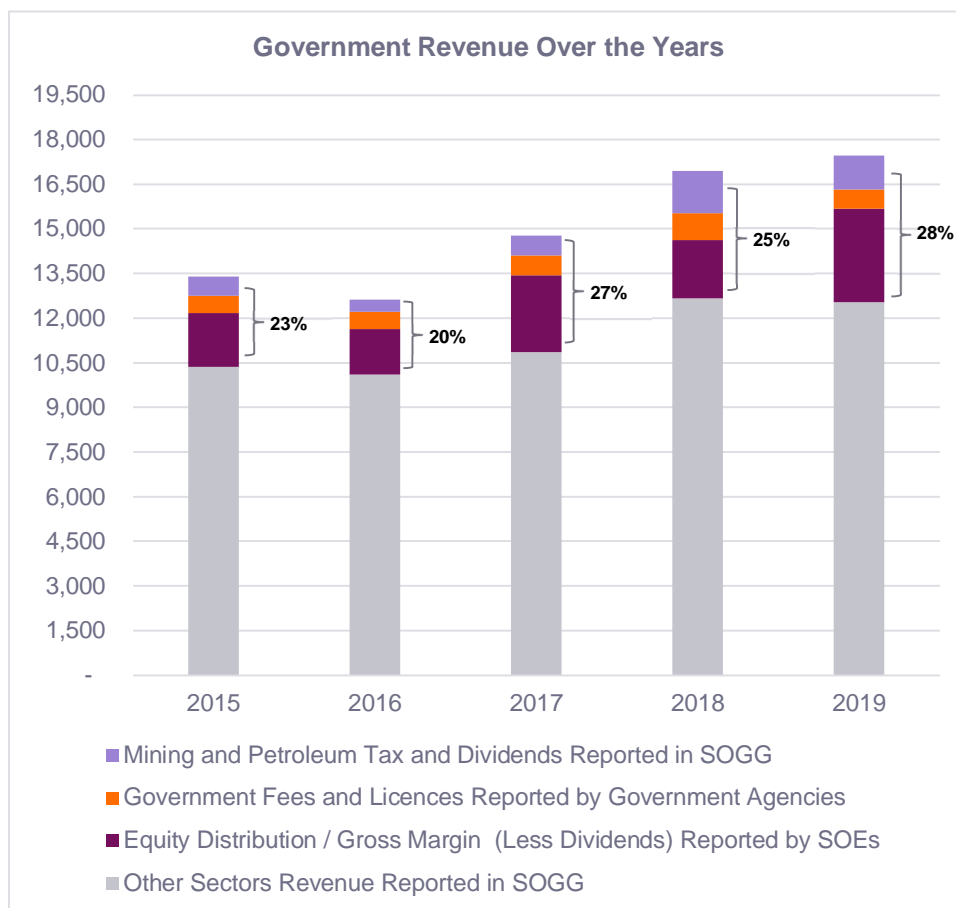
<sup>^</sup> 2021 National budget

Revenue from the extractive industries has contributed an average of 7% of total Government revenue over the past six years, making it one of the main contributors to Government revenue. Declines in 2015–17, were driven by lower collections of corporate income tax, due to infrastructure tax credits applied by resource companies. The higher revenues in 2018 and 2019 were driven by dividends received from state-owned entities.

Revenues recorded in the Statement of Operations for the General Government (National Budget) does not include receipts by landowners, equity distributions by state-owned enterprises, or social expenditures. Nor do they include revenues received by Government agencies, such as salaries and wages taxes (SWT), foreign contractor withholding taxes (FCWT), DPE and MRA fees and environmental charges. Figure 14 below shows the historical trend of fees and other taxes collected by Government agencies.

<sup>65</sup> 2021 National Budget [https://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](https://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 30 November 2020

Figure 14: Contribution of the extractive industries to Government revenue (PGK m) per National Budget <sup>66</sup>



For purposes of presentation in Figure 14, other revenues received by SOE and government agencies were included and landowner receipts (either direct or through Trustee) are excluded. Other sectors revenue presented in Figure 14 does not include other revenues collected from respective government agency, regulator or authority.

Declines in 2016 were driven primarily by lower commodity prices. The increasing revenues from 2017 through 2019 resulted from increasing commodity prices triggering increased distributions to State Owned Entities and dividends to Government, partially offset by lower corporate income tax collections from certain reporting entities (i.e. PGK14m from Ok Tedi in 2019, compared with PGK147m in 2018), and salaries and wages taxes (PGK470m in 2019 was the lowest receipts in the past 6 years) driven by reduced employment from lower development activity.”

Government agencies receive taxes and fees averaging PGK690m annually. Highest collections were recorded in 2018, where FCWT and SWT peaked with a combined amount of PGK865m. The lowest collections were in 2015 and 2016, due to absence of FCWT as reporting revenue in previous reports. Decline in revenues in 2019 is due to reduced FCWT (by 40%) and SWT (by 27%, respectively).

<sup>66</sup> Statement of operations for general Government. 2020 National Budget Volume 1; reporting templates over the years

Average annual equity distribution received by KPHL over the past 5 years amounted to PGK957m. Highest collections were recorded in 2015 amounting to PGK1,790m. Lowest receipts, on the other hand, were recorded in 2016 amounting to PGK297m.

Gross margin from Ok Tedi is calculated by deducting mining cost, processing cost, and change in Inventories of product on hand and in process. Ok Tedi earned an annual average of PGK1,726m of gross margin over the past 5 years. Highest gross margin was earned in 2017 amounting to PGK2,430m while lowest was in the year 2015 where Ok Tedi earned PGK487m.

The International Monetary Fund (IMF) believes that PNG's taxes on the extractive industries are low by international standards.

**Table 19: Comparison of 2019 Budget figures with figures from reconciliation (see Chapter 10) <sup>67</sup>**

	2019 final budget outcome	2019 reconciliation figure (Company reported)	Variance	Absolute Variance (%)
			(PGK million)	
Corporate income tax (mining and petroleum tax)	760.7	543.0	217.7	28.62%
Mining and petroleum dividends (paid to Treasury)	381.2	381.2	0	0.00%

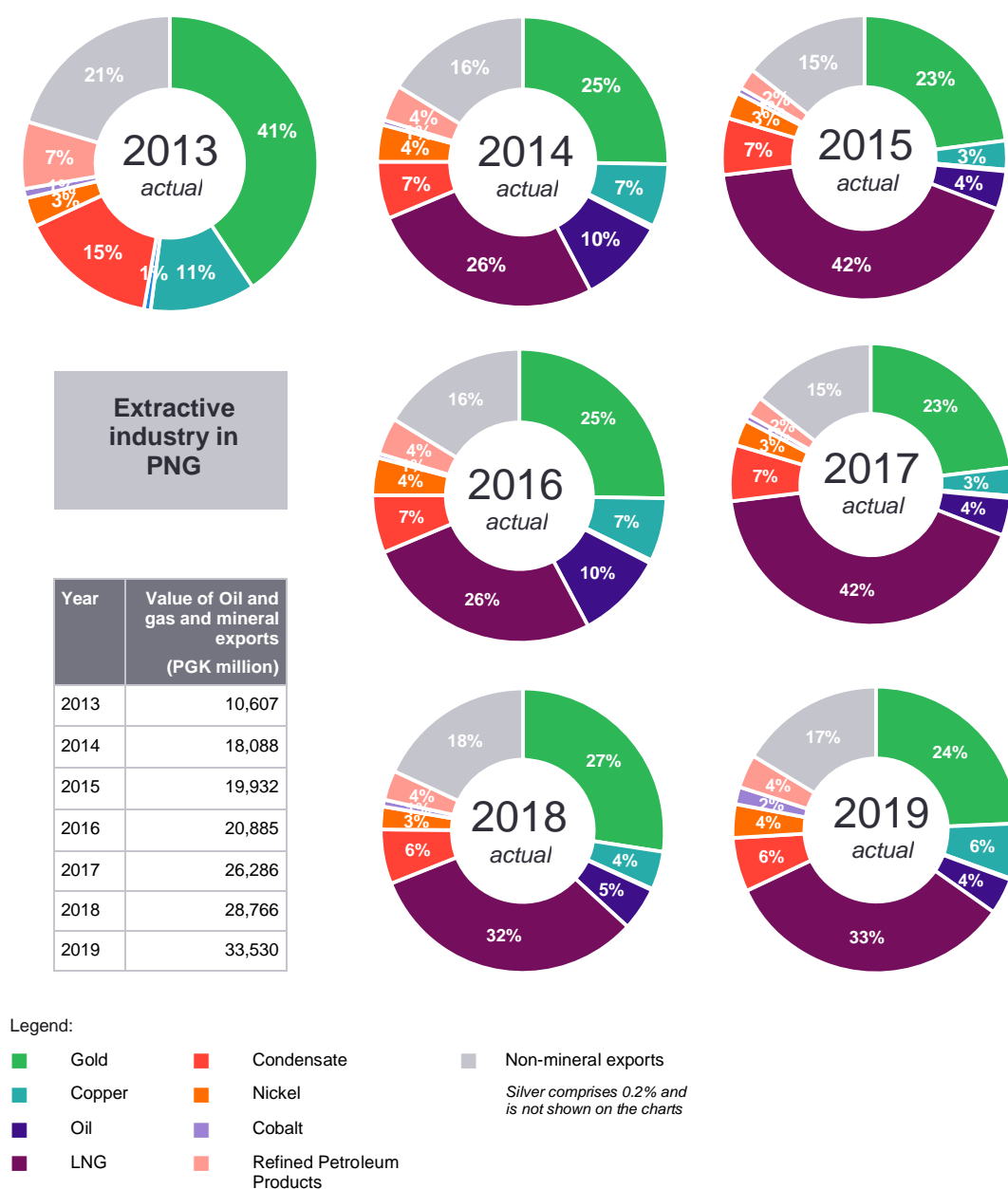
We note that the contribution to government revenue for mining and oil and gas sectors as defined in the 2019 Budget includes corporate income tax (mining and petroleum tax) and dividends paid to Treasury from SOEs operating in the extractives sector. The revenue streams included in this report are broader in nature and include additional tax revenues which are described in more detail in Chapter 2 of this report.

<sup>67</sup> 2020 PNG Budget, [www.treasury.gov.pg/html/national\\_budget/files/2021/2021\\_Budget\\_Volume\\_1.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021_Budget_Volume_1.pdf), accessed 15 December 2020

### 3.7. Contribution to exports

The value of total oil and gas and mineral exports for 2019 was estimated at PGK33,915.1 million, comprising 88% of total export value. A breakdown of the value of exports by commodity is provided in Figure 15 below, showing the steadily growing proportion represented by LNG exports and gold.

Figure 15: Historical commodity apportionment based on total oil and gas, mineral and non-mineral export value<sup>68</sup>



<sup>68</sup> 2021 PNG Budget, [www.treasury.gov.pg/html/national\\_budget/files/2021/2021\\_Budget\\_Volume\\_1.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021_Budget_Volume_1.pdf), accessed 15 December 2020

For detailed export quantities and values reported, see Chapters 7 and 8 of this report.

Papua New Guinea's major export commodities are gold and LNG, together comprising over 80% of total oil and gas and mineral export value (70% of total export value including non-mineral).

The dominance of the extractive industries in PNG's exports, together with the limited range of commodities being exported, leaves the economy vulnerable to the cyclical nature of commodity markets.

Gold prices have trended upwards since December 2018, reaching a six-year high of US\$1,500 per ounce in early September 2019. This increase was driven by increased demand for gold as a safe haven asset, due to the escalation of trade tensions between US and China, volatility in financial markets, escalating US-Iran tensions and easing monetary policy in the US and elsewhere. Gold purchases by central banks have also provided some support to the gold price.<sup>69</sup>

Over the year to October 2019, gold prices have averaged around US\$1,376.0 per ounce, 8.4 per cent higher than 2018 levels. As markets continued to respond to ongoing trade tensions and geopolitical problems, gold demand remained robust over the remainder of 2019 supporting an average if US\$1,380.0 per ounce for the year.<sup>70</sup>

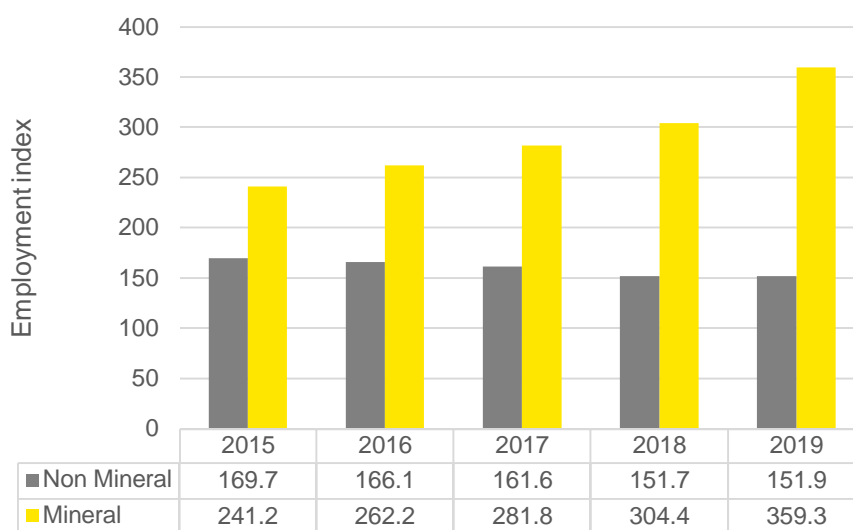
<sup>69</sup> 2020 National Budget Volume 1 Gold Prices, page 18

<sup>70</sup> Ibid

### 3.8. Contribution to employment

Employment data for PNG is limited. Treasury draws on an index compiled by the Bank of PNG through its Business Liaison Surveys of around 400 private sector business entities across different regions and industries. The Bank of PNG Employment Index, shown over the past five years in Figure 16, is reported with the base period being March 2002.

Figure 16: Oil and gas and mineral (mineral) and non-mineral employment<sup>71</sup>



\*June Quarter Preliminaries

Total employment numbers have shown improvement in 2019. According to the BPNG's June employment statistics, total employment grew by 4.2 percent through the year to the June quarter of 2019, driven largely by a 21.0 percent growth in mining sector employment.

A study from the Institute of National Affairs comments:

Although mining and quarrying only provides limited direct employment, in practice it supports a significant amount of employment in other sectors of the economy. For example, during the construction phase of mineral and hydrocarbon resource projects, employment is classified in the construction sector even though its primary purpose is to support the mining and hydrocarbon sector. Moreover, many of the other domestic sectors primarily serve the mining industry or gain significant increases in trade as a result of an increase in activity in the mineral and hydrocarbon sectors.

A report from the United Nations Development Program for PNG in 2014 noted that PNG's total formal labour market provides livelihoods to less than 12% of the working-age population. A much larger informal labour market, centered on semi-subsistence agriculture, forestry and fisheries, generates livelihoods for most of the remaining working-age population.

<sup>71</sup> 2021 National Budget Volume 1 Table 7 page 154;  
[http://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), accessed 18 December 2020

Formal employment opportunities in PNG generally emerge from four industrial sectors:

- Education
- Agriculture, hunting and forestry
- Real estate, renting and business services
- Construction.

Data from The Lowy Institute states that these four sectors account for 52% of all formal employment. Nevertheless, the extractive industries have been important to the growth of formal employment in PNG.

Large mines such as Ok Tedi are significant employers with Ok Tedi employing 1,747 staff. Mine development contracts typically require mining companies to employ primarily local staff.<sup>33</sup> The PNG LNG project provided a significant number of jobs during its construction, peaking at 21,200 in 2012. In December 2019, the PNG LNG project had 3,964 workers, of which over 3,411, or 86%, were PNG citizens. This is an increase of some 700 workers compared to 2018, driven largely by increased work on earthquake recovery efforts.<sup>40</sup>

Additional LNG construction projects may proceed in the coming decade providing extensive bursts of employment for two to three years followed by substantial sustained employment at lower levels that will continue for decades. As with PNG LNG, they would also stimulate extensive micro, small and medium enterprises.

### 3.9. Employment Data Disaggregated by Gender

Table 20 below provides information about the gender and nationality of boards, management and employees, as received from the reporting entities.

**Table 20: Employment Data Disaggregated by Gender**

Reporting Entity	Gender	Board	Management	Total Board and Management	Technical (e.g. engineer)	Non-technical (e.g. finance/HR)	Total Other than Board Management	TOTAL
<b>Lihir</b>								
Nationals	Male	-	24	24	1,515	240	1,755	1,779
	Female	1	8	9	135	142	277	286
Expatriates	Male	3	50	53	138	41	179	232
	Female	-	5	5	-	7	7	12
<b>Ok Tedi</b>								
Nationals	Male	-	11	11	241	1,228	1,469	1,480
	Female	-	4	4	21	156	177	181
Expatriates	Male	6	24	30	34	19	53	83
	Female	-	1	1	-	8	8	9
<b>Barracuda</b>								
Nationals	Male	-	1	1	-	1	1	2
	Female	-	-	-	-	-	-	-
Expatriates	Male	-	-	-	-	-	-	-
	Female	-	-	-	-	1	1	1
<b>ExxonMobil</b>								
Nationals	Male	-	215	215	-	2,627	2,627	2,842
	Female	-	56	56	-	513	513	569
Expatriates	Male	-	185	185	-	330	330	515
	Female	-	9	9	-	29	29	38
<b>Harmony – Hidden Valley</b>								
Nationals	Male	-	-	-	886	283	1,169	1,169
	Female	-	-	-	101	79	180	180
Expatriates	Male	-	11	11	33	18	51	62
	Female	-	-	-	2	1	3	3

<sup>40</sup> PNG LNG Workforce, [https://pnglng.com/media/PNG-LNG-Media/Files/Environment/Environment%20and%20Social%20reports/2019-Annual-ES-Report-EXEC-SUMMARY-\(ENG-WEB\).pdf](https://pnglng.com/media/PNG-LNG-Media/Files/Environment/Environment%20and%20Social%20reports/2019-Annual-ES-Report-EXEC-SUMMARY-(ENG-WEB).pdf)



<b>Wafi- Golpu</b>								
Nationals	Male	-	-	-	7	78	85	85
	Female	-	-	-	1	21	22	22
Expatriates	Male	-	5	5	-	3	3	8
	Female	-	-	-	-	-	-	-
<b>Total</b>								
Nationals	Male	-	-	-	36	10	46	46
	Female	-	-	-	13	15	28	28
Expatriates	Male	4	-	4	26	11	37	41
	Female	-	-	-	3	4	7	7
<b>Porgera</b>								
Nationals	Male	11	-	11	148	2,823	2,971	2,982
	Female	-	3	3	22	328	350	353
Expatriates	Male	6	36	42	20	136	156	198
	Female	-	1	1	-	13	13	14
<b>Kainantu</b>								
Nationals	Male	1	2	3	490	114	604	607
	Female	-	-	-	8	32	40	40
Expatriates	Male	5	15	20	8	17	25	45
	Female	1	1	2	-	-	-	2
<b>Simberi</b>								
Nationals	Male	-	1	1	1	600	601	602
	Female	-	-	-	-	115	115	115
Expatriates	Male	3	5	8	5	23	28	36
	Female	-	2	2	-	-	-	2
<b>MCC Ramu Nico</b>								
Nationals	Male	-	17	17	695	132	827	844
	Female	-	-	-	42	48	90	90
Expatriates	Male	6	35	41	530	85	615	656
	Female	-	-	-	4	27	31	31
<b>KPHL</b>								
Nationals	Male	5	3	8	10	27	37	45
	Female	-	-	-	6	23	29	29
Expatriates	Male	-	3	3	1	-	1	4
	Female	-	-	-	-	-	-	-

## Total Employment Data

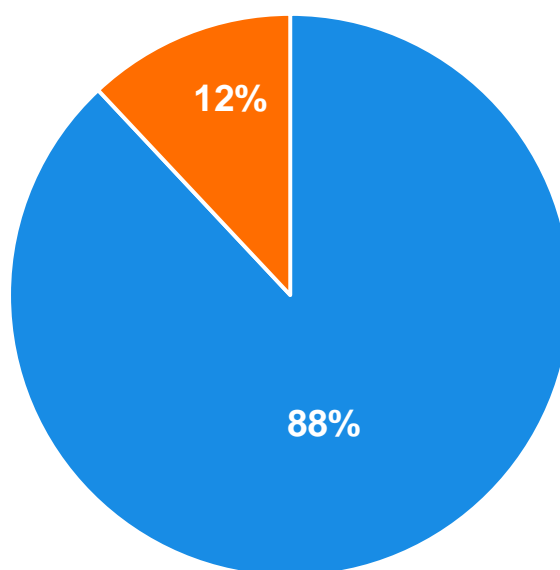
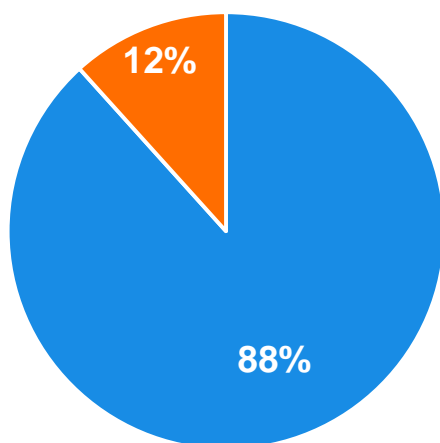
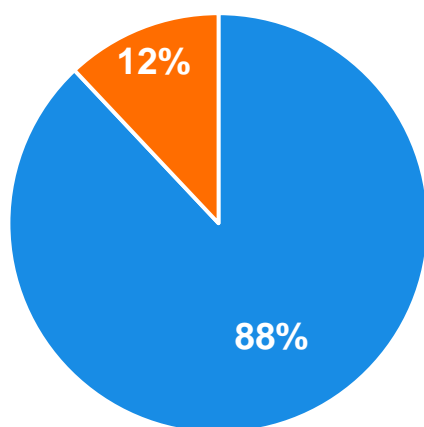


Figure 17: Employment data charts

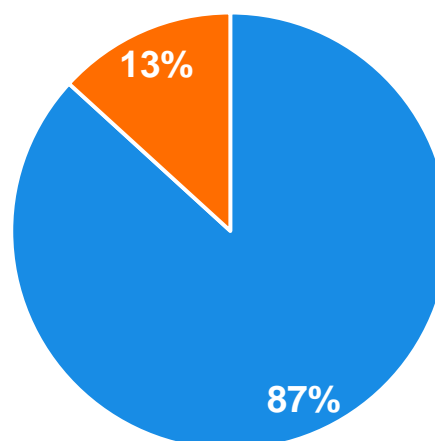
Male

Female

## Board and Management

Technical and Non  
Technical

## Nationals



For the first time, the reporting entities submitted their employment figures disaggregated by gender, nationality and function. The data shows a marked difference between the number of men and women employed in all functions, but particularly in technical functions. It has also become apparent that men are predominantly occupying the boardroom, with only one female board member across all companies that reported. To address the gender inequality in employment in the extractive sector, an in-depth review of barriers to women entering into industry profession needs to be conducted, with a view to coming up with clear recommendations for MSG and industry players to take.

### 3.10. Commentary

The extractive industries make a significant contribution to the economy of PNG through exports, economic activity, government revenue and employment. There are also other broader impacts such as stimulating infrastructure development. However, as illustrated by some of the figures above, these benefits can be volatile and cyclical. They can also be offset by some negative social, environmental and cyclical impacts, particularly where Government and industry fail to maintain existing projects, such as Porgera mine, or do not develop new projects in a timely manner such as Papua LNG.

Recent government policies such as the Sovereign Wealth Fund, Vision 2050, and the National Strategy for Responsible Sustainable Development (STaRS) seek to capitalise on the economic boom of the extractive industries, while also diversifying the economy to avoid over-dependence on the sector.<sup>41</sup> These policies have the potential to benefit PNG over the long term, if prudently implemented. However, implementation remains a challenge, with the Sovereign Wealth Fund yet to come into operation six years after the Organic Law was passed.

---

<sup>41</sup> 'Vision 2050', 2009, PNG Government, <https://sustainabledevelopment.un.org/content/documents/1496png.pdf>, accessed 9 October 2020



# Legal framework and fiscal regime

## 4. Legal framework and fiscal regime

PNG presents unique challenges: its eight million people comprise hundreds of cultural and linguistic groups, with a predominantly rural population spread widely over varied geographies, many of which are remote and inaccessible. To respond to this, the government is decentralised and multi-layered, including national, provincial and local levels of government. This report focuses primarily on the national government and associated revenue flows, but recognises that significant efforts are being made to extend this through to subnational and regional levels to further improve transparency.

### 4.1. National governance structures

PNG has a constitutional monarchy and is a member of the Commonwealth of Nations. The Head of State is Her Majesty Queen Elizabeth II, represented by a Governor-General elected by Members of the National Parliament.

PNG has three levels of government: national, provincial and local. The National Parliament is a unicameral legislature elected for five-year terms. The Parliament is led by a Prime Minister and Cabinet, known as the National Executive Council (NEC). The Supreme Court, National Court, and local and village courts form an independent justice system.

In May 2019, James Marape replaced Peter O'Neill as Prime Minister. Hon. Charles Abel also handed his position as Treasurer to Hon. Sam Basil, who was subsequently replaced by Hon. Ian Ling-Stuckey, CMG, MP.

Members of the National Parliament are elected from 89 single-member electorates and 22 regional electorates. The regional electorates correspond to PNG's 20 provinces, plus the Autonomous Region of Bougainville and the National Capital District. Members from regional electorates also serve as provincial governors. Each province has its own provincial assembly and administration.<sup>72</sup>

### 4.2. Ownership of subsoil assets

The OECD define subsoil assets as proven reserves of mineral deposits located on or below the earth's surface that are economically exploitable given current technology and relative prices.<sup>73</sup> According to the *Mining Act 1992* (MA) and the *Oil and Gas Act 1998* (OGA), subsoil assets in PNG belong to the State.

Section 5 of the MA states, 'All minerals existing on, in or below the surface of any land in Papua New Guinea, including any minerals contained in any water lying on any land in Papua New Guinea, are the property of the State.'<sup>74</sup>

Section 6 of the OGA states, 'Subject to this Act, but notwithstanding anything contained in any other law or in any grant, instrument of title or other document, all petroleum and helium at or below the surface of any land is, and shall be deemed at all times to have been, the property of the State.'<sup>75</sup>

### 4.3. Taxation

The Internal Revenue Commission (IRC) is mandated by Parliament under the various taxation acts and regulations and is tasked with the administration and collection of taxation, including acting against parties that choose to avoid or evade tax. The IRC collects most State revenue, comprising corporate income tax and tax on salary and wages, as well as indirect taxes such as GST. It also assists Treasury with the development of taxation policy. The IRC is managed by the Commissioner General with support from the Commissioner Taxation and Commissioner Services.

The 2018 budget introduced a technical amendment to the secrecy provisions under the *Income Tax Act*. This allows the IRC to provide direct information without the requirement of a waiver letter for EITI reporting purposes and provides greater transparency. This amendment was effective as of 1 January 2018 and was utilised for this report to access tax payment data from the resources sector.

<sup>72</sup>National Parliament of Papua New Guinea, <http://www.parliament.gov.pg/about/parliament>, accessed 9 October 2020

<sup>73</sup>OECD, Subsoil assets definition, <https://stats.oecd.org/glossary/detail.asp?ID=2602>, accessed 9 October 2020

<sup>74</sup>Department of Mining, *Mining Act 1992 and Regulation*. Port Moresby: Department of Mining, 1992.

[http://www.mra.gov.pg/Portals/2/Publications/MINING\\_ACT%201992.pdf](http://www.mra.gov.pg/Portals/2/Publications/MINING_ACT%201992.pdf), Accessed 9 October 2020

<sup>75</sup> Department of Petroleum. Independent State of Papua New Guinea. No. 49 of 1998 An Act Entitled Oil and Gas Act 1998. Port Moresby: Department of Petroleum, 1998

PNG Customs was established as a separate entity in 2009. In addition to border and community protection and trade facilitation, it is responsible for collecting government revenue from imports and exports.

A comprehensive Taxation Review was submitted to the government in October 2015. The report contained 91 recommendations, seven of which relate to the extractive industries. The recommendations include reducing levels of State equity participation, extending the additional profits tax to the mining and petroleum sector, and changing the terms and availability of fiscal stability agreements. Other recommendations not specific to the extractives sector are also relevant, including the introduction of a capital gains tax regime and a tightening up of tax concessions. See <http://taxreview.gov.pg> for further information.

In 2019, there were two significant updates in revenue policies relevant to the extractive industry. First, tax loss carry forwards for extractive companies were reduced from unlimited carry forward to twenty years. Second, GST zero rating status on supplies made to resource companies was removed, so all supplies made to resource companies from 1 January 2019 are subject to 10% GST. The Department of Treasury also announced that it will take the lead in the review of the ITC scheme together with the Department of National Planning and Monitoring and other relevant stakeholders.

The PNG Government has drafted a rewrite of the *Income Tax Act* that purports to focus on simplification and modernisation, as in other similar tax jurisdictions. However, industry groups, including the PNG Chamber of Mines & Petroleum, have raised concerns with the draft, and additional engagements between Government and taxpayers are needed and anticipated. The bill is expected to be tabled in 2021 with an enactment date expected no earlier than 2022.<sup>76, 77</sup>

## 4.4. Corporate income tax

Revenues from the extractive industries are collected via income tax and additional profits tax as set out in the primary tax legislation, the *Income Tax Act* 1959 (ITA). The ITA includes specific rules which apply to resource operations depending on the type of resource being extracted. These are contained within Division 10 'Mining, Petroleum and Designated Gas Projects' and include:

- ▶ Subdivision A: General provisions applicable to mining, petroleum and designated gas projects
- ▶ Subdivision B: Specific provisions applicable to mining
- ▶ Subdivision C: Specific provisions applicable to petroleum
- ▶ Subdivision D: Specific provisions applicable to designated gas projects
- ▶ Subdivision E: Additional profit tax

The OGA governs the exploration and production of petroleum (including oil and gas) in the onshore and offshore areas of PNG, and the MA governs the discovery, appraisal, development and exploitation of mineral deposits in PNG (see further comments below). The OGA also governs the calculation of royalties and development levies.

Corporate income tax is 30% for all resource and non-resource companies.

Corporate tax is levied on taxable income, that is, assessable income less deductions allowed under the Tax Act. However, the taxation regime for extractive industries has the additional requirement that a resource company is taxed on a project basis ('ring fencing'), effectively taxing each project like a separate taxpayer. This means that revenue, expenses and losses from each project are effectively quarantined from each other, with any expense attributable to more than one project apportioned to the projects on a reasonable basis. The regime does allow some concessions to ring fencing with respect to exploration expenditures and expenditures carried forward from discontinued projects, as seen below.

Concessions to ring fencing for resource companies include the ability to:<sup>78</sup>

- ▶ Pool exploration expenditures and deduct this against project income at year end

<sup>76</sup> 'Tax avoidance' generally refers to aggressive tax planning – for instance transfer pricing or treaty shopping; 'tax evasion' refers to fraudulent activity.

<sup>77</sup> The 2017 National Budget,

[http://www.treasury.gov.pg/html/national\\_budget/files/2017/2017%20Budget%20Volume%201%20Economic%20and%20Development%20Policies.pdf](http://www.treasury.gov.pg/html/national_budget/files/2017/2017%20Budget%20Volume%201%20Economic%20and%20Development%20Policies.pdf), accessed 22 October 2018

[http://www.treasury.gov.pg/html/national\\_budget/files/2018/Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2018/Volume%201.pdf), accessed 9 October 2020

[http://www.treasury.gov.pg/html/national\\_budget/files/2019/Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2019/Volume%201.pdf), accessed 9 October 2020

<sup>78</sup> Information provided by the IRC non-financial template 23 October 2018. No update for 2019 was provided.

- ▶ Include exploration expenditure incurred by an exploration licence into the project if the licence has been surrendered or cancelled or has expired
- ▶ Ability to transfer residual capital expenditures limited to transfers to a buyer who acquires an interest in the project or in an amalgamation

The deduction allowed each year due to exploration costs is limited to the lesser of 25% of the total balance of the exploration pool or the amount that would reduce the income tax otherwise payable for that year by 10% in the case of oil and gas companies or 25% in the case of mining companies. During the production phase, ordinary operating and administrative expenses can be immediately deducted, but there are deduction limits in relation to certain expenditure such as interest and management fees. Exploration expenditure, as well as capital expenditures, are written off over the specified periods of time described in the ITA, usually 4 or 10 years, and deductions allowed each year are limited such that it does not create a tax loss.

## 4.5. Salary and wages tax

Salary and wages tax (SWT, also referred to as group tax), are amounts withheld from employee salaries and paid to the IRC by companies operating in PNG.

## 4.6. Foreign contractor withholding tax

Foreign contractor withholding tax (FCWT) applies to non-residents performing contracted roles within PNG. The FCWT rate was amended in 2017 to 15% of gross contract income. This made it a final tax and removes the option to file an annual tax return. In its ongoing effort to protect its revenue base, the Government will restrict FCWT as a separate tax regime from the Corporate Income Tax regime.<sup>79</sup>

## 4.7. Tax Credit Scheme

The Tax Credit Scheme (TCS) (previously called infrastructure tax credits) is a public/private partnership model to promote the development of infrastructure in areas where mining and petroleum resource projects or agricultural companies are operating.

In 2017, companies could claim expenditure on prescribed infrastructure projects as a credit against tax payable. The credit amount is generally limited to the lesser of 0.75% of assessable income or tax payable each year. Unspent amounts can be carried forward and utilised within the next two years, while unused credits can be carried forward to succeeding years of income until fully utilised. A further 1.25% can be utilised for specified projects. Guidelines and project approvals for credits are managed by the Department of National Planning and Monitoring (DNPM).

The NEC Decision No. 13 / 2017 placed a moratorium on the approval and funding of new ITCS projects. The moratorium was imposed with the intention to allow for the review of the performance of ITCS program and the ITCS policy Guideline. Accordingly, no projects were approved between September 2017 and October 2019.<sup>80, 81</sup>

## 4.8. Other taxes on resource projects

Additional forms of taxation and concessions that influence the amount of revenue that the State collects from resource projects are outlined below.

### 4.8.1. Import taxes

The positive trend in revenues from this tax can be attributed to the implementation of the tariff policy measures and the efforts to improve compliance by Customs through the establishment of the Container Examination Facility (CEF) and wireless transaction, among others. Import taxes may be applicable to resource companies depending on the tariff classification of the imported goods. The PNG Government has increased investment in Customs to improve compliance efforts for taxes on international trade and transactions and it is expected that increased revenues will result in future years.

<sup>79</sup> 2018 PNG Budget [http://www.treasury.gov.pg/html/national\\_budget/files/2018/Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2018/Volume%201.pdf), accessed 14 August 2019

<sup>80</sup> Oxford Business Group news article, <https://oxfordbusinessgroup.com/analysis/hold-tax-credit-scheme-halted-government-review>, accessed 9 October 2020

<sup>81</sup> PNG EITI <http://www.pngeiti.org.pg/pngeiti-welcomes-halt-on-tax-credit-scheme/>, accessed 9 October 2020

## 4.8.2. Goods and service tax

Goods and services tax (GST) is collected in accordance with the *Goods and Services Act 2003*. Domestic sales by a resource company are subject to GST, except for the domestic supply of crude oil sourced from a field in PNG which is a GST zero-rated supply. We noted that from 1 January 2019, supplies to resource companies were no longer be zero rated.<sup>82</sup>

## 4.8.3. Fiscal stability

A resource project has the option of adding a 2% premium to the applicable rates of income taxation noted above in exchange for receiving fiscal stability for a period equal to the financing period or 20 years, whichever is shorter (*Resource Contracts Fiscal Stabilisation Act 2000*). In the case of a gas project, the stability period is the period of time necessary to produce a foundation volume or quantity of resource as defined in the relevant gas agreement. The purpose of fiscal stability is to provide certainty to foreign investors that they will be protected from changes to fiscal law that apply to their investments, thereby encouraging positive investment decisions in PNG.<sup>83</sup>

Fiscal stability currently applies to the PNG LNG Gas Project though the parties mutually agreed to waive the 2% premium to the applicable federal income tax rate.<sup>84</sup> The Papua Gas Agreement similarly negotiated for fiscal stability with a waiver of the 2% premium. No other current resource project has opted for fiscal stability.<sup>85</sup>

## 4.8.4. Additional profits tax

The purpose of additional profits tax (APT) is to continue to provide a progressive instrument to tax economic rents of highly profitable resource projects.

The application of APT is subject to the terms of an applicable fiscal stability agreement.

The mandatory income tax returns do not require the taxpayer to file details of the net cash flow, which goes into the calculation of the additional profits tax.

## 4.8.5. Business payments tax

Companies without a 'Certificate of Compliance' incur a 10% tax on certain specified business payments. A credit may be provided by the IRC after a review of the payer's tax return.

## 4.8.6. Dividend withholding tax

From January 2017, a standardised dividend withholding tax (DWT) rate of 15% came into effect across all sectors. Prior to this, withholding taxes had been concessional for resource taxpayers, with the DWT rate being nil for dividends paid out of petroleum or gas income and 10% for dividends paid by companies carrying on mining operations. Taxation amendments in the PNG 2018 and 2019 Budget have confirmed that dividends paid from PNG LNG-sourced profits are exempt from dividend withholding tax, in accordance with the PNG LNG Gas Agreement.<sup>86</sup>

## 4.8.7. Interest withholding tax

Interest payments generally attract a withholding tax of 15%. Certain entities and assets are exempted, including interest earned on long-term bonds, BPNG-authorised foreign currency deposits, and the participants and lenders to the PNG LNG project.<sup>87</sup>

<sup>82</sup> PNG 2019 Budget, p. 66, [http://www.treasury.gov.pg/html/national\\_budget/files/2019/Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2019/Volume%201.pdf), accessed 9 October 2020. In 2019, net GST remitted to CRF is projected to increase slightly, with collections expected to increase on the back of higher projected economic growth and tax policy measures to remove GST zero rated status for suppliers of resource companies of which it is expected to generate PGK86.0 million in revenue.

<sup>83</sup> Note that the Tax Review included the following recommendation (no. 47) in relation to fiscal stability: 'Restrict any fiscal stability agreements to key rates of tax and duty and to major deductions listed in the agreement. Agreements should be symmetrical (no one-way bets). They should not contain most favoured project rules. The premium requirement can be discontinued for new projects.'

<sup>84</sup> 2019 PNG Budget, p. 125, [http://www.treasury.gov.pg/html/national\\_budget/files/2019/Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2019/Volume%201.pdf), accessed 9 October 2020.

<sup>85</sup> Email from IRC, 4 July 2017.

<sup>86</sup> 2019 PNG Budget, p. 124, [http://www.treasury.gov.pg/html/national\\_budget/files/2019/Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2019/Volume%201.pdf), accessed 9 October 2020.

<sup>87</sup> IRC, <http://irc.gov.pg/tax-information>, accessed 9 October 2020.



#### 4.8.8. Management fee withholding tax

This tax applies to the management fees of non-residents performing management services outside of PNG. The tax rate is dependent on whether the country in which they are a resident has a Double Tax Agreement with PNG. If there is no applicable Double Tax Agreement the gross management fee is subject to 17% withholding tax.<sup>88</sup>

#### 4.8.9. Royalty withholding tax

Royalties paid to non-residents (for the provision of technical know-how, trademarks, patents, design or model or copyrights etc.) are subject to a 10% tax, or 30% if paid to an associate. However, if the person is a resident of a country with which PNG has a Double Tax Agreement, then this is generally reduced to 10%.<sup>89</sup>

### 4.9. Regulation of the mining industry

The principal laws that regulate mining activities in PNG are:

- ▶ *Mining Act 1992 (MA)*, which sets out how mining projects should be administered and regulated.
- ▶ *Mining (Safety) Act 1977*, which stipulates safety requirements on mine sites, provides for investigations and inquiries into mine accidents and establishes a regime for certification of prescribed mining roles.
- ▶ *Mining (Ok Tedi Agreement) Acts*, which govern the operation and development of mineral deposits in relation to the Ok Tedi mine.
- ▶ *Mining (Bougainville Copper Agreement) Act 1967*, which governs the Panguna mine on Bougainville. Note that, although separate mining legislation for the Autonomous Region of Bougainville – the *Bougainville Mining Act 2015* – was passed by the Autonomous Bougainville Government in 2015,<sup>90</sup> the relationship between these respective pieces of legislation is unclear as the former has not been repealed, nor have the references to it in the MA been amended.

Oversight, administration and enforcement of these acts and associated agreements, as well as any other legislation related to mining, is the responsibility of the Mineral Resources Authority (MRA). The Mineral Resources Authority was established under the *Mineral Resources Authority (MRA) Act 2005*, which has since been replaced by the *Mineral Resources Authority Act 2018*. As an independent statutory authority, the MRA's functions are executed on behalf of the Government of PNG.<sup>91</sup>

The functions of the MRA are set out in Section 5 of the Act and include:

- ▶ Advising the minister on mining, management, exploitation and development of PNG's mineral resources matters.
- ▶ Receiving, assessing, registering, recording and managing applications and dealings in mineral tenements in Papua New Guinea and providing technical expert advice and information to the Mining Advisory Council, the Minister and the State.
- ▶ Overseeing the administration and enforcement of the MA or any other legislation relating to mining or to the management, exploitation or development of Papua New Guinea's mineral resources.
- ▶ To negotiate mining development contracts under the *Mining Act 1992*, as an agent of the State.
- ▶ Acting as agent for the State in relation to any international agreement relating to mining or to the management, exploitation or development of Papua New Guinea's mineral resources.

<sup>88</sup> Ibid

<sup>89</sup> IRC,\* <http://irc.gov.pg/tax-information/withholding-taxes/>, accessed 9 October 2020

<sup>90</sup> [http://www.abg.gov.pg/uploads/acts/Act\\_2015-3-Bougainville\\_Mining.compressed.pdf](http://www.abg.gov.pg/uploads/acts/Act_2015-3-Bougainville_Mining.compressed.pdf), accessed 9 October 2020

<sup>91</sup> The former Department of Mining, now the Department of Mineral Policy and Geohazards Management, is now solely responsible for policy development.

- Coordinating and monitoring the implementation of the State's undertakings and obligations under agreements, and such other legal, contractual, commercial or social obligations in accordance with government policies on mining and the applicable laws that are necessary for the management of the mining sector.

Although the MRA issues all tenements in relation to mining, once the application assessment process has been completed, the application is forwarded to the Mining Advisory Council (MAC). The MAC is a government entity established under the MA, which advises the Head of State and Minister for Mining in relation to grants and extensions of mining tenements (i.e. mining leases, leases for mining purposes, mining easements and exploration licences). The MAC reviews assessment and application and makes a recommendation to the Minister for Mining on the suitability of the tenement application.

The Minister for Mining is responsible for approving all mining and exploration tenements except Special Mining Leases, which are approved by the Governor-General of PNG, on advice from the National Executive Council and the recommendation of the MAC.

The MA has been under review since 2009.<sup>92</sup> In 2016, the then Prime Minister Peter O'Neill confirmed that a draft revised MA had been completed, but that this would not be passed into legislation until after the 2017 National Election, to allow adequate consultation.<sup>93</sup> In mid-2017, the new Minister for Mining stated that a revised MA would be passed in 2017; however, this did not occur and at the time of reporting the MA has yet to be amended. The revised MA is anticipated to include:

- Updated regulations for offshore mining
- Mine closure and rehabilitation
- Resettlement
- Geothermal resources
- Standards for employing mine workers including changes to fly-in fly-out worker regulations
- A compulsory right for State acquisition of mining projects after 24 years
- Increased royalties.<sup>94</sup>

In 2019, representatives of the PNG Chamber of Mines once again expressed concerns about the revision of the MA. The Chamber has urged Government to seriously consider the implications of the revised Act and consult with industry representatives. Key concerns remain around increased tenure risk for mining companies, inadequate transitional arrangements to protect existing operations and increased costs to businesses which may impact investor interest.<sup>95</sup> Despite these concerns, the Chamber and industry still support the underlying motion of updating the Act and hope that these key issues are addressed prior to the implementation of the Act.<sup>96</sup>

The *Mining (Safety) Act 1977* is also under review, and there are plans to develop an alluvial mining policy. Since the introduction of *Mineral Resources Authority (MRA) Act 2018*, the Chamber of Mines has been working in collaboration with MRA and Department of Mineral Policy & Geohazards Management (DMPGM) to revise the *Mining Safety Act*.<sup>97</sup>

Matters relating to the environment within mining and exploration tenements are governed by the *Environment Act 2000* with amendments stated in the *Environment (Amendment) Act*.<sup>98</sup>

An export licence is required to export gold. The relevant requirements can be found on the Bank of PNG website.<sup>99</sup>

<sup>92</sup> Information provided by MRA 27 November 2017

<sup>93</sup> Peter O'Neill Prime Minister Speech 2016, <http://www.pm.gov.pg/speech-by-hon-peter-oneill-cmg-mp-prime-minister-of-papua-new-guinea-at-the-14th-papua-new-guinea-mining-and-petroleum-investment-conference-5-december-2016-sydney-australia>

<sup>94</sup> <https://www.smh.com.au/business/companies/australian-miners-in-firing-line-of-png-law-shake-up-20180716-p4zrpc.html>, accessed 9 October 2020

<sup>95</sup> PNG Chamber of Mines, <http://www.pngchamberminpet.com.pg/index.php/media-centre/news-release-view/chamber-calls-on-government-to-seriously-consider-impacts-of-proposed-changes-to-the-mining-act-1992>, accessed 9 October 2020

<sup>96</sup> Ibid

<sup>97</sup> PNG Industry News article, <http://www.pngindustrynews.net/pngindustrynews/news/1144858/png-develop-alluvial-mining-policy>, accessed 9 October 2020; <https://ramumine.wordpress.com/tag/mining-act/>, accessed 9 October 2020

<sup>98</sup> Environment (Amendment) Act 2014, [http://www.parliament.gov.pg/uploads/acts/14A\\_10.pdf](http://www.parliament.gov.pg/uploads/acts/14A_10.pdf), accessed 9 October 2020

<sup>99</sup> <https://www.bankpng.gov.pg/wp-content/uploads/2014/08/goldlicenserequirements-Final-and-Approved-8-a-23112015.pdf>; <https://www.bankpng.gov.pg/wp-content/uploads/2014/08/goldlicenserequirements-Final-and-Approved-8-b-17112015.pdf>, accessed 9 October 2020

## 4.10.Regulation of the petroleum industry

The petroleum industry in PNG is governed by the *Oil and Gas Act 1998* (OGA) with amendments stated in the *Oil and Gas (Amendment) Act 2016* and the *Oil and Gas Regulation 2002* under the administration and management of the Department of Petroleum (DPE), headed by the Minister for Petroleum and Energy. The OGA specifies regulatory requirements for oil and gas development activities such as:<sup>100</sup>

- ▶ Licensing, exploration, development, processing, storage, transportation, and sale of products
- ▶ Directing monetary benefits to State oil companies and resource area landowners, and non-monetary benefits such as infrastructure development, training, employment, business development and community participation
- ▶ Compliance mechanisms relating to health, safety, security, environmental protection, and project monitoring and reporting.

The Minister for Petroleum and Energy performs a number of functions under the OGA including:

- ▶ The granting of various prospecting, retention, development, pipeline and process facility licences and imposing supplementary conditions upon the holders of those licences (such as the requirement to lodge security deposits) or varying existing licence conditions.
- ▶ The disbursement of royalties in accordance with a development agreement to be agreed between project area landowners, affected local-level governments and affected provincial governments or, where there is no agreement, the Minister determines the proportionate disbursement of royalties.

## 4.11.Regulation of unconventional hydrocarbon

Unconventional hydrocarbons are defined as any naturally occurring mixture of one or more hydrocarbons (whether in gaseous, liquid or solid state) and any other substance, including those extracted from coal, shale or other rock, but does not include any hydrocarbons extracted from a conventional petroleum pool. In the OGA, the definition of 'petroleum' excludes these unconventional hydrocarbons as it 'does not include coal, shale, or any substance that may be extracted from coal, shale or other rock' (p. 7).

Legislation specifically for these hydrocarbons, the *Unconventional Hydrocarbons Act 2015* (UHA), was passed in November 2015 to act alongside the OGA.<sup>101</sup> The twofold purpose of the UHA is to 'govern the exploration for and production of unconventional hydrocarbons in Papua New Guinea, including the offshore area' and 'the grant to traditional landowners and Provincial Governments and Local-level Governments of benefits arising from projects for the production of unconventional hydrocarbons.' Terms and definitions of the UHA are consistent with OGA, including licence areas, fees, royalties, development levies, rights of landowners and State participation.

## 4.12.Resource development agreements

Developers of resource projects generally enter into an agreement with the State of PNG in addition to obtaining a resource development licence or mining tenement for the extraction of the relevant resource under either the OGA or MA (see further comments below in relation to regulation). For major mining projects, Section 18 of the MA requires a Mining Development Contract.

In addition to offering the State an equity interest in the resource project, these agreements may be negotiated to modify the general operation of PNG's revenue laws with specific application to that project (e.g. to grant concessions such as exempting a designated gas project from APT). Since contracts are not disclosed (see 4.16 below), the extent to which tax rates are negotiable is unclear, and the tax profile of specific projects is opaque. Section 17 of the MA outlines the State's power to enter into agreements, which must not be inconsistent with the MA.

Section 3 of the MA sets out a broad consultation process before a special mining lease is granted. The Minister convenes a development forum of affected parties to agree the flow of benefits from the project, which are captured in a Memorandum of Agreement (MOA) and subsequently approved by the National Executive Council (see Chapter 6).

<sup>100</sup> Oil and Gas (Amendment) Act 2016, [http://www.parliament.gov.pg/uploads/acts/16A\\_25.pdf](http://www.parliament.gov.pg/uploads/acts/16A_25.pdf), accessed 9 October 2020

<sup>101</sup> <https://www.bankpng.gov.pg/wp-content/uploads/2014/08/goldlicenserequirements-Final-and-Approved-8-a-23112015.pdf>; <https://www.bankpng.gov.pg/wp-content/uploads/2014/08/goldlicenserequi>

## 4.13. Royalties, development levy and production levy

Resource projects are subject to a royalty which is equal to 2% of the gross revenue from resource sales or wellhead value in the case of oil and gas projects. Since 2001, new petroleum and gas projects are also subject to a development levy, which again is equal to 2% of the wellhead value.

In the 2018 budget, the Government amended the ITA such that royalties and the development levy are treated as deductions from taxable income rather than the excess over 2% of wellhead value being deemed to be tax paid. This will now be consistent with the mining sector and is predicted to have a positive effect on revenue. Previously, where a petroleum or designated gas project was liable for both royalty and development levy, and the total amount of royalty and development levy exceeded 2% of the wellhead value of petroleum or gas sales for that year, the excess was deemed to be income tax paid for that year.

Royalties are collected by the State and apportioned to relevant landowners, local-level governments and provincial governments. Development levies are paid to the relevant local or provincial government (see more detail in Chapter 5).

The production levy applicable to mining projects is calculated at 0.25% (or up to 0.5% at the Mining Minister's discretion) of assessable income (primarily, but not exclusively Free on Board (FOB) production sales) and is used to fund the activities of the MRA. The new *MRA Act* 2018, certified in July 2018, increased the production levy to 0.5%.<sup>102</sup>

## 4.14. State's equity participation right

As noted above, the State has the right, but not the obligation, to acquire up to 22.5% of a participating interest in a designated gas or petroleum project, and up to 30% of a mining project, at par value, or 'sunk cost'. This means the State can acquire a share in a project by paying its share of the project's historic cost (including exploration cost), and an ongoing share of future costs without having to assume any exploration risk.

In return, the State can receive a share of the project profits, paid as dividends,<sup>103</sup> in accordance with its right as a shareholder. As the State does not always have the resources to buy into the project or pay cash calls on resource projects as they incur expenses during the development phase, the resource development agreement may allow for the Government to fund all or a part of State participation out of future revenue.

Based on the findings of the Tax Review Committee, the Government will develop a framework to guide State investment decisions in relation to equity acquisition in mining, oil and the gas projects, which should make the equity participation decision more transparent and promote good governance. A policy draft has been prepared for further consultation with external stakeholders. The policy was expected to be completed in 2019 but was not yet completed at the time of writing this report.

## 4.15. Other stakeholder equity participation rights

Currently, where the State takes an equity participation interest in a project, it has an established practice of granting free equity to landowners from the area in which the project is located. The landowners' share in petroleum projects is prescribed in section 167 of the OGA.<sup>104</sup> For mining projects, equity of up to 5% is free carried by the State on behalf of the landowners and provincial governments (at 2.5% each) and is controlled by a State nominee company managed by the MRDC.<sup>105</sup>

In addition to the equity benefit granted by the State, project area landowners and affected local-level governments may acquire further participating interests in resource projects by negotiation with licence holders on commercial terms.<sup>106</sup>

<sup>102</sup> MRA Act 2018, s. 28, [http://www.pacii.org/cgi-bin/sinodisp/pg/legis/num\\_act/mraa2018328/mraa2018328.html?stem=&synonyms=&query=mineral%20resources](http://www.pacii.org/cgi-bin/sinodisp/pg/legis/num_act/mraa2018328/mraa2018328.html?stem=&synonyms=&query=mineral%20resources), accessed 9 October 2020

<sup>103</sup> Note that 'dividend' here has a different meaning from shareholder dividends. State entities, like other consortium partners, are paid their share of profits based on equity interests, in line with related agreements.

<sup>104</sup> Oil and Gas Act 1998, Section 167 p. 122, [http://www.pacii.org/cgi-bin/sinodisp/pg/legis/num\\_act/oaga199894/index.html?stem=&synonyms=&query=oil%20and%20gas](http://www.pacii.org/cgi-bin/sinodisp/pg/legis/num_act/oaga199894/index.html?stem=&synonyms=&query=oil%20and%20gas), accessed 9 October 2020

<sup>105</sup> The Papua New Guinea Mining Policy, p. 10, accessed 9 October 2020

<sup>106</sup> Oil and Gas Act 1998, Section 176 p. 128, [http://www.pacii.org/cgi-bin/sinodisp/pg/legis/num\\_act/oaga199894/index.html?stem=&synonyms=&query=oil%20and%20gas](http://www.pacii.org/cgi-bin/sinodisp/pg/legis/num_act/oaga199894/index.html?stem=&synonyms=&query=oil%20and%20gas), accessed 9 October 2020

## 4.16. Government policy on disclosure of contracts

The details of contracts and licences are protected by confidentiality provisions in Section 163 of the MA, Section 52 of the MRA Act and Section 149 of the OGA. Contracts are held and maintained by the Solicitor General's office. Without legislative amendment, agreements could only be made public with the approval of both the company and the DPE or MRA (as appropriate). To date, no contracts have been made publicly available. Broader benefit-sharing agreements related to mining and oil and gas projects are also not currently publicly disclosed.

This is an issue which civil society organisations seek to change in the interests of greater transparency. The MRA has shown support for an amendment to the ITA to promote greater public disclosure of tax information. The MRA is also seeking legal advice on making all mining project Memorandums of Agreement (MOAs) publicly available.<sup>107</sup> The reporting templates for this report sent to each of the reporting entities requested the name of any contract or agreements with the government that included mandatory social payments. No reporting entities who submitted data request templates supplied this information.

The PNG EITI Secretariat with the IA held discussions with the representative of State Solicitor. Disclosure of terms of the contracts between government and Companies are bound by confidentiality clauses. Unless, voluntarily disclosed by the Companies, PNG EITI has no authority to disclose terms of the contract. Similarly, companies are typically contractually obligated both to the State and to their co-venturers to preserve confidentiality.

The principle of freedom of information is enshrined in the constitution, under the 'Goals and Directive' principles, under 'Basic Rights (d) freedom of conscience, of expression, of information and of assembly and association' and, specifically under Sections 51 and 52 on enforceability of those rights. Specific clauses clarifying public access to the content of agreements signed by or with the State on resource projects would be valuable. Part 1 of the MA, however, provides for constitutional limitations as the mining legislation is intended to give effect to the national interest.

Work commenced in October 2018 through the JICA Technical Cooperation Program to improve resource-related revenue management in PNG. This will support DPE to address public disclosure of oil and gas licences.

---

<sup>107</sup> <http://www.pngeiti.org.pg/wp-content/uploads/2018/04/NEC-File-No.-NEC04-1-21.11.17.pdf>, accessed 9 October 2020

## 4.17. Disclosure of beneficial ownership

A beneficial owner in respect of a company means the natural person or persons who directly or indirectly ultimately own or control the corporate entity.<sup>108</sup>

The EITI Standard 2019 (2.5c) requires that EITI reports from 2020 onward include information relating to the beneficial ownership of corporate entities that bid for, operate or invest in extractive assets.

As required by the EITI Standard 2016 (2.5bii), the MSG commissioned a Scoping Study on Beneficial Ownership, completed in November 2016, and a Beneficial Ownership Roadmap, published in March 2017. The roadmap includes a costing and work plan from April 2017 to December 2019,<sup>109</sup> but it is expected that the document will evolve over time. The MSG will evaluate implementation of the roadmap as part of their annual progress report (as per EITI Requirement 7.4avi).

The MSG has defined the following in the context of PNG:

- ▶ Beneficial ownership
- ▶ Politically exposed person(s), in line with the Anti-Money Laundering and Counter Terrorist Financing Act 2015
- ▶ A materiality threshold for beneficial ownership, set at 5%, but which also considers the corporate structure of the companies operating in the country, an individual's full aggregated interest as well as different means of exercising ownership and control

A template has been developed to capture beneficial ownership information at the point at which companies are registered with the Investment Promotion Authority (IPA), and this will be piloted with future company registrations. Additionally, a pilot project was recently undertaken to make beneficial ownership maps searchable on an online portal open to the public.

A Beneficial Ownership (BO) report was published which includes description of the approach, definitions and scope of the BO data collection and provides recommendations on issues that will need considering when implementing a mandatory BO disclosure regime once the core definition has been agreed.<sup>110</sup>

<sup>108</sup> The EITI Standard, 2016 – Requirement 2.5 Beneficial Ownership

<sup>109</sup> PNG EITI, KPMG, Papua New Guinea Roadmap for Beneficial Ownership Disclosure March 2018, <http://www.pngeiti.org.pg/wp-content/uploads/2018/04/PNGEITI-Beneficial-Ownership-RoadMap-1.pdf>; Japan International Cooperation Agency 2018 Annual Report, [https://www.jica.go.jp/english/publications/reports/annual/2018/c8h0vm0000dxws0q-att/2018\\_all.pdf](https://www.jica.go.jp/english/publications/reports/annual/2018/c8h0vm0000dxws0q-att/2018_all.pdf), accessed 9 October 2020

<sup>110</sup> Beneficial Ownership Final Report, [http://www.pngeiti.org.pg/wp-content/uploads/2020/12/BDO\\_PNG-EITI-BO-Report-Final-version-20-12-20.pdf](http://www.pngeiti.org.pg/wp-content/uploads/2020/12/BDO_PNG-EITI-BO-Report-Final-version-20-12-20.pdf), 22 January 2021



## 4.18.Relevant legislation

Key pieces of legislation relevant to the extractive industries in PNG are available from PacLII <http://www.paclii.org/countries/pg.html>. Mining legislation is also available on the MRA website <http://www.mra.gov.pg/Regulations.aspx>.

Table 21: Relevant legislation with hyperlinks

Legislation
<a href="#"><i>Environment Act 2000</i></a>
<a href="#"><i>Environment (Amendment) Act 2014</i></a>
<a href="#"><i>Goods and Services Act 2003</i></a>
<a href="#"><i>Income Tax Act 1959</i></a>
<a href="#"><i>Mineral Resources Authority Act 2005</i></a>
<a href="#"><i>Mineral Resources Authority Act 2018</i></a>
<a href="#"><i>Mining Act 1992</i></a>
<a href="#"><i>Mining Safety Act 1977</i></a>
<a href="#"><i>Oil and Gas Act 1998</i></a>
<a href="#"><i>Oil and Gas Regulation 2002</i></a>
<a href="#"><i>Mining (Ok Tedi Agreement) Act 1986</i></a>
<a href="#"><i>Mining (Ok Tedi Tenth Supplemental Agreement) Act 2013</i></a>
<a href="#"><i>Resource Contracts Fiscal Stabilisation Act 2000</i></a>
<a href="#"><i>Government Gazettes</i></a>
<a href="#"><i>Unconventional Hydrocarbons Act 2015</i></a>
<a href="#"><i>Bougainville Mining Act 2015</i></a>



# Management and distribution of revenues



## 5. Management and distribution of revenues

This chapter outlines how the government distributes revenues from the extractive industries. It describes the government's budget process and governance structures, where revenues from the extractive industries are recorded and how they are audited.

Budgeting for government revenues from the extractive sector is complex due to the revenue being subject to fluctuations in quantities produced, global commodity prices and exchange rates. Earlier PNG EITI reports identified that in some cases, the absence of a robust system for managing government revenue payments in PNG leaves the system vulnerable to fraud, corruption, and human error.<sup>111</sup>

The 2018 EITI validation report noted inadequate progress in revenue allocation, and in several aspects of revenue collection.<sup>112</sup> This was due to both information gaps and concerns around the accuracy of the data provided (see further detail in Chapter 10).<sup>113</sup> This report seeks to address those gaps.

### 5.1. Budget process

The national budget process is led by the Department of Treasury and guided by the documents, processes and governance structures outlined below in Figure 18.<sup>114</sup>

Figure 18: Overview of documents guiding PNG national budget process



Recent years have seen significant moves to improve the efficiency and effectiveness of the budgeting processes. For example, the 'two-stage budget process' requires additional rationalisation of high-cost public proposals by an interdepartmental committee.<sup>115</sup> The Government has committed to introducing additional reforms to further improve the integrity of the budget process and reporting.

<sup>111</sup> 2013 and 2014 PNG EITI Reports <http://www.pngeiti.org/pngeiti-reports/>, accessed 26 November 2020

<sup>112</sup> PNG EITI 2018 Validation, [https://eiti.org/sites/default/files/documents/png\\_validation\\_-\\_validators\\_final\\_validation\\_report.pdf](https://eiti.org/sites/default/files/documents/png_validation_-_validators_final_validation_report.pdf), accessed 26 November 2020 (final version at 2018)

<sup>113</sup> Board decision on the Validation of Papua New Guinea, <https://eiti.org/board-decision/2018-55>, accessed 26 November 2020 (Second validation carried out on 20 April 2020)

<sup>114</sup> PNG Budget Manual, [http://www.treasury.gov.pg/html/national\\_budget/files/2008/budget\\_documents/Budget%20Manual.pdf](http://www.treasury.gov.pg/html/national_budget/files/2008/budget_documents/Budget%20Manual.pdf), accessed 26 November 2020 (version 2008)

<sup>115</sup> 2020 National Budget [https://www.treasury.gov.pg/html/national\\_budget/2020.html](https://www.treasury.gov.pg/html/national_budget/2020.html), accessed 7 December 2020

Rules-based constraints have been introduced in recent years to help direct the budget process towards achieving sound fiscal policy. This is reflected in volume two of the Medium Term Fiscal Strategy (MTFS) 2018–2022,<sup>116</sup> the Medium Term Debt Strategy 2018–2022 and the Medium Term Revenue Strategy 2018–2022, the *Papua New Guinea Fiscal Responsibility Act* 2006 (amended in 2017), the *Public Finance (Management) Act* 1995 (amended in 2016)<sup>117</sup> and the establishment of the Sovereign Wealth Fund (SWF).

The Medium-Term Fiscal Strategy aims to drive sustainable economic growth through strategic investment in key programs and projects. This was underpinned by the 2018 Budget,<sup>118</sup> and the 2019 Budget built on this to continue to broaden the revenue base; improve efficiencies in the cost of service delivery, particularly in the salaries and wages bill; contain utility costs; enhance the quality of expenditure, particularly related to capital spending; as well as restructuring the domestic debt portfolio and maturity profile. The *Fiscal Responsibility Act* 2017 legislates a debt-to-GDP ceiling range of 30 to 35%, with a 30% ratio to be attained by 2022.<sup>119</sup>

PNG places emphasis on development planning, as reflected in the Vision 2050 report, PNG Development Strategic Plan 2010–2030 and the Medium Term Development Plan 2018–2022, available on the Department of National Planning and Monitoring website.<sup>120</sup> Another influence on spending priorities has been the Alotau Accord platform for action, agreed by the coalition government following the 2012 elections, and updated in 2017.

## 5.2. Budget governance structures

Several committees help steer the budget process and fiscal decision-making, as illustrated in Table 22 below:

**Table 22: Budget governance structure which assist with the budget process and fiscal decision making**

	Committee	Composition	Role in budget
Bureaucratic	Budget Strategic Committee <sup>121</sup>	Deputy secretaries of the central agencies <sup>122</sup>	To work with agencies to review their budget submissions
	Central Agencies Coordinating Committee <sup>123</sup>	Chaired by the Chief Secretary to the government <sup>124</sup>	To coordinate policy and development planning in PNG
Political	Ministerial Economic Committee (also referred to as the Senior Ministerial Budget Committee) <sup>125</sup>	Chaired by the Treasurer and comprises ministers of Finance and National Planning as well as the Prime Minister and National Executive Council (NEC)	To drive budget strategy setting and advise the National Executive Council on the budget

<sup>116</sup> 2020 Budget Strategy Paper,

[https://www.treasury.gov.pg/html/national\\_budget/files/2013/budget\\_documents/Related%20Budget%20Documents/BSP.pdf](https://www.treasury.gov.pg/html/national_budget/files/2013/budget_documents/Related%20Budget%20Documents/BSP.pdf), accessed 7 December 2020

<sup>117</sup> Public Finances (Management) Act 1995 Amendment 2016, [http://www.parliament.gov.pg/uploads/acts/16A\\_05.pdf](http://www.parliament.gov.pg/uploads/acts/16A_05.pdf), accessed 7 December 2020

<sup>118</sup> Medium Term Development Plan III 2018–2022,

[http://www.planning.gov.pg/images/dnpm/pdf/latest\\_pub/MTDP%20III%20Book%202\\_Final%20Proof\(Web\)\\_compressed.pdf](http://www.planning.gov.pg/images/dnpm/pdf/latest_pub/MTDP%20III%20Book%202_Final%20Proof(Web)_compressed.pdf), accessed 24 October 2019, (site under construction as of 7 December 2020)

<sup>119</sup> Papua New Guinea Fiscal Responsibility Act 2017, <http://www.parliament.gov.pg/uploads/acts/17A-15.pdf>, accessed 7 December 2020

<sup>120</sup> Medium Term Development Plan III 2018–2022,

[http://www.planning.gov.pg/images/dnpm/pdf/latest\\_pub/MTDP%20III%20Book%202\\_Final%20Proof\(Web\)\\_compressed.pdf](http://www.planning.gov.pg/images/dnpm/pdf/latest_pub/MTDP%20III%20Book%202_Final%20Proof(Web)_compressed.pdf), accessed 24 October 2019

<sup>121</sup> The 2017 budget process has replaced the Budget Screening Committee with a Budget Strategic Committee

[http://www.treasury.gov.pg/html/national\\_budget/files/2017/2017%20Budget%20Volume%201%20Economic%20and%20Development%20Policies.pdf](http://www.treasury.gov.pg/html/national_budget/files/2017/2017%20Budget%20Volume%201%20Economic%20and%20Development%20Policies.pdf), accessed 7 December 2020

<sup>122</sup> The central agencies are: Departments of Treasury, Finance, National Planning & Monitoring, Prime Minister & NEC and the Department of Personnel Management. These are the key central government departments or key economic agencies that have major inputs into the budget formulation process in terms of budget strategies and frameworks, and policy formulation and allocation of resources. Information received from Treasury 4 December 2017

<sup>123</sup> Information received from Treasury 4 December 2017

<sup>124</sup> The structure for public sector reform, <http://press-files.anu.edu.au/downloads/press/p78541/mobile/ch03s03.html>, available 7 December 2020

<sup>125</sup> Ibid

	Committee	Composition	Role in budget
	NEC	Key government decision making body	To approve the final budget

The budget process commences around April of each year, with a consultation period where agencies provide information regarding their cash flow needs for the following year. Treasury concurrently undertakes economic forecasts to determine the level of funds available for the upcoming year. This helps determine budget ceilings, which are then communicated to relevant agencies via the budget circular and inform their budget submissions.<sup>126</sup> The capital ceiling is based on ongoing projects and the available funds. Agencies are required to make a single budget submission (including both capital and operational costs) to request access to these funds.

At the end of July, the Mid-Year Economic and Fiscal Outlook (MYEFO) report is released, which provides an update on the fiscal performance of the past six months against targets set out in the budget, along with economic forecasts for the following six months. This is followed in August by the Budget Strategy Paper,<sup>127</sup> which sets out high-level fiscal parameters and broad policy strategy for the coming budget and provides greater transparency and accountability for Government spending.

During late August and September each year, the Budget Screening Committee holds meetings with agencies to discuss and negotiate the submissions received. Agency submissions tend to be large and ambitious and it is difficult to sort proposed funding for new activities from funding for existing programs and projects. A key focus of these meetings is to try to bring budget requests within ceilings.

The Budget Screening Committee is where most decisions are made regarding a new policy or initiative. It is in this forum that the Department of National Planning and Monitoring (DNPM) and Treasury seek consensus at executive level regarding the prioritisation of new development and operational spending. It is only at the margins, and very late in the process, that Cabinet-level engagement is sought around the most contentious resource allocation decisions.

A proposed final budget is then submitted to National Executive Council (NEC) for endorsement. In early November, the budget is presented to Parliament and approved before the start of the coming fiscal year.

Following approval, comprehensive budget documents are published, including detailed estimates for each agency as well as a Public Investment Program, with information regarding both ongoing and new projects that received appropriations.

A Final Budget Outcome report for the previous financial year is released within three months of the current the financial year, which includes annual expenditure.<sup>128</sup>

<sup>126</sup> PNG Budget Manual, [https://www.treasury.gov.pg/html/national\\_budget/2020.html](https://www.treasury.gov.pg/html/national_budget/2020.html), accessed 26 November 2020

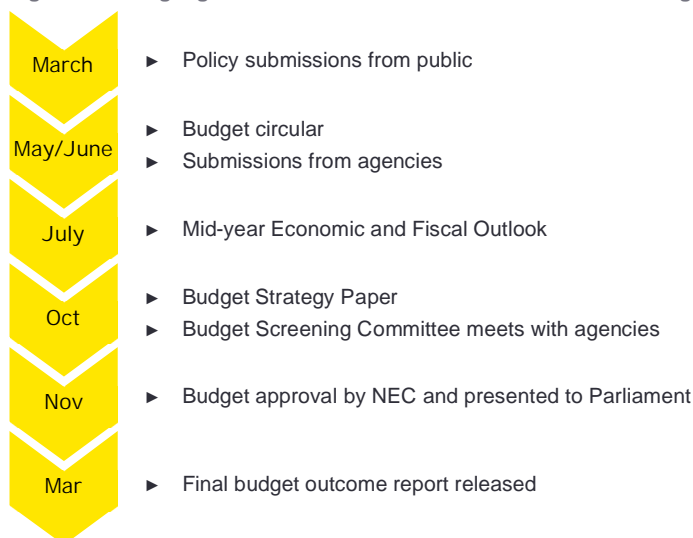
<sup>127</sup> 2020 Budget Strategy Paper

[https://www.treasury.gov.pg/html/national\\_budget/files/2013/budget\\_documents/Related%20Budget%20Documents/BSP.pdf](https://www.treasury.gov.pg/html/national_budget/files/2013/budget_documents/Related%20Budget%20Documents/BSP.pdf), accessed 26 November 2020

<sup>128</sup> PNG 2019 Final Budget Outcome,

[https://www.treasury.gov.pg/html/national\\_budget/files/2013/budget\\_documents/2019%20FBO%20Report.pdf](https://www.treasury.gov.pg/html/national_budget/files/2013/budget_documents/2019%20FBO%20Report.pdf), accessed 26 November 2020

Figure 19: Budget governance structure which assist with the budget process and fiscal decision making<sup>129</sup>



### 5.3. Recent reforms to the budget process<sup>130131132133134135136</sup>

Major areas of focus for recent reforms to the budget process have been:

- Hard budget ceilings for government employment levels and off-line payments
- Measures to control government utility and rental payments
- Establishment of a high-level task force (Treasury, IRC, Customs and Finance) focused on improving compliance and the pass-through of departure tax and import excise collections
- Instructions to accelerate the establishment of the Large Taxpayer Office in the IRC
- Instructions to implement fully the 2018 Budget changes to the policy on export duty on old-growth logs
- Instructions to the Treasury and Finance Departments to conduct, as a priority, discussions with state entities to re-examine dividend inflows, particularly relating to LNG dividends to Government
- Instructions to the Treasury Department to find additional savings in goods and services expenditure across all non-essential priority areas and in non-essential capital works programs that are funded by the Government.

The budget reforms have been supported by guidance documents such as the Budget Management Framework, introduced for the 2016 budget, and a network of technical officers to disseminate information and provide a forum for open communication between agencies.

<sup>129</sup> MYEFO released, [http://treasury.gov.pg/html/national\\_budget/files/2013/budget\\_documents/2020%20Mid-Year%20Economic%20and%20Fiscal%20Outlook%20\(MYEFO\).pdf](http://treasury.gov.pg/html/national_budget/files/2013/budget_documents/2020%20Mid-Year%20Economic%20and%20Fiscal%20Outlook%20(MYEFO).pdf), accessed 26 November 2020

<sup>130</sup> 2020 Budget Strategy Paper

[https://www.treasury.gov.pg/html/national\\_budget/files/2013/budget\\_documents/Related%20Budget%20Documents/BSP.pdf](https://www.treasury.gov.pg/html/national_budget/files/2013/budget_documents/Related%20Budget%20Documents/BSP.pdf), accessed 26 November 2020

<sup>131</sup> 2020 National Budget [https://www.treasury.gov.pg/html/national\\_budget/2020.html](https://www.treasury.gov.pg/html/national_budget/2020.html), accessed 7 December 2020

<sup>132</sup> Public Money Management Regularization Act 2017, <http://allepng.com/pmmra/>, accessed 7 December 2020

<sup>133</sup> Sovereign Wealth Fund, [http://www.treasury.gov.pg/html/public\\_debt/swf.htm](http://www.treasury.gov.pg/html/public_debt/swf.htm), accessed 7 December 2020

<sup>134</sup> [http://www.treasury.gov.pg/html/public\\_debt/swf.htm](http://www.treasury.gov.pg/html/public_debt/swf.htm), accessed 7 December 2020

<sup>135</sup> Sovereign Wealth Fund, [http://www.treasury.gov.pg/html/public\\_debt/swf.htm](http://www.treasury.gov.pg/html/public_debt/swf.htm), accessed 7 December 2020

<sup>136</sup> PNG 2021 Budget, [http://www.treasury.gov.pg/html/national\\_budget/files/2021/2021%20Budget%20Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2021/2021%20Budget%20Volume%201.pdf), p. 128, 9 December 2020

On 5 December 2017, the PNG National Parliament passed the *Public Money Management Regularisation Act*, which aims to standardise how public money is managed in PNG. It specifically targets public and statutory bodies that are raising and retaining public funds directly, rather than through the Consolidated Revenue Fund. Since 1 January 2020, PNG public and statutory bodies only receive public money by appropriations made by, or under the National Budget. Note that this act does not apply to Kumul Petroleum Holdings Ltd or Kumul Minerals Holdings Ltd.

## 5.4. PNG Sovereign Wealth Fund

The PNG Sovereign Wealth Fund (SWF) is intended to be an important mechanism for managing external shocks to the economy, to support the budget to fund priority areas such as education, health and infrastructure, and to invest for the benefit of future generations. The *Organic Law on the Sovereign Wealth Fund* was passed by the Parliament in July 2015. The SWF is supposed to comprise two funds managed under the same governance framework: the Stabilisation Fund and the Savings Fund.

Once operationalised, each fund will receive a proportion of mining and petroleum dividends paid by state-owned enterprises. Based on current estimates by Treasury, 50% of mining and petroleum tax revenues will be channeled to the SWF Stabilisation Fund, while the other 50% will flow directly to the CRF to finance government operations. Until the SWF is operationalised, all mineral and petroleum dividends are directed to the National budget. The Savings Fund will also receive some of the proceeds of state-owned assets that the government agrees to sell. When revenue flows are large, the excess will be deposited into the Savings Fund.

The SWF was originally slated to come into operation in 2016. However, at the time of writing, the Government has still not appointed the inaugural board, and the 2019 National Budget projects zero balances for both funds through to 2023.

## 5.5. How extractive industry revenues are recorded

Table 23 below outlines where revenues and payments from the extractive sector are recorded, and which of these can be accessed online.

Table 23: Public records of extractive industry revenues

Revenue stream	Where recorded	Available online?
<b>Mining</b>		
Mine closure bond	Financial reports of Conservation and Environment Protection Authority (CEPA)	No
Production levy	Financial reports of the MRA	No
Alluvial levies Mine security deposits Exploration security deposits Mining lease rentals Exploration licence rentals Data sale receipts Exploration applications, extensions, extension late fees, transfer and dealing fees (related to exploration) Mining applications, extensions, extension late fees, transfer and dealing fees (related to mining)	Accounts/Financial reports of MRA	No
Royalties	Paid by the project developer directly to the recipients, which are defined in each project MOA. Receipts of payments are furnished to the MRA.  Estimates of mining royalties and dividends paid to the provinces are recorded in the 2019 PNG Budget by the NEFC based on actuals from 2017.	Yes <sup>137</sup>

<sup>137</sup> Ibid

Revenue stream	Where recorded	Available online?
PIP project funds	National Budget Volume 3	Yes <sup>138</sup>
<b>Petroleum</b>		
Decommissioning bonds	Financial reports of Conservation and Environment Protection Authority (CEPA)	No
Development levy	Paid to DPE Trust Account, and financial reports are furnished to the Trust Fund Management Division of the Department of Finance as per the <i>Public Financial Management Act</i> 1995 reporting requirements on Trust Funds	No
Royalties	Paid to the DPE Trust Account, which is then transferred to parties based on the OGA, Oil MOAs and UBSA/LBBSA negotiations Estimates of petroleum royalties and dividends paid to the provinces are recorded in the 2019 PNG Budget by the NEFC.	Yes <sup>139</sup>
Additional profits tax	National Budget, Volume 1, Economic and development policies. None paid to date, therefore no figure to report. <sup>140</sup>	No
<b>Mining and petroleum</b>		
Equity distributions	Relevant annual reports (e.g. KPH, KMH, MRDC, OTML)	Yes
Import taxes	National Budget, Volume 1, Economic and development policies	Yes <sup>141</sup>
Goods and services tax	National Budget, Volume 1, Economic and development policies	Yes <sup>142</sup>
Licence/tenement fees	Paid to MRA and DPE for mining and petroleum respectively	No
Mandatory social expenditure	Some company annual reports	
Discretionary social expenditure	Some company annual reports	
Dividends	National budget (listed under non-tax revenue)	Yes <sup>143</sup>
Environment permit fees	Financial reports of Conservation and Environment Protection Authority (CEPA)	No
Royalties & dividends paid to provincial governments	National Economic Fiscal Commission's Report	Yes <sup>144</sup>
Salary and wages tax	IRC annual report	No <sup>145</sup>
Corporate income tax (mining and petroleum tax)	National budget	Yes
Infrastructure tax credits	IRC accounts and DNPM	Yes <sup>146</sup>
Business payments tax	IRC annual report	No
Dividend withholding tax	National Budget, Volume 1, Economic and development policies	Yes
Interest withholding tax	National Budget, Volume 1, Economic and development policies	Yes
Management fee tax*	National Budget, Volume 1, Economic and development policies	Yes
Royalty withholding tax^	National Budget, Volume 1, Economic and development policies	Yes
Foreign contractor withholding tax	IRC annual report (as part of 'withholding taxes')	No
Training Levy	National Budget, Volume 1, Economic and development policies	Yes

<sup>138</sup> PNG 2019 National Budget, Table 1.2: Grants, transfers and other resources of the provinces p.164, [http://www.treasury.gov.pg/html/national\\_budget/files/2019/Public%20Investment%20Program%20Volume%203B.pdf](http://www.treasury.gov.pg/html/national_budget/files/2019/Public%20Investment%20Program%20Volume%203B.pdf), accessed 26 November 2020

<sup>139</sup> Ibid

<sup>140</sup> Ibid

<sup>141</sup> Ibid

<sup>142</sup> 2019 National Budget, [http://www.treasury.gov.pg/html/national\\_budget/files/2019/Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2019/Volume%201.pdf) accessed 26 November 2020

<sup>143</sup> Ibid

<sup>144</sup> Ibid

<sup>145</sup> This is recorded in the IRC annual report however the latest annual report available on the IRC website is for 2013, and is therefore considered as not available information for revenue

<http://irc.gov.pg/wp-content/uploads/2017/01/2013-Annual-Report.pdf>, accessed 18 December 2020

<sup>146</sup> 2021 National Budget, Summary of annual values included in Appendix 1 – Revenue Tables of 2020 Budget,

*Note: Some reports may be gazetted and are therefore available to the public in hard copy or via PacLII.*

*\*Recorded in the budget as Management tax*

*^Recorded in the budget as Royalties tax*

## 5.6. Auditing of public accounts<sup>147 148 149</sup>

The Auditor-General of PNG is responsible for auditing public accounts and reporting to Parliament at least once in every fiscal year. The Auditor-General is a Constitutional Officer appointed by the Head of State; their functions, mandate and powers are set out in Section 214 of the Constitution of Papua New Guinea and in the *Audit Act* 1989.

The Auditor-General's responsibilities extend to:

- ▶ Departments of the National Public Service and arms, agencies and instrumentalities of the national government
- ▶ Provincial governments, and arms, agencies and instrumentalities of provincial governments
- ▶ Bodies established by statute or Act of Parliament.<sup>150</sup>

The Auditor-General presents the annual financial audit reports to Parliament in four parts:

**Part 1** Public accounts of Papua New Guinea (latest report on 2015)

**Part 2** National government departments and agencies (latest report on 2014/15)

**Part 3** Provincial governments and local-level governments (latest report on 2016)

**Part 4** Public bodies and their subsidiaries, government owned companies, national government shareholdings in other companies (latest report on 2019)

The reports highlight serious and pervasive deficiencies in accounting practices at all levels of government. The Auditor-General's Annual Report 2018 states:

I believe the capability of staff in a number of public sector entities is not adequate to deal with the complexities of a modern-day public-sector environment.

The audit function is constrained because there are few records to audit, and the entities' systems do not support the financial management functions. Often the internal controls that are supposed to prevent breakdowns in financial administration are non-existent.<sup>151</sup>

The report also notes that financial statements are often not submitted within the legislated timeframe, leading to audits being in arrears.

The audit status of individual reporting entities can be seen in Chapter 10.

<sup>147</sup> National Economic and Fiscal Commission 2017 Annual Budget Fiscal Report,

[http://www.nefc.gov.pg/documents/publications/fiscalReports/2017Fiscal\\_Report.pdf](http://www.nefc.gov.pg/documents/publications/fiscalReports/2017Fiscal_Report.pdf), accessed 26 November 2020

<sup>148</sup> This is recorded in the IRC annual report however the latest annual report available on the IRC website is for 2013, and is therefore considered as not available information for revenue <http://irc.gov.pg/wp-content/uploads/2017/01/2013-Annual-Report.pdf>, accessed 26 November 2020

<sup>149</sup> 2021 National Budget, Summary of annual values included in Appendix 1 – Revenue Tables

[https://www.treasury.gov.pg/html/national\\_budget/2021%20National%20Budget.html](https://www.treasury.gov.pg/html/national_budget/2021%20National%20Budget.html), accessed 26 November 2020

<sup>150</sup> <http://www.ago.gov.pg/index.php/about-the-ago> accessed 26 November 2020

<sup>151</sup> Auditor General's Office, Annual Report, p. 8, <http://www.ago.gov.pg/docs/AuditorGeneralOfficeAnnualReportUploadedJuly2019.pdf>, accessed 26 November 2020



# Social and subnational payments



## 6. Social and subnational payments

PGK 444  
million

Social contributions in 2019

### 6.1. Mandatory and discretionary social expenditure

Many extractive companies contribute to the communities in which they operate beyond the direct economic benefits and employment provided. These contributions may be at the discretion of the company or mandated through legislation or

contracts with the government. The EITI Standard requires disclosure of material mandatory social expenditures and encourages disclosure of discretionary social expenditures.

Mandatory social expenditure is defined by the EITI Standard 2019 as social expenditure that is required either by legislation or by the contract with the government that governs the extractive investment.<sup>152</sup> Requirements to compensate landowners are set out in the MA (s. 154) and OGA (s. 118), but neither makes specific reference to other social payments.

Mandatory social expenditure is generally agreed between the State or landowners and operators on a case-by-case basis. These agreements are typically confidential, and reporting entities may therefore be unwilling, or unable, to disclose information regarding specific payment amounts and receiving entities. For each mandatory social payment, reporting entities were asked to disclose the name of the contract or agreement where the payment is mandated; however, no reporting entities disclosed the contract name.

Discretionary social expenditure may include, for example, sponsorships and voluntary contributions to health and education programs. Despite disclosure of these payments being optional, many operators choose to disclose these payments and/or activities through their corporate responsibility or sustainability reporting, as well as through the EITI reporting template. Some reporters disclosed aggregate amounts, arguing that disclosure of specific organisations and amounts could expose those organisations to unwelcome pressure or extortion. Where these details were not disclosed, it is possible that some mandatory payments were incorrectly reported as discretionary payments.

The EITI Standard does not define 'social', but the guidance note on social expenditure refers to 'donations, grants or other types of cash transfers, the transfer of assets such as the construction of roads or schools, or the provision of services like training and health care.'<sup>153</sup> The MSG refers to the original scoping study for the first EITI report for a comprehensive breakdown of the categories of social expenditure (to right).<sup>154</sup> However, lease fees would generally be regarded as commercial expenses rather than social expenditure. Reporting of these payments as 'social' is inconsistent across companies; the IA has included payments as reported.

#### Categories of 'Social' expenditure listed in original PNG EITI scoping study:

1. Compensation to landowners
  - ▶ General compensation
  - ▶ Environmental compensation
  - ▶ Community asset and relocation compensation
  - ▶ Lease fees
2. Education
  - ▶ Scholarship
  - ▶ University sponsorship
  - ▶ Other training cost
3. Infrastructure Development
  - ▶ Other infrastructure development programs (as per MOA)
4. Community development programs
5. Business development programs
6. Health programs
7. Township development

<sup>152</sup>The EITI Standard 2016, [https://eiti.org/sites/default/files/documents/the\\_eiti\\_standard\\_2016\\_-\\_english.pdf](https://eiti.org/sites/default/files/documents/the_eiti_standard_2016_-_english.pdf), accessed 3 December 2020

<sup>153</sup>Guidance note 17 on social expenditures', EITI, [https://eiti.org/sites/default/files/documents/guidance\\_note\\_17\\_social\\_expenditure\\_en\\_2016\\_0.pdf](https://eiti.org/sites/default/files/documents/guidance_note_17_social_expenditure_en_2016_0.pdf) accessed 3 December 2020

<sup>154</sup>PNG EITI Scoping Study for First EITI Report, [www.pngeiti.org.pg](http://www.pngeiti.org.pg)

The 2019 reporting templates included a detailed description of what is considered a mandatory social expenditure.<sup>155</sup> To avoid double counting, entities were asked to identify any payments relating to infrastructure projects to be claimed under ITC.

Reporting entities were also asked to disclose the nature and deemed value of any benefits provided in-kind. Where the beneficiary is a third party (i.e. not a government agency), the name and function of the beneficiary was requested. Some companies have disclosed this.

**Table 24: Summary of mandatory and discretionary social expenditure by company and sector in 2019**

Reporting entity	Mandatory social expenditure (PGK)	Discretionary social expenditure (PGK)
<b>Mining</b>		
Barrick (Niugini) Ltd (Porgera mine)	21,869,701	12,031,556
K92 Mining Ltd (Kainantu)	23,815,221	628,653
Lihir Gold Ltd (Lihir/Luise Caldera mine)	44,583,997	50,998,306
MCC Ramu NiCo Ltd (Kurumbukari mine, Ramu)	11,216,334	14,107,259
Morobe Consolidated Goldfields Ltd (Hidden Valley mine)	577,996	11,594,001
Simberi Gold Company Ltd (Simberi Mine)	-	2,672,726
<b>Oil and gas</b>		
ExxonMobil (operator PNG LNG – total PNG LNG figure)	2,215,001	61,487,349
Santos Ltd and Subsidiaries (PNG LNG Contribution)	-	42,000
Total E&P PNG Ltd	907,312	1,313,774
Oil Search (operator oil projects – total oil project figure)	3,404,000	68,315,000
<b>State-owned enterprises</b>		
Kumul Petroleum Holdings Ltd	-	30,904,166
Mineral Resources Development Company Ltd	-	31,352,088
Ok Tedi Mining Limited (Mt Fubilan mine)	-	49,882,538
	<b>108,589,562</b>	<b>335,329,415</b>

## 6.2. Subnational payments

Information relating to transfers and payments to subnational (provincial and local level) governments in PNG is difficult to obtain and reconcile. This is due to payment data at the subnational level being either non-existent, too aggregated to be meaningful, inconsistent across projects, or difficult to obtain,<sup>156</sup> in part due to a lack of record keeping by provincial-level governments. Some relevant information is to be found in the 2017 National Economic and Fiscal Commission (NEFC) Budget Fiscal Report.<sup>157</sup> However, this does not always align to the EITI reporting requirements.

<sup>155</sup> 'Mandatory social expenditure refers to social payments by companies that are mandated by law or the contract with the government that governs the extractive investment. This may include development contracts, compensation agreements or benefit sharing memorandum of agreements that cover payments such as compensation, infrastructure or services such as health and education. They are separate to the development levy or production levy. Mandatory social payments are agreed between the state and/or landowners and operators on a case-by-case basis, as allowed for under the Mining Act and Oil & Gas Act.' – IA reporting templates 2019

<sup>156</sup> PNG EITI, Sub-national payments and Transfers, <http://www.pngeiti.org.pg/sub-national-payments-and-transfers/>, accessed 3 December 2020

<sup>157</sup> National Economic and Fiscal Commission 2018 Annual Budget Fiscal Report, [www.nefc.gov.pg/documents/publications/fiscalReports/2018Fiscal\\_Report.pdf](http://www.nefc.gov.pg/documents/publications/fiscalReports/2018Fiscal_Report.pdf), accessed 3 December 2020

Subnational payments were identified in the validation report as an area of inadequate progress. In October 2017, PNG EITI commissioned a scoping study to investigate how the EITI Standard can be implemented in relation to subnational governments and landowner associations.<sup>158</sup> We refer readers to this report, published in April 2019, for the most detailed information currently available about subnational financial flows, including the distinction between payments, transfers and social expenditures.<sup>159</sup> The report makes recommendations including the establishment of subnational multi-stakeholder groups with links to the PNG EITI MSG; entities to be included and materiality thresholds; standardised payment categories; and implementation through pilot projects.<sup>160</sup>

It is envisioned that the quality of disclosures relating to subnational payments and transfers will improve in future years, as the recommendations of the scoping study are implemented.

As no definitions were provided in the study, the MSG agreed on the following guidance for the categories/sectors:

<i>Statutory compensation:</i>	Required compensation to landowners and any regulatory compensation.
<i>Economic:</i>	Any other social payments made that are not included in the other categories.
<i>Infrastructure:</i>	Payments or resource costs towards buildings and roads.
<i>Capacity building:</i>	Contributions towards training and upskilling local communities.
<i>Health:</i>	Payments to health missions, medical activities and supplies and donations to the health ministry.
<i>Education:</i>	Scholarships, university scholarships and education resources.
<i>Law &amp; order:</i>	Contributions to policing and security.
<i>Agriculture &amp; fisheries:</i>	Payments towards agriculture and fisheries for public consumption.

In 2019, we added Environmental Sustainability category to determine expenditures towards conservation of natural resources to support health and wellbeing for future generations.

<sup>158</sup>Terms of reference for this study available on the PNG EITI website <http://www.pngeiti.org.pg/wp-content/uploads/2018/04/PNGEITI-TOR-Sub-national-payments-scoping-study-final.pdf>, accessed 3 December 2020

<sup>159</sup> Grice, T. (2019). Sub-national payments in Papua New Guinea's extractive sector: Scoping study for PNG Extractive Industries Transparency Initiative, p. 66, <http://www.pngeiti.org.pg/wp-content/uploads/2019/07/PNGEITI-Sub-national-Payments-Report-May-2019.pdf> accessed 3 December 2020

<sup>160</sup> Grice, T. (2019). Sub-national payments in Papua New Guinea's extractive sector: Scoping study for PNG Extractive Industries Transparency Initiative, p. 11, <http://www.pngeiti.org.pg/wp-content/uploads/2019/07/PNGEITI-Sub-national-Payments-Report-May-2019.pdf> accessed 3 December 2020

Table 25: Subnational payments reporting framework

Sectors		Subnational data to be collected		
Social expenditure	Statutory compensation	1. Payer/recipient/mediator – the payer, recipient and any 'mediating' entities in case of transfers	2. Payment type – Whether the payment is a government transfer, direct company payment, or social expenditure	3. Sector – what sector the payment belongs (e.g. education, health, infrastructure).
	Economic			
	Infrastructure			
	Capacity building			
	Health			
	Education			
	Law & order			
	Agriculture & fisheries			
	Environmental sustainability			
Direct payments & transfers	Royalties	4. Direct/indirect – whether the payment was a directed cash contribution or in-kind goods and services	5. Mandatory – whether the payment is mandatory (i.e. required under law or an agreement).	
	Other royalties and taxes			

### 6.2.1. Subnational payments and transfers: mining

The National Economic and Fiscal Commission (NEFC) Provincial Government Budget Report outlines the revenues transferred to provincial governments. However, NEFC had only released actual transfers up to 2016. The table below is derived from the National Budget.

Table 26: Transfers to provincial and local governments in 2019

Province	Non-grant tax transfers (PGK '000)
Western	40,300,000
Gulf	590,000
Enga	38,872,220
Eastern Highlands	716
Morobe	3,743,517
Manus	403
New Ireland	41,947,238
<b>Total</b>	<b>125,454,094</b>

In accordance with the MRA Act, the MRA has the function of receiving any fee, levy, rent, security, compensation, royalty or other money payable under the MA and other legislation. The most significant regional allocations are for:

**Royalty:** A royalty benefit of 2% of the FOB value from resource sales is provided by tenement holders to the State. This is then apportioned to landowners, affected provincial governments and local level governments.

**Equity:** The State has the right, but not the obligation, to acquire up to 30% of a mining project, at par value, or 'sunk cost' (MA s. 16A). Landowners also have equity stakes in mining projects such as Porgera and Ok Tedi.

**Dividends:** Landowners and provincial governments of Ok Tedi and Porgera receive dividends from their equity shares in the respective projects. The companies of these landowners and provincial governments are held in trust by MRDC.

**Compensation payments:** Landowners such as those on the Fly River receive a percentage of dividends from Ok Tedi as compensation payments.

**Special Support Grant:** The State allocates funding for mining projects to hosting provincial governments such as New Ireland and Enga. The SSG is a transfer to provincial governments in accordance with Section 197 of *Organic Law on Provincial and Local Level Governments*. It is calculated by Treasury at a rate of 0.25% of FOB value and its disbursement is administered by DNPM through a Guideline.

## 6.2.2. Subnational payments and transfers: oil and gas

The OGA outlines the process for benefits sharing, including payments earmarked for specific regions. Part III Division 14 legislates fees and royalties, and Part IV legislates State equity entitlement and project benefits. As per s. 174, the total of these benefits to provincial governments, local-level governments and landowners shall not exceed 20% of the total net benefit to the State from that petroleum project, as determined by a cost-benefit analysis. These benefits and payments include:

**Royalty:** 2% of 'wellhead value' is provided from the tenement holder to the State (OGA s. 159). Royalty benefits are payable monthly by the State (Minister) to affected landowners, local-level governments and provincial governments in proportions agreed by them in a development agreement or determined by the Minister in default of this agreement (s. 168).

**Development levy:** 2% of wellhead value, calculated in the same manner as royalties, is payable by a development licensee directly to a trust fund, which is then available to the provincial governments and the local level governments (s. 160).

**Equity:** The State has the right to acquire all or part of a participating interest not exceeding 22.5% in each petroleum project (s. 165). The State grants to the project area landowners and affected local-level governments an equity benefit in that petroleum project (s. 167). These benefits shall be held in trust and shared in proportions agreed upon in a development agreement or, in default of the agreement, as determined by the Minister (s. 167). Governments and landowners are also at liberty to negotiate a participating interest in addition to the interest granted them (s. 175).

**Project grants:** The State may agree with affected local-level governments and provincial governments of a petroleum project to provide grants in the form of monetary payments or provision of infrastructure, services, or other benefits (s. 173).

**Other benefits:** Through a development agreement the State may provide project area landowners or people of the region grants, consolidated revenue or otherwise. These agreements made between the State and landowners do not affect any agreements which may be reached between project area landowners and petroleum project developers themselves (s. 171).

## 6.3. Social and subnational payments by PNG entity: mining

### 6.3.1. Barrick Niugini Ltd (Porgera mine)

#### Mandatory

Mandatory social expenditure for Porgera mine included environmental compensation, education and relocation.<sup>161</sup>

Table 27: Mandatory social expenditure reported by Barrick

Recipient	Category	Type	Amount (PGK)
Various	Statutory compensation	Cash	9,022,753
Various	Infrastructure	Cash	12,846,948
<b>Total</b>			<b>21,869,701</b>

Infrastructure comprises the following:

- TCS project expenditure: PGK 8,615,158
- Wabag highway maintenance: PGK 2,340,506
- Porgera roads relocation: PGK 2,114,010

#### Discretionary

Barrick Niugini reported the following donations paid; however, details of recipients were not provided.

Table 28: Discretionary social expenditure reported by Barrick

Recipient	Category	Type	Amount (PGK)
Various	Economic	Cash	1,186,702
Various	Education	Cash	10,844,854
<b>Total</b>			<b>12,031,556</b>

Economic:

Donations are made for health facilities, schools (community and high schools), medivacs, sporting clubs and youth groups and SP Games. These donations are made to areas such as the Porgera District, Enga Province, Tari District, Strickland/Lake Murray and PNG generally.

Education:

- University sponsorships which refers to the Porgera Joint Venture's external sponsorship program for degree students at PNG institutions
- Sponsorships schools/colleges refers to PNG secondary and technical education sponsorships for external students
- Apprentice intake (Pett student intake in all trades). This occurs in January and February.
- Apprenticeship program replaced with a Porgera trades assistant training program.
  - Graduate intake which refers to final year degree students who enter the Porgera Joint Venture's professional development program.
  - Courses overseas refers to employees sponsored to overseas institutions for full time study or short-term courses

<sup>161</sup> Barrick's financial data template.

- Donations for students to supplement our formal sponsorship program and to others for further education also includes donations to schools for books and other educational material and assistance.

## Subnational

Table 29: Subnational payments reported by Barrick Niugini

Commodity	Payer/Recipient/Mediator	Amount (PGK)
Mining royalties	Enga Provincial Government	27,898,862
	Porgera Development Authority	4,293,197
	SML Landowners	10,698,041
	Porgera Young adults	5,705,622
	Porgera Landowners Association Account 2	8,558,433
Total		57,154,155

## 6.3.2. K92 Mining Ltd (Kainantu)

### Mandatory

Table 30: Mandatory expenditure reported by K92 Mining Ltd

Recipient	Category	Type	Amount (PGK)
Mineral Resources Authority	Statutory compensation	Cash	17,702
G4S/ASILA Security / NCS/Pagini K92 JV / Young Jin Trading	Economic	Cash	23,116,144
RAMU Agri-Business Clinic / Chemcare Group / Johnstons Pharmacies / LAE international Hospital	Health	Cash	213,765
Police/ G4S Security Cos.	Law & Order	Cash	467,610
Total			23,815,221

Table 31: Discretionary social expenditure reported by K92 Mining Ltd

Recipient	Category	Type	Amount (PGK)
Various	Economic	Cash	1,186,702
Various	Education	Cash	10,844,854
Total			12,031,556

### Subnational

Table 32: Subnational payments reported by K92 Mining Ltd

Commodity	Recipient	Amount (PGK)
Mining royalties	EHP Government – Five Year Provincial Development Plan @ 5%	229,789
	Kainantu Rural LLG-5 Year District Development Plan @ 9%	137,874
	Kainantu Urban Local Level Government @ 4.5%	68,937
Total		436,600



### 6.3.3. Lihir Gold Ltd (Luise Caldera mine)

#### Mandatory

Mandatory expenditures by Lihir include community projects, IBP2 Grant (landowner agreement) and other ongoing direct benefit landowner agreements. Compensation agreements are required under Papua New Guinea (PNG) law and the land-owning communities have a legal right of veto over the development/disturbance of customary land owned by indigenous communities. Agreements providing consent to impact cultural sites, consent to impact economic crops, and consent for site access have all been signed between Lihir Gold Ltd and the affected land block holders prior to any entry or works occurring.<sup>162</sup>

Table 33: Mandatory expenditure reported by Lihir Gold Ltd

Recipient	Category	Type	Amount (PGK)
Impacted areas	Statutory compensation	Cash	13,860,737
Lihir Wide	Economic	in-Kind	10,209,805
Lihir Wide	Infrastructure	in-Kind	11,030,534
Lihir Wide	Health	in-Kind	3,221,635
Lihir Wide	Education	in-Kind	6,256,436
Lihir Wide	Law & Order	in-Kind	4,850
<b>Total</b>			<b>44,583,997</b>

#### Discretionary

Discretionary expenditures by Lihir include investment in external/community roads and airport runway, medical centers and a resource center. Lihir runs several programs, as detailed in its sustainability report. For example, Lihir developed a wellbeing program that initially focused on the physical health and wellness of employees and business partners, and has now shifted its focus to mental wellness, providing site-based counsellors and psychological support.

Table 34: Discretionary expenditure reported by Lihir Gold Ltd

Recipient	Category	Type	Amount (PGK)
Lihir Wide	Economic	in-Kind	17,330,650
Lihir Wide	Infrastructure	in-Kind	14,100,185
Lihir Wide	Health	in-Kind	17,635,197
Lihir Wide	Education	in-Kind	1,378,329
Lihir Wide	Law & Order	in-Kind	553,945
<b>Total</b>			<b>50,998,306</b>

#### Subnational

Table 35: Subnational payments reported by Lihir Gold Ltd

Revenue stream	Recipient	Amount (PGK)
Royalties	New Ireland Provincial Government (NIPG)	41,947,238
Royalties	Niamamar Local Level Government (NLLG)	25,168,343
Royalties	SML Landowners	16,778,895
<b>Total</b>		<b>83,894,476</b>

<sup>162</sup> 2019 Newcrest Sustainability Report, [https://www.newcrest.com/sites/default/files/2019-11/191108\\_Newcrest\\_2019\\_Sustainability\\_Report%20\(1\).pdf](https://www.newcrest.com/sites/default/files/2019-11/191108_Newcrest_2019_Sustainability_Report%20(1).pdf), accessed 10 December 2020



### 6.3.4. MCC Ramu Nico Ltd (Ramu Nickel, Kurumbukari mine)

#### Mandatory

Table 36: Mandatory expenditure reported by MCC Ramu Nico

Commodity	Recipient	Amount (PGK)
Land and environment compensation	Payment to landowners	2,783,964
Community affairs	Assistance to communities	306,621
Business opportunities	Business contract with locals	8,125,749
<b>Total</b>		<b>11,216,334</b>

#### Discretionary

Table 37: Discretionary expenditure reported by MCC Ramu Nico

Category	Type	Amount (PGK)
Capacity building	Cash	370,575
Education	Cash	142,364
Health, securities and environment	Cash	2,376,169
Donations	Cash	309,728
Business opportunities	Cash	10,908,423
<b>Total</b>		<b>14,107,259</b>

#### Subnational

Table 38: Subnational payments reported by MCC Ramu Nico

Recipient	Amount (PGK)
<b>Local/provincial government</b>	
Payments to Bundi Local Level Government	818,729
Payments to Usino LLG	491,238
Payments to Astrolabe Bay LLG	491,238
Payments to Raicoast LLG	327,492
Payments to Gama LLG	491,238
<b>Landowners</b>	
Kurumbukari, Maigari Inland Pipeline, Coastal Pipeline and Basamuk Landowner groups	11,675,269
<b>Total</b>	<b>14,295,204</b>

### 6.3.5. Morobe Consolidated Goldfields Ltd (Hidden Valley Mine)

#### Mandatory

Table 39: Mandatory social expenditure reported by Morobe Consolidated Goldfields

Recipient	Type	Amount (PGK)
Creek water discolouration compensation	Cash	163,200
Hydrology monitoring stations	Cash	44,912
Dust monitoring stations	Cash	4,574
Rainfall monitoring	Cash	12,828
ML151 compensation	Cash	305,776
Gunem water supply	Cash	5,774
ME82 compensation	Cash	40,931
<b>Total</b>		<b>577,996</b>

## Discretionary

Table 40: Discretionary social expenditure reported by Morobe Consolidated Goldfields

Recipient	Category	Type	Amount (PGK)	Remarks
Landowners and HV Mine Trust	Economic	Cash	3,492,686	
Local communities	Infrastructure	In-kind	1,498,881	Assistance with equipment and costs for community roads and other infrastructure
Landowners	Capacity Building	In-kind	200,000	Assistance with running landowner projects funded from their funds in the Hidden Valley Mine Trust
Local communities	Health	In-kind	6,402,434	Health, community education, agricultural and other programs
<b>Total</b>			<b>11,594,001</b>	

## Subnational

Table 41: Subnational payments reported by Morobe Consolidated Goldfields

Recipient	Amount (PGK)
<b>Royalties to local governments</b>	
Morobe Provincial Government	3,738,147
Bulolo District Treasury	3,738,147
Mumeng LLG	623,025
Waria LLG	415,350
Buang LLG	207,675
Wau/Rural LLG	1,038,374
Watut LLG	1,038,374
Wau/Bulolo Urban LLG	830,699
<b>Total</b>	<b>11,629,791</b>
<b>Royalties to landowners</b>	
Highway Communities	98,646
River Communities	98,646
Subsidiary Landowner Communities	295,937
Settler Communities	394,582
Wafi Landowner Association	98,646
Nakuwi Landowner Association	394,582
Future Generations Trust	394,582
HV Landowners – Winima recipients	1,726,297
HV Landowners – Kwembu recipients	1,726,297
HV Landowners – Nauti recipients	3,452,595
<b>Total</b>	<b>8,680,810</b>

### 6.3.6. Simberi Gold Limited (Simberi Mine)

#### Discretionary

Table 42: Discretionary social expenditure reported by Simberi Gold

Recipient	Category	Type	Amount (PGK)
Landowners	Statutory compensation	Cash	2,145,935
Community	Economic	in-Kind	119,427
Community	Capacity Building	in-Kind	322,817
Community	Health	in-Kind	73,162
Community	Education	in-Kind	11,082
Community	Environment Sustainability	in-Kind	302
<b>Total</b>			<b>2,672,725</b>

#### Subnational

Table 43: Subnational royalty payments reported by Simberi Gold

Recipient	Amount (PGK)
<b>Landowners</b>	
Landowners	9,747,111
<b>Local Government</b>	
Sentral Niu Ailan LLG	1,135,359
<b>Total</b>	<b>10,882,470</b>

## 6.4. Social and subnational payments by PNG entity: oil and gas

### 6.4.1. PNG LNG project total

#### 6.4.1.1. ExxonMobil (PNG LNG contribution)

##### Mandatory

Table 44: Mandatory social expenditure reported by ExxonMobil

Recipient	Category	Type	Amount (PGK)
Various Clans (base on Clan Agency Agreements)	Statutory compensation	Cash	2,215,001

##### Discretionary

Table 45: Discretionary social expenditure reported by ExxonMobil

Recipient	Category	Type	Amount (PGK)
Various	Statutory compensation	Cash	2,676,925
Various	Economic	In-kind	7,829,162
Various	Capacity building	In-kind	5,020,198
Various	Health	In-kind	2,090,061
Various	Education	In-kind	1,898,123
Various	Law & order	In-kind	31,733,790
Various	Environment sustainability	In-kind	5,456,100
<b>Total</b>			<b>56,704,359</b>

##### Sub-national

Table 46: Subnational payments by ExxonMobil: local government recipients

Recipient	Category	Type	Amount (PGK)
Hela Provincial Government	Economic	In-kind	196,187
Hela and Central Provincial Governments	Health	In-kind	2,138,403
Hela Provincial Government	Education	In-kind	2,448,400
<b>Total</b>			<b>4,782,990</b>

#### 6.4.1.2. JX Nippon (PNG LNG contribution)

##### Mandatory

Per JX Nippon mandatory expenditure for the PNG LNG project is handled by the Operator

##### Discretionary

JX Nippon reported zero contribution to the discretionary expenditure.

#### 6.4.1.3. Lavana Ltd (PNG LNG contribution)

##### Mandatory

Per Lavana Ltd mandatory expenditure for the PNG LNG project is handled by the Operator.

## Discretionary

Table 47: Discretionary social expenditure reported by Lavana

Recipient	Amount (PGK)
Kumul Scholarship	8,129

### 6.4.1.4. Santos Ltd (PNG LNG contribution)

#### Mandatory

Santos reported zero contribution to mandatory social expenditure for the PNG LNG project in 2019.

#### Discretionary

Table 48: Discretionary social expenditure reported by Santos

Recipient	Amount (PGK)
Kumul Scholarship	33,871

### 6.4.2. Total E&P PNG Limited

#### Mandatory

Table 49: Mandatory social expenditure reported by Total

Recipient	Category	Type	Amount (PGK)
PRL- 15 Landowners	Economic	Cash	907,312

#### Discretionary

Table 50: Discretionary social expenditure reported by Total

Recipient	Category	Type	Amount (PGK)
Pacific Maritime College	Capacity building	In-kind	12,500
IBM	Capacity building	In-kind	212,560
Port Moresby Technical College	Capacity building	In-kind	426,400
National Volunteer Service	Health	In-kind	116,800
Digicel Foundation	Education	In-kind	447,700
Digicel Foundation	Agriculture & fisheries	In-kind	77,814
CEPA	Environment sustainability	Cash	20,000
<b>Total</b>			<b>1,313,774</b>

### 6.4.3. Oil Search

#### Mandatory

Table 51: Mandatory expenditure reported by Oil Search

Recipient	Category	Type	Amount (PGK)
OSL/Community/NA	Statutory compensation	Cash	3,404,000

#### Discretionary

Table 52: Discretionary expenditure reported by Oil Search

Recipient	Type	Amount (PGK)
OSL/Various	Cash	68,315,000

### 6.4.4. Kumul Petroleum Holdings (KPH) (PNG LNG contribution)

#### Mandatory

KPH reported zero contribution to the mandatory expenditure for the PNG LNG project.

#### Discretionary

Table 53: Discretionary social expenditure reported by KPH

Recipient	Category	Type	Amount (PGK)
Various	Statutory compensation	Cash	264,212
Various	Infrastructure	Cash	1,953,990
Various	Capacity Building	Cash	9,556,298
Various	Health	Cash	3,016,807
Various	Education	Cash	15,824,613
Various	Law & Order	Cash	288,246
Total			30,904,166

#### Subnational

KPH reported zero contribution to the subnational payments for the PNG LNG project in 2019. It is noted that the PNG LNG project has reported zero subnational payments in 2019 and therefore no contribution by KPH was expected.

### 6.4.5. MRDC Ltd (multiple projects)

#### Mandatory

MRDC reported zero mandatory social expenditure for 2019 reporting period.

## Discretionary

MRDC reported the following social expenditures for 2019. The IA notes that, as in 2018, there are significant payments to 'public relations' for 2019. For the 2019, greater clarity over the nature of these payments will be required.

**Table 54: Discretionary expenditure reported by MRDC**

Subsidiary/trust entity	Expenditure details	Amounts (PGK)	Receipts
Mineral Resource Development Company (MRDC)	Public Relations-MRDC	683,784	MRDC-Through the Office of the Managing Director
	Donations	5,000	Team PNG Boxing participate July 2019 for Pacific Games in Apia Samoa
	Donations	20,000	Sponsorship of MRDC 9'S for 2019 year
	Donations	50,000	To stage country round between Hunters & East Tigers (SP Hunter's Program)
	Donations	5,000	45 <sup>th</sup> anniversary sponsorship 16-17 November 2019
Petroleum Resources Kutubu (PRK)	Sponsorship	1,000,000	Mendi Muruks
	Sponsorship	500,000	Hekari United Limited FC
	Sponsorship	1,000,000	Gulf Province Sports Trust
	Donations	355,749	Southern Highlands Province
	Donations	315,089	Gulf Province
	Donations	1,000,000	Namo' Aporo Landowners' Association Inc
	Donations	475,480	Kikori Landowners
	Donations	557,000	Foe Landowners
	Public Relations – PRK Fasu	1,400,000	Fasu Landowners of Kutubu
	Public Relations- GRK Lower Fasu	500,000	GRK Fasu Landowners of Kutubu
	Public Relations – PRK Foe	1,291,888	Foe Landowners of Kutubu
	Public Relations – GRK FOE LO	501,914	GRK Foe Landowners of Kutubu
	Public Relations – PRK Kikori	1,299,490	Kikori Landowners
	Public Relations – GRK Kikori LO	504,621	GRK Kikori Landowners
	Public Relations – PRK Governor Gulf	989,157	Gulf Prov. Government through the Office of Governor Chris Haiveta
	Public Relations – GRK Governor Gulf	4,786,293	GRK Gulf Prov. Landowners of Gulf
	Public Relations – PRK Governor SHP	1,084,930	SHP Government through the Office of Governor William Powi PR allocation
	Public Relations – GRK Governor SHP	478,000	GRK SHPG Landowners of Southern Highlands
	Public Relations – PRK Upper Fasu	1,019,219	Upper Fasu Landowners of Kutubu
	Public Relations – GRK Upper Fasu LO	500,000	GRK Upper Fasu Landowners of Kutubu
	Public Relations – PRK MRDC	991,340	MRDC – Through the Office of the Managing Director PR allocation
	Public Relations – PRK Dept. Of Petroleum & Energy	702,048	DPE – Through the Office of the Secretary PR allocation

Subsidiary/trust entity	Expenditure details	Amounts (PGK)	Receipts
Petroleum Resources Gobe Ltd (PRG)	Public Relations – PRG Imawe Bogasi	59,000	PR funds for Imawe Bogasi landowners
	Public Relations – PRG Imawe Kewa	10,000	PR funds for medical assistances
	Public Relations – PRG MRDC	61,225	MRDC – Through the Office of the Managing Director
	Public Relations – PRG Dept. Of Petroleum & Energy	25,000	DPE – Through the Office of the Secretary Lohial Nuau (former A/Secretary of DPE)
	Public Relations – PRG	24,999	PR funds for assisting landowners
	Public Relations – PRG	25,000	PR funds for assisting landowners
Petroleum Resources Moran Ltd (PRM)	Public Relations – PRM Homa Paua	73,691	PR funds for Homa Paua landowners
	Public Relations – PRM Homa Paua Scholarship	89,940	PR funds for landowners School fees assistances
	Public Relations – PRM Homa Paua	39,999	PR funds for Homa Paua landowners
	Public Relations – PRM Homa Paua Scholarship	66,100	PR funds for landowners School fees assistances
	Public Relations – PRM Fasua	27,900	PR funds for Fasua landowners
	Public Relations – PRM Fasua Scholarship	35,000	PR funds for landowners School fees assistances
Mineral Resources Star Mountain Ltd (MRSMT)	Public Relations – MRSMT	339,370	PR funds for landowners
	Public Relations – MRSMT Scholarship	95,780	PR funds for landowners School fees assistances
	Public Relations – MRSMT	284,208	PR funds for landowners
	Public Relations – MRSMT Scholarship	50,000	PR funds for landowners School fees assistances
	Public Relations – MRSMT	302,944	PR funds for landowners
	Public Relations – MRSMT Scholarship	51,585	PR funds for landowners School fees assistances
	Public Relations – MRSMT	312,743	PR funds for landowners
	Public Relations – MRSMT Scholarship	50,907	PR funds for landowners School fees assistances
	Public Relations – MRDC	88,808	MRDC – Through the Office of the Managing Director
	Public Relations – MRSMT Dept. Of Mining (DMP)	98,442	DMP – Through the Office of the Secretary Herry Kore
	Sponsorship MRSMT	150,000	Star Mountain Soccer Club
Mineral Resources OK Tedi Limited (MROT)	Public Relations – MROT Governor Western Prov.	2,000,000	Western Prov. Government through the Office of Governor Taboi Awi Yoto
	Public Relations – MROT Prov. Administrator	270,600	PR funds for assisting landowners
	Public Relations – MROT Dept.of Mining (DMP)	70,000	DMP – Through the Office of the Secretary Herry Kore
	Public Relations – MRDC	270,242	MRDC – Through the Office of the Managing Director
	Public Relations – MROT	50,000	PR funds for landowners
	Sponsorship MROT	934,826	Star Mountain Soccer Club
	Donations MROT	934,826	Western Prov. Government through the Office of Governor Taboi Awi Yoto



Subsidiary/trust entity	Expenditure Details	Amounts (PGK)	Receipts
Gas Resources PNG LNG Plant Limited (GRS)	Public Relations – GRS		PR funds for landowners
		363,762	
	Public Relations – GRS	333,689	PR funds for assisting landowners
	Public Relations – GRS	316,519	PR funds for assisting landowners
	Public Relations – GRS	340,449	PR funds for assisting landowners
	Public Relations – MRDC	3,000	MRDC – Through the Office of the Managing Director
	Public Relations – GRS Dept.of Finance (DOF)	50,000	DOF – Through the Office of the Secretary Dr. Ken Ngargan PR allocation
	Public Relations – GRS Dept.of Petroleum & Energy	99,907	DPE – Through the Office of the Secretary Lohial Nuau PR Allocation
	Public Relations – GRS Governor Central Prov.	150,000	CP Government through the Office of Governor Robert Agarobe
Mineral Resources CMCA Holding Ltd (MR CMCA)	Public Relations – CMC		PR funds for landowners
		75,460	
	Public Relations – CMC	47,487	PR funds for landowners
	Public Relations – CMC	56,694	PR funds for landowners
	Public Relations – CMC	49,913	PR funds for landowners
	Public Relations – CMC	25,000	PR funds for landowners
	Public Relations – CMC	34,027	PR funds for landowners
	Public Relations – CMC	50,000	PR funds for landowners
	Public Relations – CMC	52,185	PR funds for landowners
	Sponsorship CMC		Sponsorship Requests – MR CMCA Holding
		122,330	
Gas Resources Hides No.4 Limited (GRH)	Public Relations – GRH Governor Hela Prov.	50,000	HPG Government through the Office of Governor Philip Undialu PR allocation
Gas Resources Gigura Limited (GRG)	Public Relations – GRG Governor Hela Prov.	132,531	HPG Government through the Office of Governor Philip Undialu PR allocation
	Public Relations – GRS Dept.of Petroleum & Energy	50,000	DPE – Through the Office of the Secretary Lohial Nuau PR allocation
Gas Resources Juha No.1 Limited (GRJ)	Public Relations – GRH Governor Hela Prov.	40,000	HPG Government through the Office of Governor Philip Undialu PR allocation
Total		31,352,088	

## Subnational

MRDC facilitates subnational transfers as the trustee of interests in extractive projects on behalf of subnational governments and landowner groups. For more detail, see section 9.6 of this report.

Table 55: Subnational payments reported by MRDC

Subsidiary/trust entity	Recipient (inferred by IA based on ownership)	Amount (PGK)
Mineral Resource Enga Limited	Enga Provincial Government (Dividends)	8,000,000
Mineral Resource Ok Tedi No. 2 Limited	Fly River Provincial Government	5,675,102
Total		13,675,102

## 6.4.6. Ok Tedi Mining Limited (Mt Fubilan Mine)

### Mandatory

There are zero mandatory expenditure paid by Ok Tedi Mine in 2019. Royalty paid is reclassified under subnational payment.

### Discretionary

Table 56: Discretionary expenditure reported by Ok Tedi Mining Limited

Recipient	Category	Type	Amount (PGK)
Government & Other (Lease)	Statutory compensation	Cash	5,899,028

Some further detail on Ok Tedi's social expenditure by category can be found in its Annual Review.<sup>163</sup>

### Subnational

Table 57: Subnational payments reported by Ok Tedi Mining Limited

Recipient	Type	Amount (PGK)
Mine Villages Royalty	Cash	30,660,301
CMCA Villages Compo	Cash	43,983,510
Fly River Provincial Government	Cash Royalty	24,570,347
<b>Total</b>		<b>99,214,158</b>

<sup>163</sup> Ok Tedi Mining Limited Annual Review 2019, pp, <https://oktedi.com/who-we-are/annual-performance/>, accessed 10 December 2020



Mining

## 7. Mining

### 7.1. Overview of mining operations in 2019

The mining companies included in this report (see Chapter 2) are listed below. Companies deemed material were associated with mines that were either in operation or in advanced stages of pre-production. We have included some additional mines for completeness.

Table 58: Mining companies 2019

Reporting entity (mine – licence)	Mining operator and Joint Venture (JV) partners	Notes
<b>Material companies</b>		
Barrick (Niugini) Ltd (Porgera mine – SML 1 (P))	Barrick Niugini Ltd (operator) – 50% owned by Barrick Gold Corporation and 50% by Zijin Mining Group MRDC (managing funds for Mineral Resources Enga Ltd (MREL 5%))	Tenement expired
K92 Mining Ltd (Kainantu – ML150)	K92 Mining Inc.	Producing in 2019
Lihir Gold Ltd (Lihir/Luise Caldera mine – SML 6)	Lihir Gold Ltd is 100% owned by Newcrest Mining Ltd	Producing in 2019
MCC Ramu NiCo Ltd (Kurumbukari mine, Ramu – SML 8)	MCC Ramu NiCo Ltd (operator) Highlands Pacific Limited Mineral Resources Madang Ltd Mineral Resources Ramu Ltd	Producing in 2019
Morobe Consolidated Goldfields Ltd (Hidden Valley mine – ML 151)	Hidden Valley JV (operator) 100% owned by Morobe Consolidated Goldfields Ltd	Producing in 2019
Ok Tedi Mining Limited (Mt Fubilan) SML 1 (O)	Ok Tedi Mining Limited (operator)	Producing in 2019
Simberi Gold Company Ltd (Simberi mine – ML136)	Simberi Gold Co. Ltd (operator) is 100% owned by St Barbara	Producing in 2019
<b>Companies included for completeness</b>		
Anomaly Ltd (Mt Crater mine)*	Anomaly Ltd (Crater Gold)	Expiry date 4 November 2019
Frieda River Ltd (Frieda River)*	PanAust and Highlands Pacific JV for 2018. 100% owned by PanAust from May 2019	(SML Application lodged)
Newcrest PNG 2 and Wafi Mining Ltd (Wafi-Golpu)*	Newcrest and Harmony JV	(SML Application lodged)
Niuminco Edie Creek Ltd (Edie Creek mine – ML 144)*	Niuminco Edie Creek Ltd	Producing in 2019
Woodlark Mining Ltd (Woodlark – ML508)*	Geopacific Resources Ltd	Not producing in 2019

### 7.2. Mines operating in 2019

This section of the report presents details on the mining projects active in PNG during 2019. Any changes that occurred to the ownership structures during the 2019 reporting period are noted. Export values included in summaries are free on board (FOB) values reported by the MRA. FOB values are the values recorded by customs when the mining commodities are exported.

#### Ownership information

In the ownership structure figures, the yellow boxes identify the operator of the mine, (or in some cases the owner of the operator). This is the reporting entity that provides the majority of EITI reporting information. The other joint venture owners were also asked to provide contextual information and to notify the amount of tax paid for the data reconciliation process. Beneficial ownership (to the extent known) is shown in blue.

## Data compliance and reconciliation

The following discussion of projects includes an overview of the completeness of the data provided for each project, as indicated in the legend below. Where entities provided incomplete information, we requested an explanation.

Data provided	
●	Provided in full
●	Substantially provided
●	Partially provided

We have also included the status of reconciliation, as indicated in the legend below. Reconciliation of revenue is further discussed in Chapter 10 Reconciliation of revenue streams.

Status of reconciliation	
◆	Fully reconciled
◆	Partially reconciled
◆	Not reconciled

### 7.2.1. Alluvial mining sector

The MA allows people to mine for alluvial minerals on their own land by non-mechanical means without the need for a mining licence, provided that the land is not the subject of a tenement (other than exploration licence) and that the mining is carried out safely.<sup>164</sup> This sector is therefore largely unmonitored, and there is limited information about its size. In 2016, the MRA estimated that there were up to 80,000 small-scale miners in this category, 4,000 of whom had completed training at the MRA's small-scale mining center in Wau.<sup>165</sup>

Small-scale mining conducted with powered machinery requires an Alluvial Mining Lease or Mining Lease (for alluvial purposes) from the MRA. The former is granted for up to five hectares of land that is a riverbed and extends no further than 20 meters from any riverbed. The latter may cover up to 60km<sup>2</sup>. There is a requirement for a minimum 51% ownership by PNG nationals.<sup>140</sup> In 2019, there were 118 Alluvial Mining Leases.<sup>166</sup>

Alluvial miners sell their gold to traders, who then on-sell it to one of 18 licenced exporters regulated by the Bank of PNG below.

- Aviga Impex Ltd
- Bougainville Gold Exchange Ltd
- Gold Exports Ltd
- Golden Valley Ltd
- International Bullion Group Ltd
- Issacc Lete Lumbu Gold Buyers Ltd
- Italpreziosi South Pacific Ltd
- Meekom Minerals Ltd
- Metals Refining Operations Ltd
- Mi-Do Gold Buyers & Exporters Ltd
- MNK Jewellers PNG Ltd
- Niiella AU Ltd
- Panners Gold Ltd
- Vertic Ltd
- Armstrong Precious Metals Ltd
- Bullion Scope Ltd
- Jia Gold Holdings Ltd
- Soi Gold Exports Ltd

The MRA checks the export forms and raises levies on the export. Revenue for alluvial exports through licenced exporters in 2019 amounted to PGK549,698,436 for gold and PGK2,051,239 for silver.

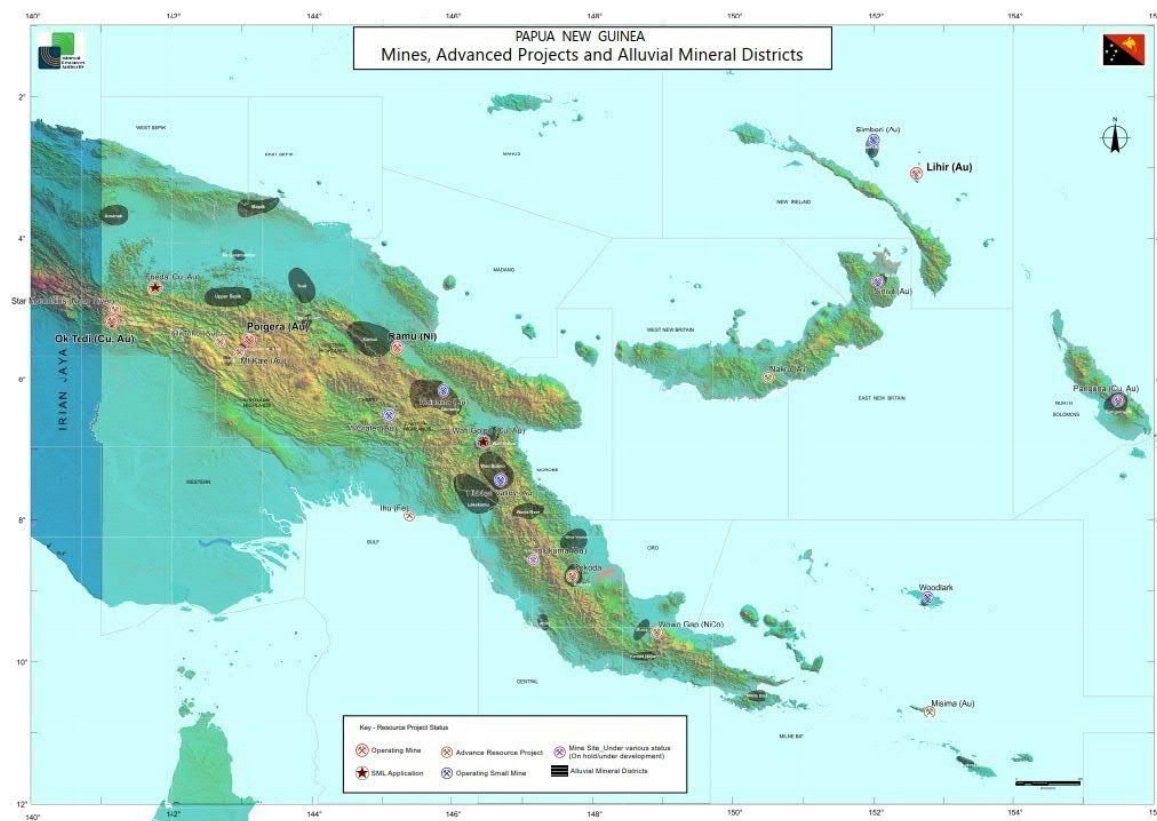
<sup>164</sup> Mining Act 1992 s.9, [http://www.paclii.org/cgi-bin/sinodisp/pg/legis/consol\\_act/ma199281/ma199281.html?stem=&synonyms=&query=Mining%20Act%201992](http://www.paclii.org/cgi-bin/sinodisp/pg/legis/consol_act/ma199281/ma199281.html?stem=&synonyms=&query=Mining%20Act%201992), accessed 10 December 2020

<sup>165</sup> MRA, interview 28 November 2016; a more recent estimate has not been obtained.

<sup>140</sup> Mining Act 1992 s. 38, [http://www.paclii.org/cgi-bin/sinodisp/pg/legis/consol\\_act/ma199281/ma199281.html?stem=&synonyms=&query=Mining%20Act%201992](http://www.paclii.org/cgi-bin/sinodisp/pg/legis/consol_act/ma199281/ma199281.html?stem=&synonyms=&query=Mining%20Act%201992), accessed 10 December 2020

<sup>166</sup> MRA, response to data request for 2018 PNG EITI Report, received 8 September 2019

Figure 20: Mines, advanced projects and alluvial mineral districts 2019



## 7.2.2. Barrick Niugini Ltd (Porgera mine)<sup>142 143</sup>

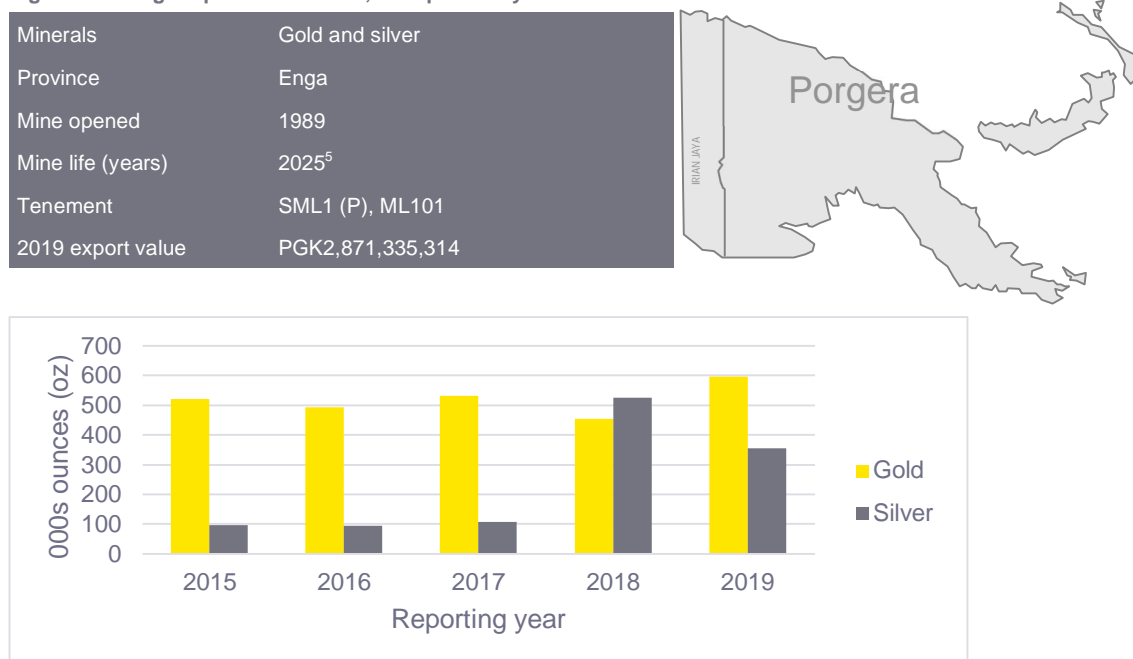
Table 59: Compliance summary Porgera Mine

Joint Venture partners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Non-financial information	Subnational payments	Status of reconciliation
Barrick Niugini Limited	No	Yes	●	●	●	◆
Mineral Resources Enga Ltd	No (YE 2015 available in IPA)	Yes	Provided by operator	Provided by operator	Provided by operator	Not required

<sup>142</sup> <https://miningdataonline.com/property/611/Porgera-Mine.aspx>, accessed 10 December 2020

<sup>143</sup> <http://www.porgerajv.com/Company/Our-Story>, accessed 10 December 2020

Figure 21: Porgera production data, as reported by MRA



The Porgera Joint Venture is an open pit and underground gold mine located at an altitude of 2,200-2,600 meters in the Enga Province of Papua New Guinea, about 600 kilometres north-west of Port Moresby. Barrick and Zijin Mining Group each own 47.5% of the operation, with the remaining 5% interest held by Mineral Resources Enga.<sup>167</sup>

In April 2019, the PNG Government announced that it would not be extending the lease on the Porgera Gold mine, which expired in August 2019. The Prime Minister intimated that the State would take ownership of the mine and operate it. Barrick has said it will contest the move, which it regards as tantamount to nationalization without due process. In the meantime, BNL has placed Porgera on temporary care and maintenance. In late June 2020, more than 2600 workers were made redundant as the mine was closed.<sup>168</sup> At the time of writing, it appeared the Barrick JV may resume as operator, following discussions with the Government.<sup>169</sup>

Table 60: Financial highlights Porgera mine

Statement of comprehensive income	USD (million)*	Project gross balances^	PGK*
Revenue	403	848	2,876
Cost of sales	-284	-598	-2,027
EBITDA	155	326	1,106
Income for the year	113	238	806

\*Extracted from Barrick Gold Corporation, page 84 Porgera Papua New Guinea Summary of Operating and Financial Data, Annual Report<sup>170</sup>

^Recalculated based on effective share percentage by Barrick Gold Corporation (47.5%)

+Converted using BPNG Average USD exchange rate (USD1: PGK3.3899)

<sup>167</sup> Porgera Operations, <https://www.barrick.com/English/operations/porgera/default.aspx>, accessed 31 January 2021

<sup>168</sup> Economist forecasts PNG set to lose almost 'a billion dollars' as Porgera Mine stands idle - Pacific Beat - ABC Radio Australia

<sup>169</sup> Porgera Operations, <https://www.barrick.com/English/operations/porgera/default.aspx>, accessed 31 January 2021

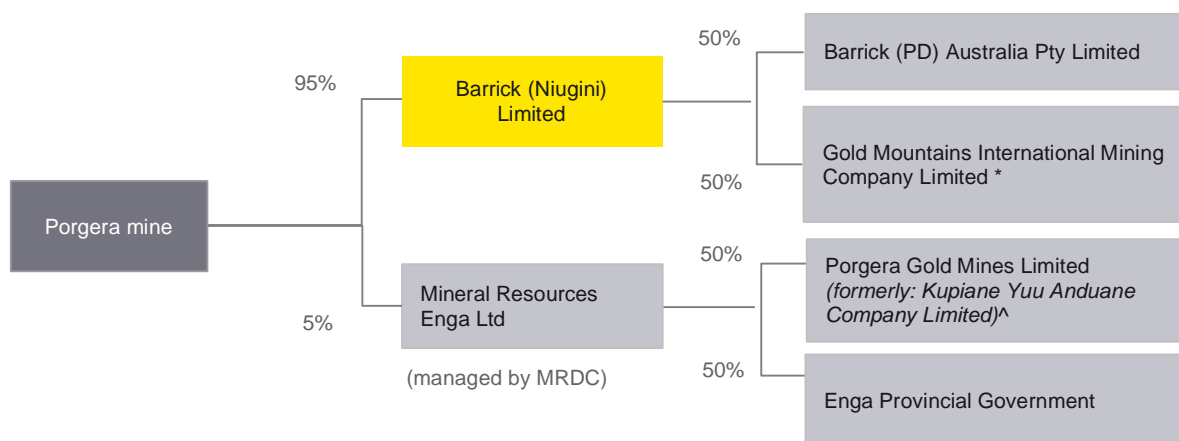
<sup>170</sup> Barrick Gold Corporation, Annual Report, <https://www.barrick.com/English/investors/annual-report/default.aspx>, accessed 14 January 2021

**Table 61: Share of owners and consolidated payments on Porgera mine**

Owners	Percentage	Share from Joint Venture <sup>^</sup>			Consolidated receipts to government agencies
		Gross sales	Profit from operating activities	Net income	
Barrick Niugini Limited	95.00%	2,732,200,000	806,550,000	765,700,000	279,604,801
Mineral Resources Enga Ltd	5.00%	143,800,000	42,450,000	40,300,000	13,064,570

Barrick Niugini Limited reported payments as an operator of the project, hence, certain payments to Government Agencies are on behalf of the Mineral Resources Enga Ltd.

**Figure 22: Porgera mine ownership structure**



\*Wholly-owned subsidiary of Zijin Mining Group Limited – Hong Kong Listed

<sup>^</sup> Owned by 25 Sub-clans and Porgera Development Authority per Annual return submitted on 31 January 2020



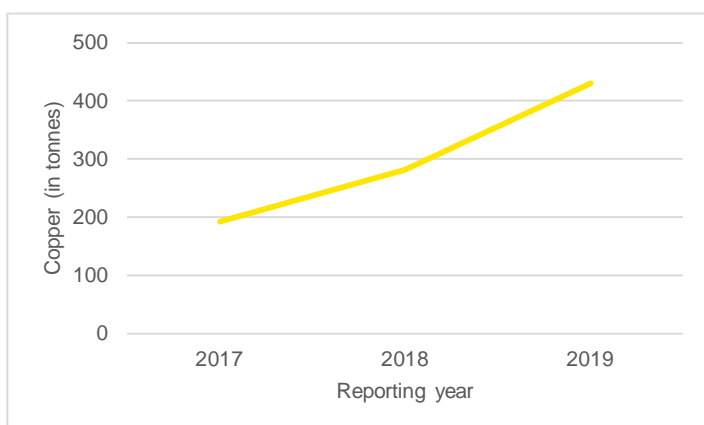
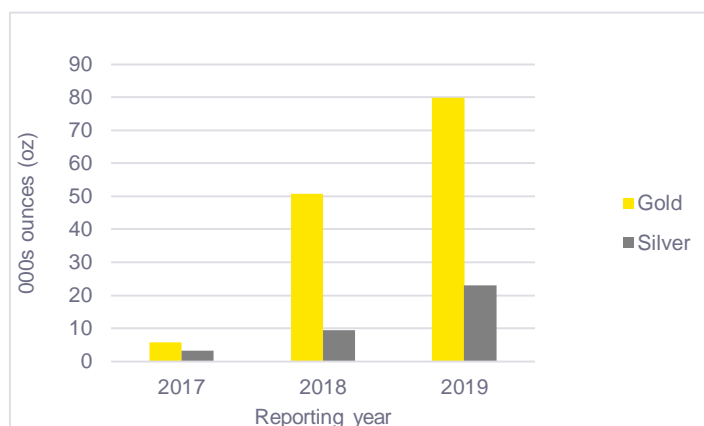
### 7.2.3. K92 Mining Ltd (Kainantu)

Table 62: Compliance summary K92 mine

Owner	Annual Report publicly available	Annual return updated in IPA	EITI Requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
K92 Mining Ltd	Yes, included in the K92 Mining Inc. Annual Report	Yes	•	•	•	◆

Figure 23: Kainantu mine production data, as reported by MRA

Minerals	Gold, Silver and Copper
Province	Eastern Highlands
Mine opened	2005
Mine life (years)	9 years <sup>171</sup>
Tenement	ML150
2019 export value	PGK 361,509430



<sup>171</sup> Mine Life, <https://miningdataonline.com/property/656/Kainantu-Mine.aspx>, accessed 10 December 2020

The Kainantu mine is located in the eastern Papuan Mobile Belt and in May 2017, a northern extension to the 1.65 Moz AuEq inferred Kora deposit was discovered, called Kora North. By May 2020, Kora North has combined with Kora and has increased combined resources to 1.1moz at 10.4g/t AuEq Measured and Indicated Resource and Inferred of 3.7moz at 9.0 g/t AuEq. Mining of the Kora North discovery commenced in October 2017, commercial production was declared in February 2018 and production has been rapidly expanding since then.<sup>172</sup>

**Table 63: Financial highlights K92 mining project**

Statement of Comprehensive Income <sup>173</sup>		PGK
Revenue		344,598,998
Cost of sales		-161,637,640
Expenses		-26,878,592
Others		-2,070,871
Income tax recovery		10,907,419
<b>Income for the year</b>		<b>164,919,314</b>
Cumulative translation adjustment		2,027,042
Comprehensive income for the year		166,946,356

Segment PNG income	USD*	PGK*
PNG	48,076,153	162,974,313
Canada	-15,533,700	-52,658,000
<b>Income for the year</b>	<b>32,542,453</b>	<b>110,316,312</b>

\*Extracted from K92 Mining Inc Annual Report<sup>174</sup>

+Converted using BPNG Average USD exchange rate (USD 1: PGK3.3899)

Increase in gold production by 74%, higher realised gold prices and management of cash and all-in sustaining cost resulted to improved financial figures for the year ended 31 December 2019. Kainantu's underground mine was considerably upgraded and expanded during 2019.<sup>175</sup>

**Table 64: Project revenue and consolidated payments on Kainantu project**

Project	Revenue	Income for the year	Consolidated receipts to government agencies
Kainantu	344,598,998	110,316,312	23,001,186
<b>Total</b>	<b>344,598,998</b>	<b>110,316,312</b>	<b>23,001,186</b>

The main payments to government agencies are SWT and royalties. The project did not pay corporate income taxes in 2019 due to application of prior tax losses on current taxable income.

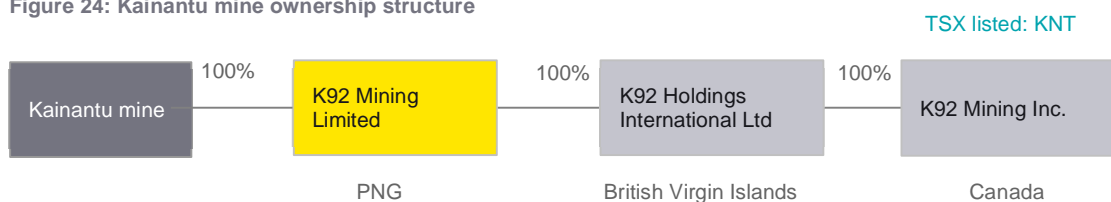
<sup>172</sup> K92 Mining, Corporate Profile <https://k92mining.com/corporate/>, accessed 14 January 2021

<sup>173</sup> K92 Mining Statement of Comprehensive Income (Standalone) was separately provided by K92 management

<sup>174</sup> K92 Mining Inc., 31 December 2019 Annual Report <https://k92mining.com/investor/#filings>, accessed 14 January 2021

<sup>175</sup> K92 Mining Inc., 31 December 2019 Management Discussion Analysis, <https://k92mining.com/investor/#filings>, accessed 14 January 2021

Figure 24: Kainantu mine ownership structure



Operations commenced in 2006 but the mine was placed into care and maintenance in 2009. It remained in this state until 2015, when K92 acquired the project, restarting production in 2017.<sup>176</sup> In December 2020, K92 listed on the Toronto stock exchange.

## 7.2.4. Lihir Gold Ltd (Luise Caldera mine)

Table 65: Compliance summary Lihir mine

Owner	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
Lihir Gold Ltd	Yes	Yes	●	●	●	◆

Figure 25: Luise Caldera production data, as reported by MRA

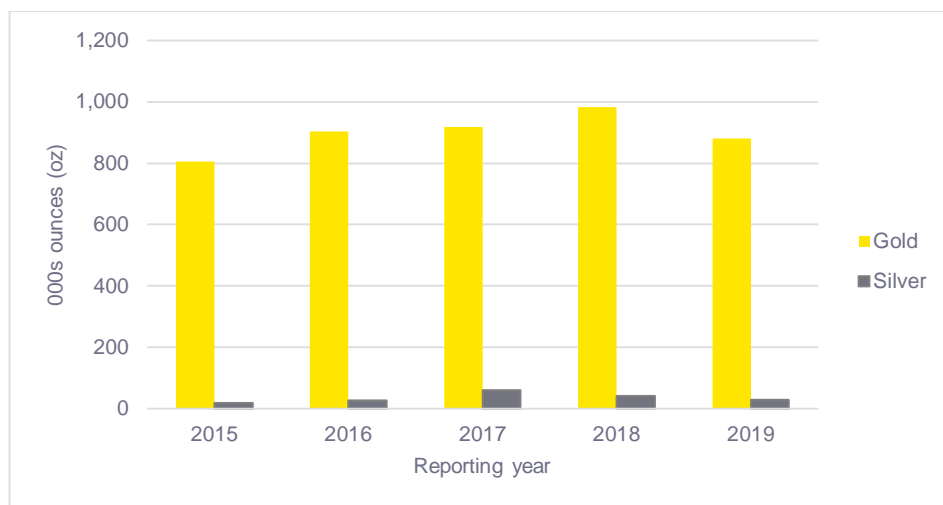
Minerals	Gold and silver
Province	New Ireland
Mine opened	1997
Mine life (years)	20+ (gold reserves estimated at 23m oz) <sup>177</sup>
Tenement	SML6, ML125, 126
2019 export value	PGK4,241,293,363 <sup>178</sup>



<sup>176</sup> K92 Mining Inc, <https://www.k92mining.com/operations/>, accessed 10 December 2020.

<sup>177</sup> Newcrest Annual Mineral Resource and Ore Reserves Statement – 31 December 2019 (Page 8) [https://www.newcrest.com/sites/default/files/2020-02/200213\\_Newcrest%20Resources%20and%20Reserves%20Statement.pdf](https://www.newcrest.com/sites/default/files/2020-02/200213_Newcrest%20Resources%20and%20Reserves%20Statement.pdf)  
Newcrest Briefing Book August 2020 (Page 33) [https://www.newcrest.com/sites/default/files/2020-08/200814\\_Newcrest%20FY20%20Full%20Year%20Results%20-%20Briefing%20Book.pdf](https://www.newcrest.com/sites/default/files/2020-08/200814_Newcrest%20FY20%20Full%20Year%20Results%20-%20Briefing%20Book.pdf)

<sup>178</sup> Ibid



Lihir island is located on a geothermally active extinct volcanic crater. Most of the ore that Lihir produces is refractory and treated using pressure oxidation before the gold is recovered by a conventional leach process.<sup>179</sup>

**Table 66: Financial highlights Lihir Gold Limited**

Statement of comprehensive income (consolidated)	USD (million)*	PGK*
Revenue	1,228.0	4,163
Cost of sales	-1,047.6	-3,551
Exploration expenses	-0.6	-2
Corporate expenses	-2.7	-9
Other income/expenses	-1.4	-5
Finance income	0.3	1
Finance cost	- 4.6	-16
Income tax expense	-53.9	-183
<b>Income for the year</b>	<b>117.5</b>	<b>398</b>

\*Extracted from Lihir Gold Limited 30 June 2019 Annual Report<sup>180</sup>

+Converted using BPNG Average USD exchange rate (USD 1: PGK3.3899)

Lihir Gold Limited increased its gold sales in 2019 compared to 2018. The company has a strong balance sheet with total assets of USD4.4 billion, and limited bank borrowings.

<sup>179</sup> Newcrest Mining, Our Assets, <https://www.newcrest.com/index.php/our-assets/lihir>, 14 January 2021

<sup>180</sup> Lihir Gold Limited, 30 June 2019 Annual Report

<https://www.ipa.gov.pg/pngcompanies/viewInstance/view.html?id=8e37697076d866e358912e7e4c296666995b78a4af966167#scrollTop>, accessed 14 January 2021

Table 67: Project revenue and consolidated payments on Lihir Mine

Project	Revenue	Profit from operations	Net income	Consolidated receipts to government agencies
Lihir	4,163,000,000	612,000,000	398,000,000	235,105,571

The main payments to government agencies are CIT, SWT, FCWT and royalties.

Figure 26: Lihir ownership structure



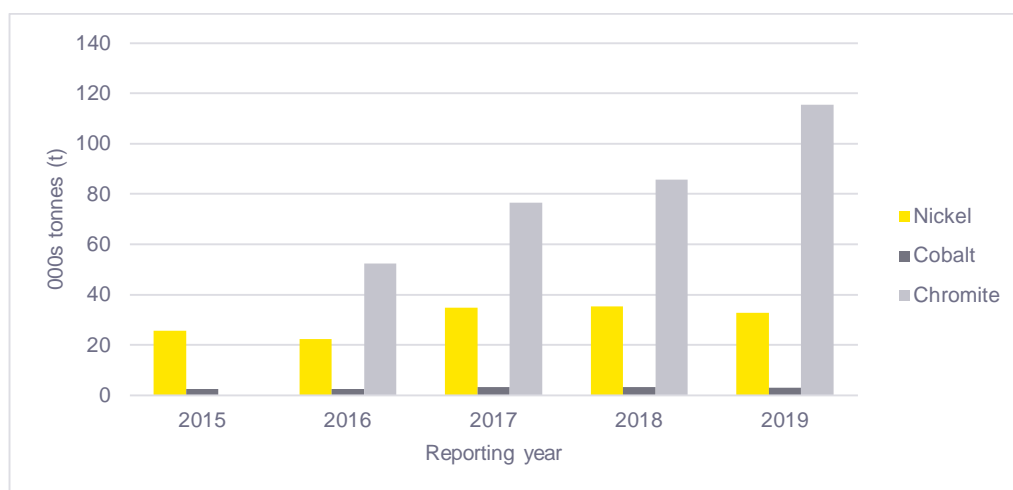
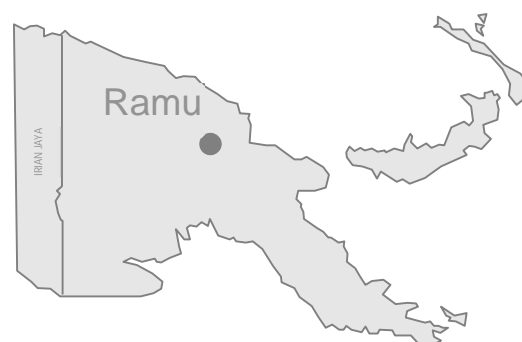
## 7.2.5. MCC Ramu Nico Ltd (Ramu Nickel, Kurumbukari mine)

Table 68: Compliance summary Ramu

Joint Venture partners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
MCC Ramu Nico Limited	Yes	Yes	•	•	•	◆
Ramu Nickel Limited	No	Yes	Provided by operator	Provided by operator	Provided by operator	Not required
Mineral Resources Madang Limited	No	No (Not filed)	•	Provided by operator	•	Not required
Mineral Resources Ramu Limited	No	No (August 2017 last filed)	•	Provided by operator	•	Not required

**Figure 27: Kurumbukari production data, as reported by MRA\***

Minerals	Nickel, cobalt and chromite
Province	Madang
Mine opened	2012 (construction completed)
Mine life	30 <sup>181</sup>
Tenement	SML8
2019 export value	PGK1,856,390,719 <sup>182</sup>



Chromite production was reported by MRA for 2016 but not for 2017 and 2018. Chromite production 2017 and 2018 values are from the operator.

<sup>181</sup> Mine Life, [https://miningdataonline.com/property/3323/Kurumbukari-\(Ramu\)-Mine.aspx](https://miningdataonline.com/property/3323/Kurumbukari-(Ramu)-Mine.aspx), accessed 10 December 2020

<sup>182</sup> Note: This value includes sales for Nickel, Cobalt and Chromite as the export value was provided for these commodities

**Table 69: Financial highlights Ramu Nickel project**

Statement of comprehensive income	USD*	Project gross balances^	PGK*
Revenue	483,680,526	569,035,913	1,928,986,222
Operating cost	-405,918,809	-477,551,540	-1,618,861,516
Other gains (losses)	-624,357	-734,538	-2,490,024
Interest income	10,981,300	12,919,176	43,794,975
Interest expense	-70,065,318	-82,429,786	-279,430,380
Other finance income / expense	-8,420,778	-9,906,798	-33,583,251
Income tax expense	-	-	-
<b>Net income</b>	<b>9,632,564</b>	<b>11,332,428</b>	<b>38,416,025</b>

\*Extracted from MCC Ramu Nico Limited Annual Report<sup>183</sup>

^Recalculated based on share percentage by MCC Ramu Nico Limited (85%)

+Converted using BPNG Average USD exchange rate (USD 1: PGK3.3899)

Based on the annual report, out of PGK1.92 billion revenue, net income amounted to PGK38 million or 2% of gross revenue. Operating costs are primarily comprised of 63% of cost of sales (production cost) and 26% depreciation. Whilst the project maintains a gross margin of 47.5% or PGK915 million (excluding depreciation), net income remains modest due to interest expense incurred from bank loan borrowings.

**Table 70: Share of joint venture partners and consolidated payments on Ramu Nickel project**

Joint Venturers	Percentage	Share from Joint Venture^			Consolidated receipts to government agencies
		Gross sales	Profit from operating activities*	Net income*	
MCC Ramu Nico Limited	85.00%	1,639,638,289	263,606,000	32,653,621	81,739,654
Ramu Nickel Limited	8.56%	165,121,221	Not derived*	Not derived*	Reported by Operator
Mineral Resources Madang Limited	2.50%	48,224,656	Not derived*	Not derived*	Reported by Operator
Mineral Resources Ramu Limited	3.94%	76,002,057	Not derived*	Not derived*	Reported by Operator
<b>Total</b>		<b>1,928,986,222</b>			<b>81,739,654</b>

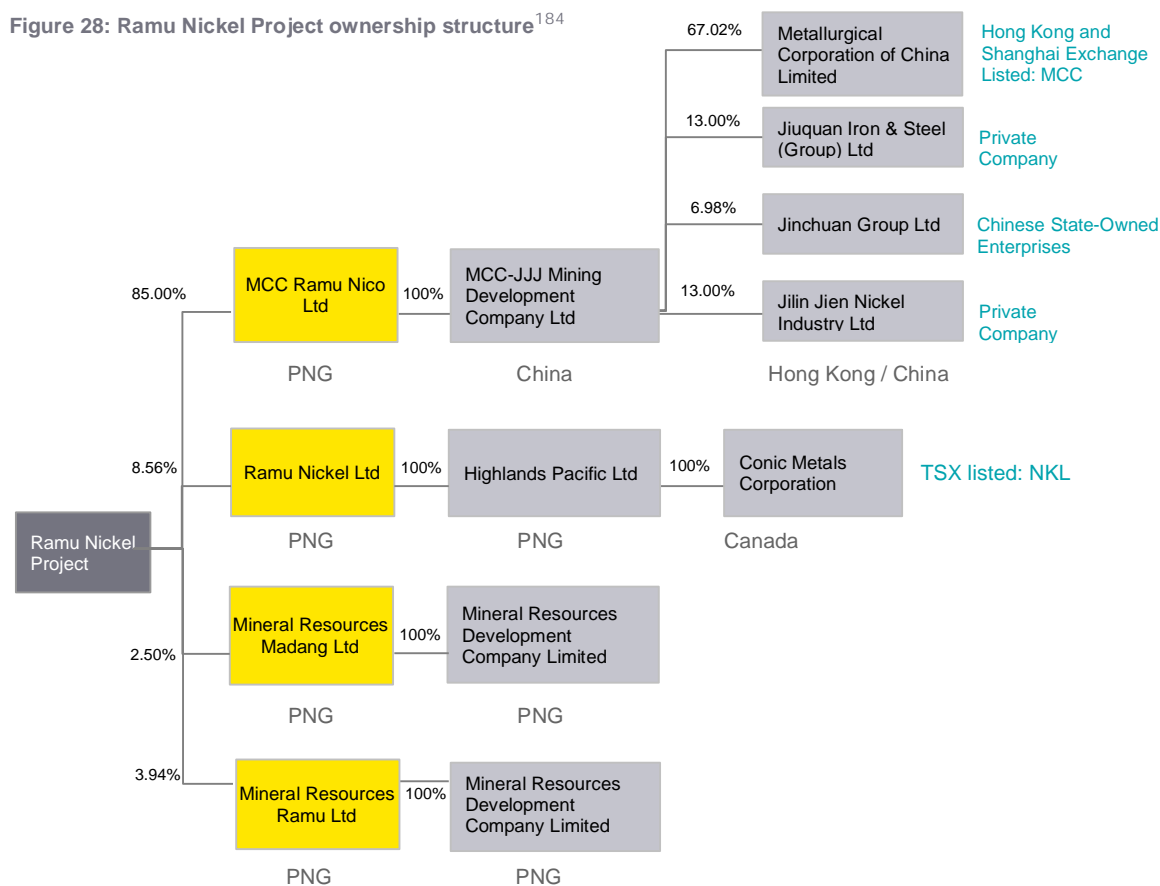
^Share amounts are recalculated based on percentage share

\* Per MCC Ramu Nico, operator of Ramu Nickel Project, the project is an unincorporated Joint Venture, which is contract-based and the Joint Venturers' intention is not to derive income jointly as a result of the Operation, but rather have right to take, deal with its individual share of product separately. Each party benefit from its share of Product other than Net Income. Not all items of Operating Costs are split between Joint Venturers according to their percentage share, especially the Depreciation of Fixed Assets. In addition, each party manage their own financing, hence, it is not possible to use Income Statement of MCC Ramu Nico to recalculate for the whole Project and other minor shareholders.

The main payments to Government agencies are SWT and GST. The project did not pay corporate income taxes in 2019.

<sup>183</sup> MCC Ramu Nico Limited, Annual Report, <https://www.ipa.gov.pg/pngcompanies/viewInstance/view.html?id=8e37697076d866e358912e7e4c29666690f77ee5850fe338#scrollTop>, accessed 14 January 2021

Figure 28: Ramu Nickel Project ownership structure<sup>184</sup>



The Ramu Nickel project includes the Kurumbukari Mine, Basamuk Refinery and Slurry Pipeline. The open pit mine is located on the Kurumbukari plateau. The slurry pipeline is 135km long, running from the mine to the refinery for processing. Most of the pipeline has been buried and has road access for ease of checking and maintenance. The Basamuk Refinery on the coast of Basamuk Bay conducts slurry treatment, high-pressure acid leaching, and various other refining methods.

#### Highlands Pacific Limited Change in Ownership

On 30 April 2019, Highlands Pacific shareholders agreed that Cobalt 27 Capital Corp. would acquire all the issued share capital of Highlands Pacific Limited that it did not already own.<sup>185</sup> Highlands Pacific Limited was subsequently delisted from both PNG's National Stock Exchange and the Australian Stock exchange on 20 May 2019.<sup>186</sup> On 25 October 2019, Pala Investments acquired 100% of Cobalt 27's issued and outstanding common shares (including approximately 19% that Pala Investments already owned), to create a new company, Nickel 28 Capital Corp., since renamed as Conic Metals Corporation.<sup>187</sup>

Conic Metals Corp. is domiciled in British Columbia, Canada and is publicly listed on the Toronto Stock Exchange under the market identifier code NKL.

<sup>184</sup> Ramu Nickel Cobalt, <http://www.highlandspacific.com/current-projects/ramu-nickel>, accessed 10 December 2020; MCC Ramu Nico Ltd, Annual Report, <https://www.ipa.gov.pg/pngcompanies/viewInstance/view.html?id=8e37697076d866e358912e7e4c2966661b332ae098065684#scrollTop> 2019 Annual Report available in Annual Return lodged in 16 October 2020; Metallurgical Corporation of China Limited, Annual Report, <https://webb-site.com/dbpub/docs.asp?p=51452>; Ramu Joint Venture Structure, page 25, <https://www.conicmetals.com/resources/presentations/corporate-presentation.pdf>

<sup>185</sup> Highlands Pacific Limited (Scheme Meeting), <http://www.pngx.com.pg/scheme-meeting-results-30-april-2019/>

<sup>186</sup> Highlands Pacific Limited (Delisting), <http://www.pngx.com.pg/companies/delisted-suspended-securities/>,

<https://www.listcorp.com/asx/hig/highlands-pacific/news/removal-from-official-list-2090056.html>

<sup>187</sup> Cobalt 27 Capital Corp (change of ownership), <https://www.prnewswire.com/news-releases/cobalt-27-provides-updates-on-the-closing-of-the-plan-of-arrangement-with-pala-investments-the-creation-of-conic-metals-and-developments-related-to-the-ramu-mine-300945087.html>



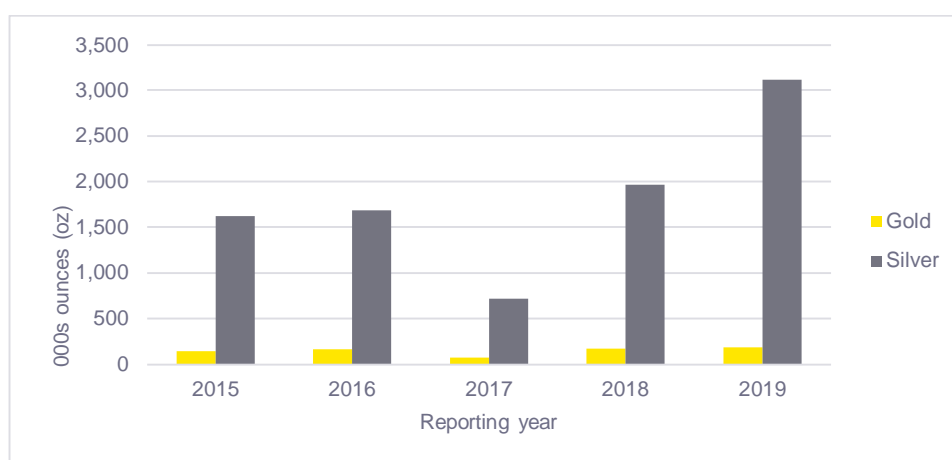
## 7.2.6. Morobe Consolidated Goldfields Ltd (Hidden Valley Mine)

Table 71: Compliance summary Hidden Valley

Owner	Annual Report publicly available	Annual Return updated in IPA	EITI requirements			
			Financial information	Non-financial information	Subnational payments	Status of reconciliation
Morobe Consolidated Goldfields Limited	No	Yes	•	•	•	◆

Figure 29: Hidden Valley production data, as reported by MRA

Minerals	Gold and silver
Province	Morobe
Mine opened	2009 (commenced production)
Mine life (years)	5 <sup>188</sup>
Tenement	ML151
2019 export value	PGK1,047,472,053*



\*Low volume in 2017 is due to expansion project which resulted in less production.

The Hidden Valley mine is an open pit gold and silver mine, situated in the Morobe province in Papua New Guinea, some 210km northwest of Port Moresby and approximately 90km south-southwest from Lae, the capital of the province. The mine is located at elevations between 2,800m and 1,700m above sea level within steep mountainous and forested terrain that experiences approximately 3m of rainfall per year. The major gold and silver deposits of Hidden Valley are located in the Morobe Granodiorite of the Wau Graben. Crushed ore is conveyed from the Hidden Valley pit via a 3.8km long overland pipe conveyor and

<sup>188</sup> Mine Life, <https://miningdataonline.com/property/186/Hidden-Valley-Mine.aspx>, accessed 10 December 2020  
<https://www.bloomberg.com/profiles/companies/JQISGZ:CH-jiuquan-iron-&-steel-group-co-ltd>, accessed 10 December 2020. Jilin Jien Nickel Industry Co. Ltd listing from [https://www.bloomberg.com/profile/company/600432:CH?in\\_source=PersonProfile](https://www.bloomberg.com/profile/company/600432:CH?in_source=PersonProfile), accessed 10 December 2020

is treated at the Hidden Valley processing plant, which uses a two-stage crushing circuit followed by a SAG mill, gravity, CCD/Merril Crowe circuit for silver and carbon-in-leach circuit for the gold.<sup>189</sup>

Hidden Valley has a single amalgamated environment permit EP-L3 (578) issued to Morobe Consolidated Goldfields Limited on 2<sup>nd</sup> of March 2005 and will expire on 29<sup>th</sup> of March 2030.<sup>190</sup>

**Table 72: Financial highlights Hidden Valley (30 June 2019)**

Segment accounts	Rand (million)*	PGK*
Revenue	3,591	860.78
Production cost	1,362	326.48
<b>Production profit</b>	<b>2,229</b>	<b>534.30</b>
Mining assets	3,694	885.47
Capital expenditure	1,591	381.37

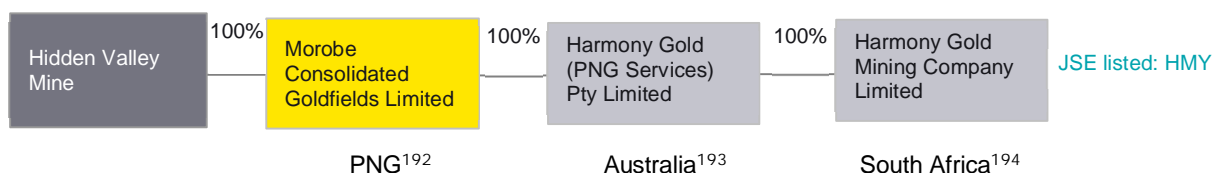
\*Extracted from Harmony Gold Mining Annual Financial Report<sup>191</sup> (30 June 2019) Segment Reporting, page 109  
+Converted using BPNG Mid-Range (28 June 2019) Rand (South Africa) exchange rate (1PGK: ZAR4.1718)

**Table 73: Project revenue and consolidated payments on Hidden Valley Project**

Project	Revenue	Production Profit	Consolidated receipts to Government Agencies
Hidden Valley	860,780,000	534,300,000	42,443,669
<b>Total</b>	<b>860,780,000</b>	<b>534,300,000</b>	<b>42,443,669</b>

The main payments to Government agencies are SWT and royalties. The project did not pay corporate income taxes in 2019.

**Figure 30: Hidden Valley mine ownership structure**



<sup>189</sup> Hidden Valley Mine, Business PNG <https://www.harmony.co.za/business/png/hidden-valley>, accessed 18 January 2021

<sup>190</sup> Details provided by Morobe Consolidated Goldfields Limited, 9 December 2020

<sup>191</sup> Harmony Gold Mining Company Limited, page 109 Notes to Financial Statements

<https://www.har.co.za/19/download/HAR-IR19.pdf>, accessed 14 January 2021

<sup>192</sup> Morobe Consolidated Goldfields Limited, Annual Return

<https://www.ipa.gov.pg/pngcompanies/viewInstance/view.html?id=8e37697076d866e358912e7e4c2966668dd1aceb53bc7c32#scrollTop>, accessed 14 January 2021

<sup>193</sup> Ibid

<sup>194</sup> Harmony Gold Mining Company Limited, page 30 Notes to Financial Statements

<https://www.har.co.za/19/download/HAR-IR19.pdf>, accessed 14 January 2021

## 7.2.7. Niuminco Edie Creek Ltd (Edie Creek mine)

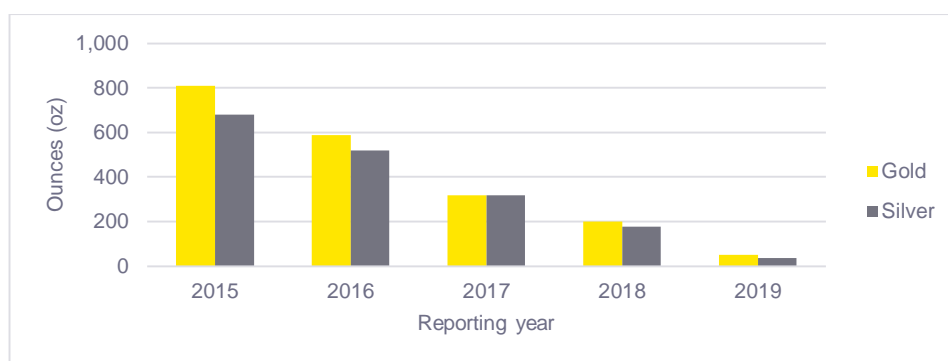
Table 74: Compliance summary Niuminco Edie Creek

Owners	Annual Report publicly available	Annual Return updated in IPA	EITI requirements			
			Financial information	Non-financial information	Subnational payments	Status of reconciliation
Niuminco Edie Creek Limited	Yes (Included in Niuminco Group Limited)	No (July 2017 last filed)	Not required	Not required	Not required	Not required
Niuminco EC Limited	Yes (Included in Niuminco Group Limited)	No (April 2015 last filed)	Not required	Not required	Not required	Not required

Figure 31: Edie Creek production data, as reported by MRA



\*Mining at Edie Creek has taken place since the late 1930s, but the current operation re-opened in 2014



The Edie Creek mine lies within the Bulolo gold mining province in the New Guinea highlands. The project shares a common boundary with the Harmony Gold Mining Co. Ltd mine at Hidden Valley, which is currently producing over 200,000 ounces of gold and 2,000,000 ounces of silver per year.<sup>197</sup>

The Edie Creek mining leases have all been renewed until 2021 and 2022. Gold/silver pilot mining and production recommenced in February 2014.<sup>198</sup>

<sup>195</sup> Edie Creek Mine, <https://www.niuminco.com.au/>, accessed 10 December 2020

<sup>196</sup> Operations, The Edie Creek Project, <https://niuminco.com.au/current-operations.html>, accessed 10 December 2020

<sup>197</sup> Ibid

<sup>198</sup> Ibid

**Table 75: Financial highlights Niuminco Group Limited**

Statement of comprehensive income	AUD*	PGK <sup>+</sup>
Revenue	275,118	646,527
Direct mining costs	-798,502	-1,876,480
Other gains (losses)	510,163	1,198,883
Depreciation	-143,270	-336,685
Interest expense	-149,912	-352,293
Other expenses	-825,207	-1,939,236
Income tax expense	-	-
<b>Net income (loss)</b>	<b>-1,131,610</b>	<b>- 2,659,284</b>

\*Extracted from Niuminco Group Limited Annual Report for the year-ended 30 June 2019. 'Other expenses' included exploration costs on Bolobip and May River – PNG project amounting to AUD64,000 (PGK150,400)<sup>199</sup>  
<sup>+</sup>Converted using BPNG Average AUD exchange rate (AUD1: PGK2.35)

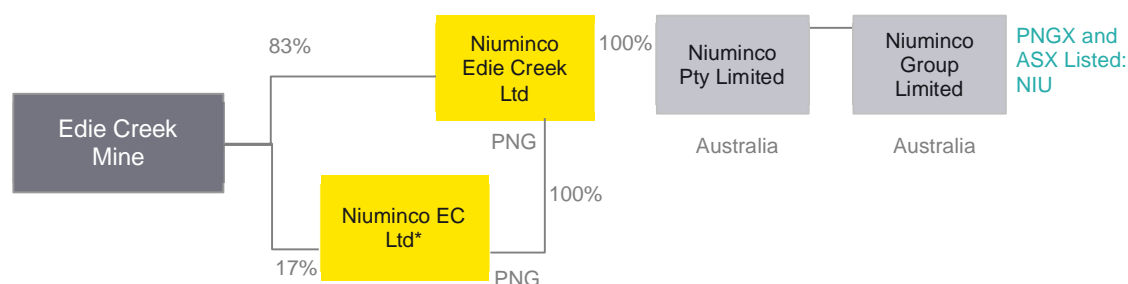
Niuminco Group Limited 2019 Annual Report included a 'Material uncertainty related to going concern' section in the Audit Report due to losses incurred and net deficit position as at 30 June 2019. The Directors are of the opinion that there are reasonable grounds to expect that the Group's operational and financial performance will improve and will be able to continue as going concern.<sup>200</sup>

**Table 76: Project revenue and consolidated payments of Edie Creek Mine**

Project	Revenue	Net Loss	Consolidated Payments to Government Agencies
Edie Creek Mine	646,527	-2,659,284	-
<b>Total</b>	<b>646,527</b>	<b>-2,659,284</b>	<b>-</b>

The project did not pay any taxes in 2019, given the losses incurred.

**Figure 32: Edie Creek mine ownership**



\* The Group has executed an agreement to purchase the remaining 17% interest in the Edie Creek mining leases held by their former JV partner, Mincor PNG Limited, for a purchase price of \$150,000. This is included as a current payable within trade creditors at 30 June 2019 (page 30, Notes to Financial Statements).<sup>201</sup>

<sup>199</sup> Niuminco Group Limited, 2019 Annual Report, <https://www.niuminco.com.au/NIU%20-%202019%20-%20Annual%20Report.pdf>, accessed 14 January 2021

<sup>200</sup> Ibid

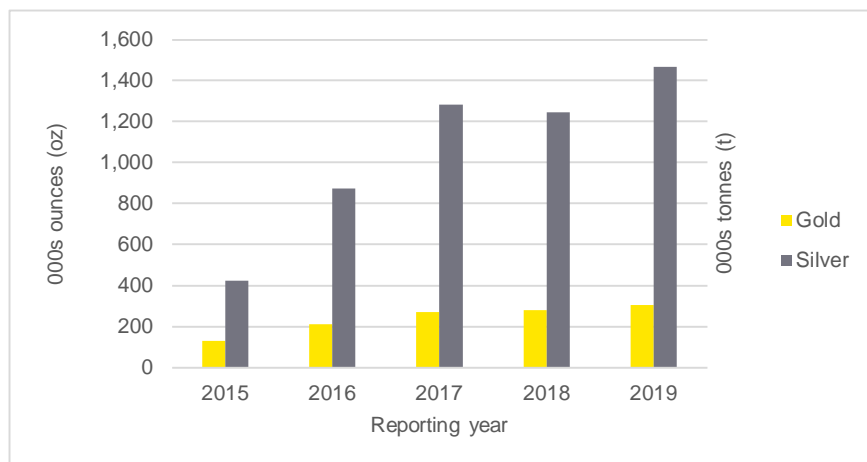
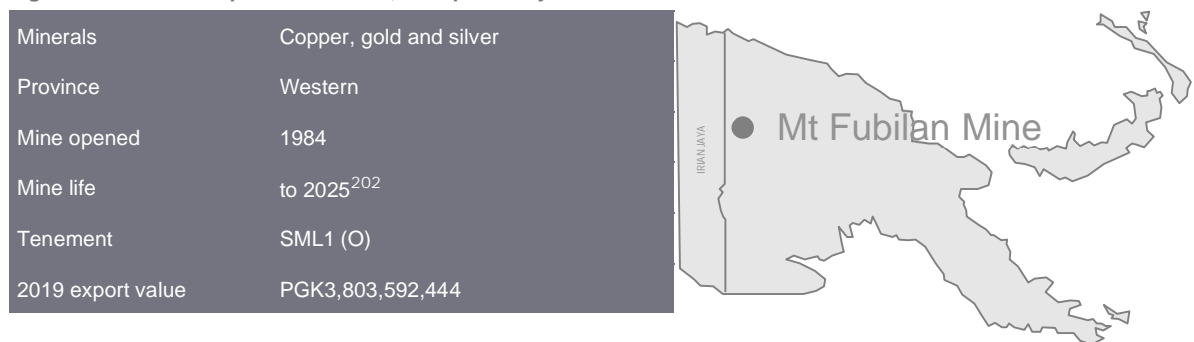
<sup>201</sup> Ibid

## 7.2.8. Ok Tedi Mining Limited (Mt Fubilan mine)

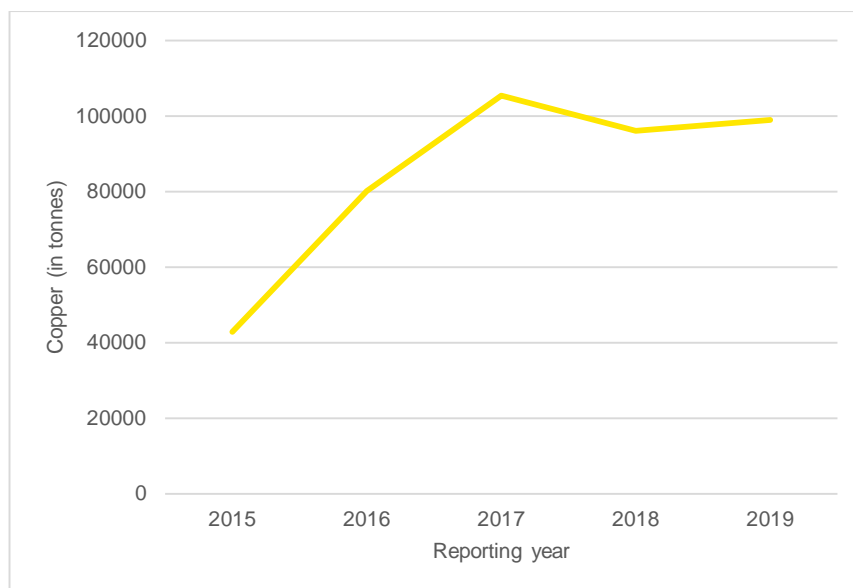
Table 77: Compliance summary Mt. Fubilan

Owner	Annual Report publicly available	Annual Return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
Ok Tedi Mine Limited	Yes	Yes	●	●	●	◆

Figure 33: Mt Fubilan production data, as reported by MRA



<sup>202</sup> Ok Tedi Mining Limited Annual Review 2017, p. 97, <https://oktedi.com/who-we-are/annual-performance/annual-performance-2017/>. Accessed 11 December 2020



The 2019 year was challenging for Ok Tedi due to the impact of a major earthquake in February and a drought that affected shipping in November and December.<sup>203</sup>

**Table 78: Financial highlights Ok Tedi Mining Limited**

Statement of Comprehensive Income	PGK (thousand)*
Revenue	3,803,592
Mining, processing and inventory costs	-1,454,000
Other gains (losses)	1,332
Depreciation	-397,657
Finance income	51,259
Finance expense	-54,553
Other expenses	-890,566
Income tax expense	-304,378
<b>Net income</b>	<b>755,029</b>

\*Extracted from Ok Tedi Mining Limited Annual Report<sup>204</sup>

Based on its Annual Report, Ok Tedi Mining Limited enjoys a profit margin ratio of 19.85% in 2019 (2018: 16.68%) and has strong balance sheet, with assets amounting to PGK6.22 billion and no bank borrowings.

<sup>203</sup> Ok Tedi Mining Limited Annual Review 2018, p. 10, <https://oktedi.com/who-we-are/annual-performance/>, accessed 11 December 2020

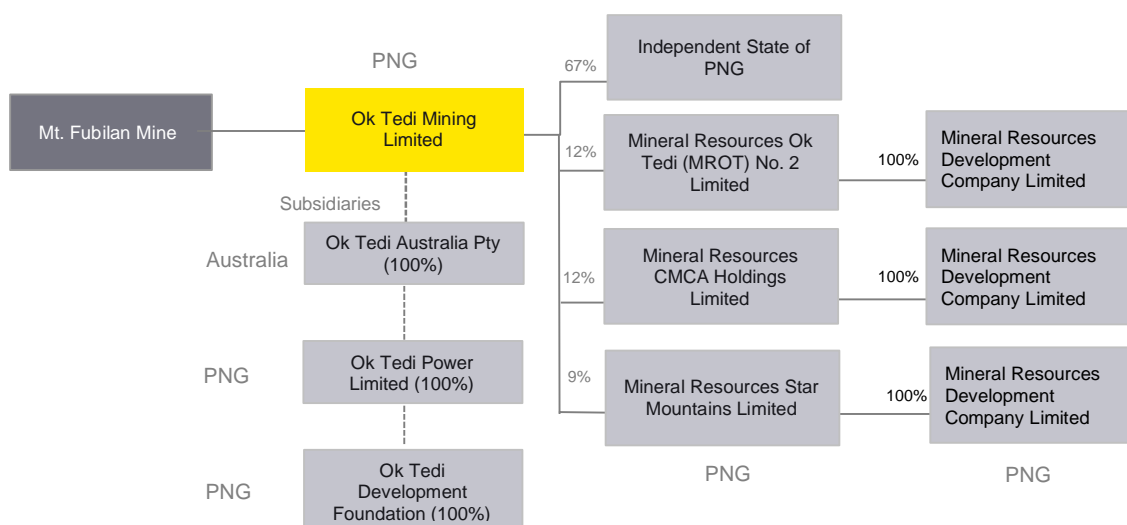
<sup>204</sup> Ok Tedi Mining Limited, Annual Report, <https://oktedi.com/who-we-are/annual-performance/>, accessed 14 January 2020

Table 79: Project revenue and consolidated payments on Ok Tedi Mining Limited

Project	Revenue	Profit from operations	Net income	Consolidated receipts to Government agencies
Mt. Fubilan	3,803,592,000	2,349,592,000	755,029,000	501,109,567
<b>Total</b>	<b>3,803,592,000</b>	<b>2,349,592,000</b>	<b>755,029,000</b>	<b>501,109,567</b>

The main payments to Government agencies are CIT, SWT, royalties and dividends.

Figure 34: Ownership structure of Mt Fubilan mine



The State of PNG's holding was reduced to 67% in 2018, following the decision of the National Executive Council (NEC) in 2016 that the Fly River Provincial Government and specific purpose community entities will move to hold 33% direct equity.<sup>205</sup>

Ok Tedi Mining's website, however, shows no change of ownership since 2018. We received no further information about this inconsistency.

As illustrated above in Figure 34, OTML had three subsidiaries during the reporting period:

- ▶ Ok Tedi Australia Pty Limited: The marketing and Australian logistics arm of OTML, based in Brisbane (wholly owned subsidiary).
- ▶ Ok Tedi Power Limited: Manages the Kiunga power operation and mini grids in Western Province. It was incorporated in June 2014 after the PNG Sustainable Development Program transferred its power assets in the Western Province to the Fly River Provincial Government (wholly owned subsidiary).
- ▶ Ok Tedi Development Foundation Limited: A non-profit entity established to manage the development benefits and delivery of projects to the 158 villages in the Community Mine Continuation Agreement (CMCA) area of the Western Province (wholly owned subsidiary<sup>206</sup>).

<sup>205</sup> Ok Tedi Mining Limited Annual Review 2017, p. 14 <https://oktedi.com/who-we-are/annual-performance/annual-performance-2017/>, accessed 11 December 2020; Ok Tedi Mining Limited Annual Review 2018, p. 13, <https://oktedi.com/who-we-are/annual-performance/>, accessed 11 December 2020

<sup>206</sup> Ok Tedi Mining Limited Annual Review 2018, p. 10, <https://oktedi.com/who-we-are/annual-performance/>, accessed 11 December 2020

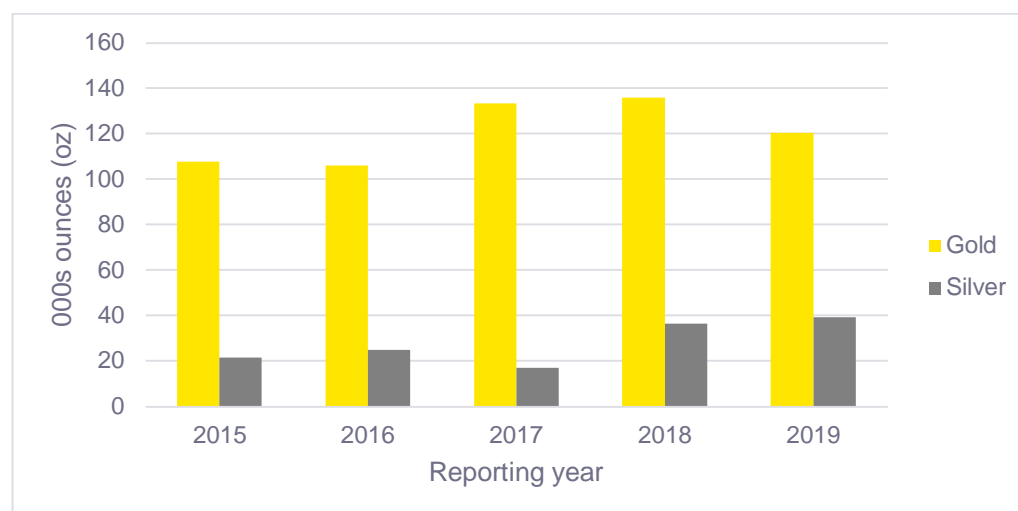
## 7.2.9. Simberi Gold Company Ltd (Simberi mine)

Table 80: Compliance summary Simberi Mine

Owner	Annual Report publicly available	Annual Return updated in IPA	EITI Requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
Simberi Gold Company Limited	No	Yes	•	•	•	◆

Figure 35: Simberi production data, as reported by MRA

Minerals	Gold and silver
Province	New Ireland
Mine opened	2008 (commenced production)
Mine life (years)	12
Tenement	ML136
2019 export value	PGK546,127,675



Simberi is the northernmost island in the Tabar group of islands in the province of New Ireland – the easternmost province of Papua New Guinea (PNG) some 900 kilometres from the capital of PNG, Port Moresby. Current mining occurs on the eastern half of the island covered by a 2,560-hectare Mining Lease (ML136). The ore at Simberi is sourced from a number of open pits. The Sorowar Pit is currently the largest defined oxide pit. Current mining plans of the oxide cap suggest a strip ratio of 1:1. Ore from the pits is delivered to the ROM pad (Sorowar feeder) where it is crushed and conveyed down an innovative and energy-efficient 2.7 km rope conveyor that transports the ore to a stockpile in front of the process plant.<sup>207</sup>

<sup>207</sup> Simberi Mine, Operations <https://stbarbara.com.au/our-operations/simeri/>, accessed 14 January 2021



Table 81: Financial highlights Simberi Mine (30 June 2019)

Segment accounts	AUD (thousands)*	PGK <sup>+</sup>
Revenue	257,643	605,461
Mining, processing and inventory costs	-143,839	-338,022
Royalties	-5,778	-13,578
Depreciation	-18,220	-42,817
<b>Profit from the operations</b>	<b>89,806</b>	<b>211,044</b>

\*Extracted from St. Barbara Limited Annual Financial Report<sup>208</sup> (30 June 2019) Directors Report, page 4. Excludes corporate costs, exploration expenses, interest and tax.

+Converted using BPNG Average AUD exchange rate (AUD1: PGK2.35)

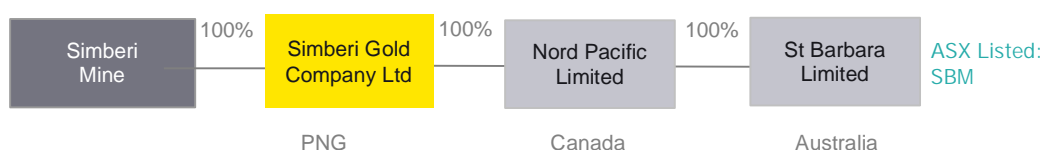
During 2019, the Simberi operations continued strong performance, setting a new production and cash generation record. Total sales revenue from Simberi in 2019 was AUD\$257,643,000 (2018: AUD\$217,940,000), generated from gold sales of 145,819 ounces (2018: 129,815 ounces) at an average achieved gold price of A\$1,761 per ounce (2018: A\$1,673 per ounce). As at 30 June 2019, there were 3,876 ounces of gold inventory (2018: 9,521 ounces).<sup>209</sup>

Table 82: Project revenue and consolidated payments of Simberi Mine

Project	Revenue	Profit from operations	Consolidated receipts to Government agencies
Simberi Mine	605,461,050	211,044,100	24,644,341
<b>Total</b>	<b>605,461,050</b>	<b>211,044,100</b>	<b>24,644,341</b>

Consolidated payments to Government agencies in 2019 significantly primarily comprised SWT, royalties and GST.

Figure 36: Simberi mine ownership structure



<sup>208</sup>St. Barbara Limited Annual Report, page 4 Directors Report, <https://stbarbara.com.au/wp-content/uploads/2019/09/st-barbara-limited-annual-report-2019-web.pdf>, accessed 14 January 2021

<sup>209</sup>Ibid

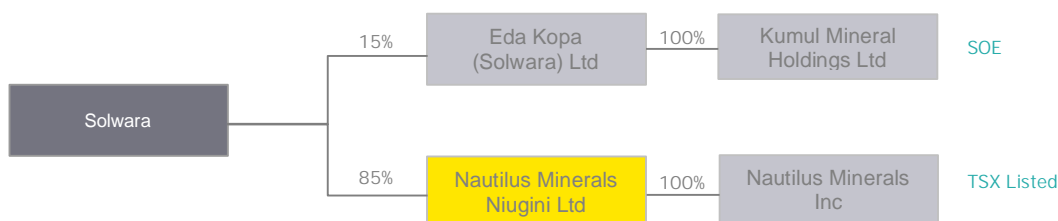
## 7.3. New mining projects

There were several major projects that had mining leases during 2019 but were still in development stage. The list of all active mining leases and special mining leases for 2019 provided by the MRA are included in Appendix B.

### 7.3.1. Nautilus Minerals Niugini Ltd (Solwara)

A mining lease for the Solwara project (ML 154) was granted in 2011.<sup>210</sup> This deep-sea mining venture of Nautilus Minerals planned to mine copper and gold from massive seafloor deposits 1,600 meters below the surface of the Bismarck Sea at the Solwara 1 project site. The State holds 15% equity in the project. However, the venture faced a range of challenges, and Nautilus Minerals went into liquidation.<sup>211</sup> In 2019, Nautilus Mineral's holding was acquired by Deep Sea mining Finance Ltd, a privately owned joint venture between USM Holdings Ltd and MB Holding Company LLC, owned by the Sultanate of Oman, with the intention to restart the project. However, in January 2020 the MRA stated that the PGK408.8m invested in the project by the State would probably be written off.<sup>212</sup>

Figure 37: Solwara ownership structure

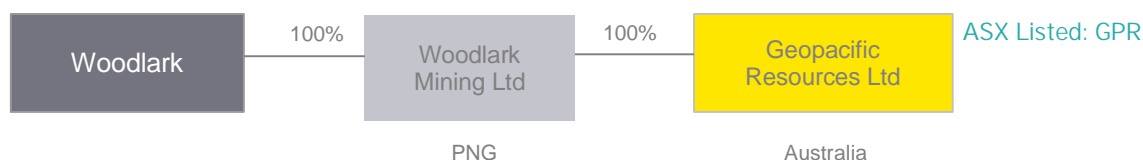


### 7.3.2. Woodlark Mining Ltd (Woodlark)

The Woodlark mining lease was granted in 2014.

In November 2018, a Definitive Feasibility Study (DFS) was completed by Lycopodium Pty Ltd demonstrating a robust 13-year project with a compelling development option, both from a technical and financial perspective. A \$40 million share placement was made to Sophisticated and Professional Investors in October 2019. On 1 December 2019, a team of Geopacific personnel mobilised on site to prepare for the arrival of contractors engaged to undertake Earth Moving Civils and Housing Construction. On 13 December 2019, key supplies and equipment mobilised to site, along with over 30 contractors, marking a key milestone critical to the success of the project. The goal for completion of the construction and commissioning of the processing plant is July 2022.<sup>213</sup>

Figure 38: Woodlark ownership structure 2019



<sup>210</sup> Nautilus Minerals Inc. Revised Annual Information Form For the Fiscal Year Ended December 31, 2010, <http://www.nautilusminerals.com/IRM/PDF/1390/RevisedAnnualInformationFormEnglish>, accessed 31 October 2019

<sup>211</sup> A high-profile deep-sea mining company is struggling, <https://www.economist.com/business/2018/12/06/a-high-profile-deep-sea-mining-company-is-struggling>, accessed 11 December 2020.

<sup>212</sup> Direct communication from MRA, 11 December 2019 <https://thewest.com.au/business/public-companies/geopacific-stitches-up-woodlark-gold-project-in-png-c-184925>, accessed 11 December 2020

<sup>213</sup> Woodlark Gold Project, <https://geopacific.com.au/woodlark-gold-project/>, 14 January 2021.

## Woodlark Mining Limited *Change in Ownership*

In July 2019, Geopacific Resources Ltd acquired all interests in the Woodlark project from Kula Gold Ltd.<sup>214</sup>

## 7.4. Advanced exploration mining projects

### 7.4.1. Advanced exploration reporting entities

The Frieda River project (PanAust and Highlands Pacific Joint Venture) and the Wafi-Golpu Joint Venture (Newcrest and Harmony) are presented below, as special mining lease applications have been lodged. The projects submitted their initial feasibility studies and application for mining licences in 2016, but no production in 2019. SML has yet been approved.<sup>215</sup>

Figure 39: Frieda River project ownership structure<sup>216</sup>



On 7 March 2019, PanAust entered into an agreement for the purchase of Highlands Pacific's 20% interest in the Frieda River Project. This agreement is subject to a number of conditions precedent including the implementation of a transaction whereby Cobalt 27 Capital Corporation acquires all of the shares in Highlands Pacific Limited which it does not currently own by way of a 'Scheme of Arrangement'.<sup>217</sup>

Throughout 2019, Frieda River site operations team delivered a number of safety improvement projects and provided life-saving medical support and improvements to educational facilities in local communities.<sup>218</sup>

Figure 40: Wafi-Golpu Joint Venture ownership structure



The Wafi-Golpu Joint Venture entered into a Memorandum of Understanding (MOU) with the Government of Papua New Guinea in December 2018, targeting a special mining lease grant by June 2019. Since the signing of the MOU in December 2018, a legal matter between the provincial and national government interrupted the permitting process. Ultimately the Government withdrew from the MOU and the legal matter was dismissed. At this stage, the permitting timelines and roadmap are still to be redefined.<sup>219</sup>

The Wafi-Golpu Project held environment permit EP-L2(426) and various other water extraction and waste discharge permits during the 2019 period for the purposes of its activities. In December 2020 these were

<sup>214</sup> Geopacific Resources Limited, Review of Operations, page 12 of Annual Report, <https://geopacific.com.au/annual-reports/>, accessed 14 January 2021.

<sup>215</sup> 2019 PNG Budget, [http://www.treasury.gov.pg/html/national\\_budget/files/2019/Volume%201.pdf](http://www.treasury.gov.pg/html/national_budget/files/2019/Volume%201.pdf), accessed 11 December 2020

<sup>216</sup> Frieda River Copper-Gold <http://www.highlandspacific.com/current-projects/frieda-copper>, accessed 11 December 2020 (redirected to conic metals)

<sup>217</sup> Frieda River Project – March Quarter 2019 Activities Report,

[https://panaust.com.au/sites/default/files/PanAust%20March%20Quarter%202019%20Activities%20Report\\_FINAL.pdf](https://panaust.com.au/sites/default/files/PanAust%20March%20Quarter%202019%20Activities%20Report_FINAL.pdf), 14 January 2021

<sup>218</sup> Pan Aus, Activities Pre-development and Exploration projects page 4,

[https://panaust.com.au/sites/default/files/PanAust%20December%20Quarter%202019%20Activities%20Report\\_0\\_0.pdf](https://panaust.com.au/sites/default/files/PanAust%20December%20Quarter%202019%20Activities%20Report_0_0.pdf), 14 January 2021

<sup>219</sup> Wafi-Golpu Project, <https://www.harmony.co.za/business/png/wafi-golpu>, accessed 18 January 2021.

amalgamated into a single environment permit EP-L3(767) which also permits the activities described in the Wafi-Golpu Project Environmental Impact Statement (June 2018).

## 7.4.2. Advanced exploration non-reporting entities

The following advanced exploration projects identified in Figure 20 above have not been identified as material based on quantitative or qualitative considerations under the current definition for reporting entities.

**Table 83: Non-material advance exploration projects**

Project	Tenement	Detail
Kili Teke	EL 2310	gold and copper (Harmony Gold (PNG) Exploration Ltd)
Ihu	EL 2305	gold and iron sand (Mayur Iron PNG Ltd)
Kokoda	EL 1390	nickel and copper (Oro Nickel Ltd)
Misima Island	EL 1747	gold and silver (Gallipoli Exploration (PNG) Ltd owned by JX Nippon Mining and Metals (66%) and Mitsui Mining and Smelting (34%))
Kare	EL 1784, EL 1786	Tribune Mt Kare; Licence is up for renewal. Gold and silver (Waterford Ltd)
Nakru Copper Quest	EL 1043	copper (Coppermoly Ltd and wholly owned subsidiary Copper Quest (PNG) Ltd)
Star Mountains (Nong River)	EL 2517	gold and copper (Highlands Pacific Resources Ltd)
Wowo Gap (Safia Embessa & Obea)	EL 1165	nickel (Niugini Nickel Pty Ltd, a wholly owned subsidiary of Resource Mining Corporation Ltd)

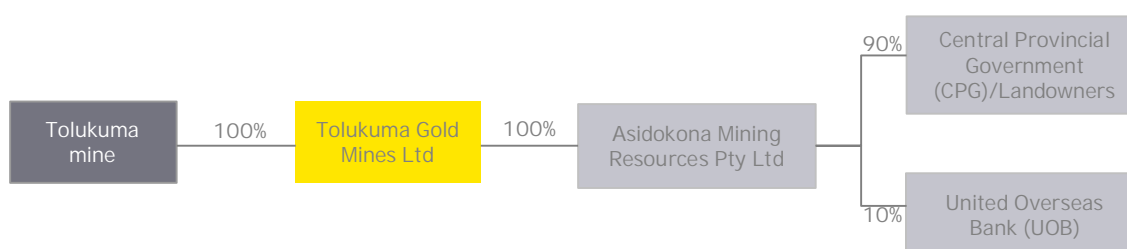
## 7.5. Mines not operating in 2019

### 7.5.1. Tolukuma

The Tolukuma gold mine was sold by Petromin (now KMH) to Asidokona Mining Resources Pty Ltd in 2015; however, the purchase price was never transferred to KMH.<sup>220</sup>

Tolukuma has not been in operation since the sale. In February 2018 the operating company, Tolukuma Gold Mines Ltd, was placed into liquidation, having been taken to court by its creditors.<sup>221</sup> The mine was put on sale by the liquidator, with tenders going out in July 2019.<sup>222</sup> At the time of writing, new ownership was yet to be confirmed.

**Figure 41: Tolukuma ownership structure (as at 2017 – current information could not be obtained)**



<sup>220</sup> PNG EITI Report for 2017, <http://www.pngeiti.org.pg/wp-content/uploads/2019/01/PNGEITI-Report-2017-1.pdf> p. 102, accessed 11 December 2020.

<sup>221</sup> Tolukuma lies with financiers', Post Courier, 25 February 2018, <https://postcourier.com.pg/tolukuma-lies-financiers/>, accessed 11 December 2020.

<sup>222</sup> Tolukuma assets put on sale', The National, 10 July 2019, <https://www.thenational.com.pg/tolukuma-assets-put-on-sale/>, accessed 11 December 2020.

## 7.5.2. Mt Crater

Figure 42: Mt Crater production data, as reported by MRA

Minerals	Gold
Province	Eastern Highlands
Mine opened	2015
Mine life (years)	20 (estimated)
Tenement	ML 510, EL 1115, ELA 2643, ELA 6
2019 export value	n/a

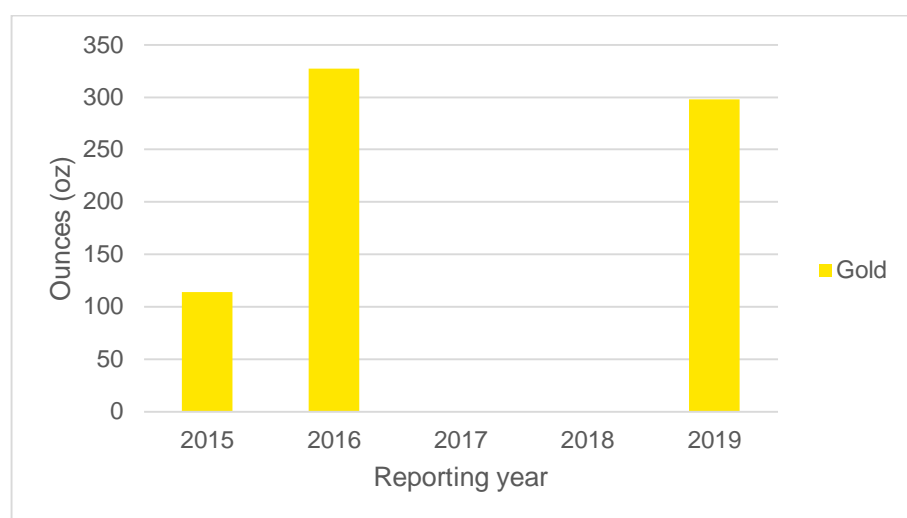


Figure 43: Mt Crater mine ownership structure



Mining of this potential multi-million-ounce gold deposit commenced operations in 2015.<sup>223</sup> Production was halted in 2017 while an internal review was conducted to assess whether the mine could generate the cash flow expected by the board of Crater Gold Mining Ltd.

In June 2020 annual report, the Company produced approximately 110oz of gold from mining operations at the High-Grade Zone ("HGZ") at Crater Mountain. Mining continued three levels, 1960RL, 1950RL and 1930RL.<sup>224</sup> A major focus for the year was the ML 510 mining licence renewal application for the HGZ mine and the associated MRA Warden's hearings. The Company remains focused on the renewal process of ML510 and is working closely with the Mineral Resources Authority (MRA) to secure a new ten-year mining licence.<sup>225</sup>

<sup>223</sup> Crater Mountain, <http://www.cratergold.com.au/irm/content/crater-mountain.aspx?RID=211>, accessed 11 December 2020.

<sup>224</sup> Crater Gold Mining, Annual Report, page 3 High Grade Zone (HGZ) project at Crater Mountain <http://www.cratergold.com.au/irm/file/5/view/CGNAnnualReport2020finalsignedandcompiled.pdf>

<sup>225</sup> Ibid

## 7.6. Mining production data

Mining companies provide production data to the MRA monthly as a requirement of their reporting obligations under the MA. The MRA performs reasonableness checks on the monthly data but does not have the resources or capacity to audit the data, although it has the authority to do so under the MRA Act.

Table 84: Production and export quantities and values reported by companies and the MRA for 2019<sup>226 227</sup>

Mine/ project name	Commodity	Reported commodity value	Units	Company reported figure	MRA reported figure	Variance	Variance (%)
Porgera	Gold	Quantity produced	oz	567,566	597,436	29,870	5%
		Produced value	PGK	2,713,292,991	2,828,113,812	114,820,821	4%
		Quantity exported	oz	569,591	602,429	32,838	6%
		Exported value	PGK	2,722,976,149	2,851,749,435	128,773,286	5%
	Silver	Quantity produced	oz	342,227	356,147	13,920	4%
		Produced value	PGK	20,532,902	16,133,808	-4,399,094	-21%
		Quantity exported	oz	342,227	432,350	90,123	26%
		Exported value	PGK	20,532,902	19,585,879	-947,023	-5%
Kainantu	Gold	Quantity produced	oz	79,838	79,838	-	0%
		Produced value	PGK	361,005,843	366,869,785	5,863,942	2%
		Quantity exported	oz	76,543	76,543	-	0%
		Exported value	PGK	351,728,675	351,728,675	-	0%
	Silver	Quantity produced	oz	22,984	22,984	-	0%
		Produced value	PGK	151,873	1,225,366	1,073,492	707%
		Quantity exported	oz	22,503	22,504	1	0%
		Exported value	PGK	1,198,999	1,199,775	776	0%
	Copper	Quantity produced	tonnes	432	431	-1	0%
		Produced value	PGK	5,348,261	8,443,841	3,095,580	58%
		Quantity exported	tonnes	438	438	-	0%
		Exported value	PGK	8,580,981	8,580,980	-1	0%
Lihir (Luise Caldera)	Gold	Quantity produced	oz	881,060	881,059	-1	0%
		Produced value	PGK	4,111,406,763	4,196,252,504	84,845,741	2%
		Quantity exported	oz	908,485	890,176	-18,309	-2%
		Exported value	PGK	4,239,654,378	4,239,674,379	20,001	0%
	Silver	Quantity produced	oz	29,557	-	-29,557	-100%
		Produced value	PGK	1,638,985	-	-1,638,985	-100%
		Quantity exported	oz	29,557	-	-29,557	-100%
		Exported value	PGK	1,638,985	-	-1,638,985	-100%
Kurumbuk ari mine/ Ramu Nickel	Nickel	Quantity produced	tonnes	33,091	32,720	-371	-1%
		Produced value	PGK	1,293,279,198	1,230,552,861	-62,726,337	-5%
		Quantity exported	tonnes	40,261	40,757	496	1%
		Exported value	PGK	1,532,813,048	1,532,813,048	- 0	0%
	Cobalt	Quantity produced	tonnes	2,915	2,916	1	0%
		Produced value	PGK	220,075,221	217,443,335	-2,631,886	-1%
		Quantity exported	tonnes	3,625	3,670	45	1%
		Exported value	PGK	273,668,395	273,668,395	0	0%
	Chromite	Quantity produced	tonnes	115,573	115,573	-	0%
		Produced value	PGK	66,119,600	42,184,683	-23,934,917	-36%
		Quantity exported	tonnes	130,664	136,736	6,072	5%
		Exported value	PGK	49,909,275	49,909,276	1	0%
	Gold	Quantity produced	oz	182,770	182,779	9	0%

<sup>226</sup> MRA reported export values and produced values as FOB values

<sup>227</sup> Ibid

Hidden Valley mine/ Hidden Valley	Silver	Produced value	PGK	860,457,673	860,798,915	341,242	0%
		Quantity exported	oz	185,609	185,619	9	0%
		Exported value	PGK	870,792,256	874,172,015	3,379,759	0%
		Quantity produced	oz	3,163,066	3,118,119	-44,947	-1%
		Produced value	PGK	173,192,137	170,424,338	-2,767,798	-2%
		Quantity exported	oz	3,170,700	3,170,734	34	0%
		Exported value	PGK	174,973,957	173,300,038	-1,673,919	-1%
Edie Creek mine/ Edie Creek	Gold	Quantity produced	oz	Not provided	49	49	0%
		Produced value	PGK	Not provided	211,094	211,094	0%
		Quantity exported	oz	Not provided	49	49	0%
	Silver	Exported value	PGK	Not provided	211,094	211,094	0%
		Quantity produced	oz	Not provided	36	36	0%
		Produced value	PGK	Not provided	2,243	2,243	0%
		Quantity exported	oz	Not provided	36	36	0%
Mt Fubilan mine/ Ok Tedi	Gold	Exported value	PGK	Not provided	2,243	2,243	0%
		Quantity produced	oz	306,338	306,328	-10	0%
		Produced value	PGK	1,392,192,550	1,466,268,970	74,076,421	5%
	Silver	Quantity exported	oz	338,318	339,092	774	0%
		Exported value	PGK	1,537,528,551	1,623,097,065	85,568,514	6%
		Quantity produced	oz	1,467,232	1,467,214	-18	0%
		Produced value	PGK	72,028,942	77,722,080	5,693,138	8%
		Quantity exported	oz	1,640,007	1,630,418	-9,589	-1%
		Exported value	PGK	80,510,748	86,367,414	5,856,666	7%
	Copper concentrate	Quantity produced	dmt			-	0%
		Produced value	PGK			-	0%
		Quantity exported	dmt			-	0%
	Copper	Exported value	PGK			-	0%
		Quantity produced	tonnes	98,967	98,968	1	0%
		Produced value	PGK	1,948,979,201	1,929,340,226	-19,638,975	-1%
		Quantity exported	tonnes	107,340	107,421	81	0%
		Exported value	PGK	2,113,873,293	2,094,127,965	-19,745,328	-1%
Simberi mine/ Simberi	Gold	Quantity produced	oz	120,478	120,478	-	0%
		Produced value	PGK	574,130,628	544,864,629	-29,265,999	-5%
		Quantity exported	oz	120,268	120,268	0	0%
	Silver	FOB value	PGK	543,914,899	543,914,899	0	0%
		Quantity produced	oz	39,338	39,339	1	0%
		Produced value	PGK	2,121,132	2,212,776	91,644	4%
		Quantity exported	oz	39,338	39,339	1	0%
Mt. Crater	Gold	FOB value	PGK	2,212,777	2,212,776	-1	0%
		Quantity produced	oz	Not provided	298	298	0%
		Produced value	PGK	Not provided	1,297,971	1,297,971	0%
		Quantity exported	oz	Not provided	296	296	0%
		FOB value	PGK	Not provided	1,287,859	1,287,859	0%

*\*If the produced value was not provided by the MRA or company it was calculated at:*

*Value of commodity = (Export Value / Export quantity)*

*Produced value = Value of commodity \* quantity produced*

*^ The quantity produced was not provided by the MRA, therefore it was calculated at:*

*Value of commodity = (Export Value / Export quantity)*

*Quantity produced = Produced value / Value of commodity*

Differences are mainly due to result of calculation derived from the formula above.



**Table 85: Comparison of export quantities and values reported by companies, MRA and in the 2019 Budget figures<sup>228</sup>**

Commodity <sup>229</sup>	Export amount reported by companies	Export amount reported by MRA	Export value reported by companies (PGK)	Export value reported by MRA (PGK)	Export value reported in Budget (PGK)*
Gold (oz)	2,198,815	2,214,471	10,266,594,907	10,485,835,421	11,205,200,000
Silver (oz)	5,244,331	5,295,381	281,068,369	282,668,125	93,300,000
Copper (tonnes)	107,778	107,859	2,122,454,274	2,102,708,945	2,193,300,000
Nickel (tonnes)	40,261	40,757	1,532,813,048	1,532,813,048	1,494,800,000
Cobalt (tonnes)	3,625	3,670	73,668,395	273,668,395	280,400,000
Chromite (tonnes)	130,664	136,736	49,909,275	49,909,276	Not provided

\*Listed as 'projection'

^Large variances may be due to different units being applied

There are variances between the amounts reported by all parties, but at the time of publication these are unresolved.

**Table 86: Mining export quantities, values and country of destination as reported by Customs<sup>230</sup>**

Commodity	Unit	Quantity	FOB value (PGK)	Country of Destination
Copper ores and concentrates	tonnes	17,074,800	338,125,282	China
Copper ores and concentrates	tonnes	25,464,710	363,728,675	Korea
Copper ores and concentrates	tonnes	60,259,550	960,293,127	Japan
Copper ores and concentrates	tonnes	7	87,839,083	India
Copper ores and concentrates	tonnes	8,480,959	88,423	Germany
Copper ores and concentrates	tonnes	21,494,600	304,860,449	Philippines
Gold and Silver ores and concentrates	Kg	671,532	7,139,919,535	Australia
Gold and Silver ores and concentrates	Kg	65,092,412	468,444,869	China
Gold and Silver ores and concentrates	Kg	18,427,940	274,677,906	Korea
Gold and Silver ores and concentrates	Kg	66,067,742	741,083,042	Japan
Gold and Silver ores and concentrates	Kg	14,400	57,959,359	India
Gold and Silver ores and concentrates	Kg	71,418	50,435,626	Germany
Gold and Silver ores and concentrates	Kg	13,637,800	215,550,557	Philippines
Nickel oxide sinters & other intermediate products of nickel metallurgy, chromium ores and concentrates	Tonne	35,590,216	1,345,499,030	China
Chrome Ores	Kg	51,306,000	30,070,428	China
<b>Total</b>		<b>383,654,087</b>	<b>12,378,575,391</b>	

## 7.7. Regulation of the mining sector

Mining regulation in PNG is overseen by the MRA, established under the *Mineral Resources Authority (MRA) Act 2005* and now governed by the updated *Mineral Resources Authority Act 2018*. The MRA receives 75% of its funding from production levies, and the balance from alluvial gold export levies, tenement fees and rents as prescribed.

Detail of the *Mining Act 1992* ('MA') and other relevant regulation can be seen in Chapter 4.

<sup>228</sup> 2021 PNG Budget, Appendix 2, Table 5, [2014 Budget, Volume 1 \(treasury.gov.pg\)](#), accessed 11 November 2020.

<sup>229</sup> Note that the MRA values for gold and silver also include alluvial exports

<sup>230</sup> Provided by PNG Customs



## 7.8. Register of tenements<sup>231</sup>

The official register of tenements is maintained by the registrar (the MRA) as required by the MA (s. 113). This is kept in hand-written ledgers at the MRA office. The MRA has also established an online mineral tenement management system (Mining Cadastre Portal), which is updated in real time as administrative actions are closed. The portal can be accessed via an interactive online map.<sup>232</sup> The portal was designed for tenement management rather than for the EITI, but includes all the information required by the EITI Standard except for the commodity produced at each mine site, which can be found in Table 84 above. The MRA have advised that they do not plan to add this information to the cadastre.

## 7.9. Allocation of tenements

In accordance with the MA, mining tenements in PNG are administered by the appointed registrar, the Tenement Administration Branch of the MRA's Regulatory Operations Division. It is responsible for the management of tenement applications. Special Mining Leases (for large-scale operations) are issued by the Head of State, acting on advice from the NEC, whilst other tenements are issued by the Minister for Mining on recommendation from the Mining Advisory Council under the MA. Tenement application requirements are outlined in relevant sections of the MA:

- ▶ Exploration Licence (s. 24)
- ▶ Special Mining Lease (s. 35)
- ▶ Mining Lease (s. 42)
- ▶ Alluvial Mining Lease (s. 52)
- ▶ Lease for Mining Purpose (s. 70)
- ▶ Mining Easement (s. 85)

The MRA website includes information on the different types of tenements and the application process, including a step-by-step flow chart outlining the process, fees and minimum expenditures.<sup>233</sup> Tenements are not awarded through a bidding process, but through clear, detailed and consistent criteria.<sup>234</sup>

The Regulatory Operations Division of the MRA is responsible for the assessment of tenement applications in accordance with the MA 1992. Relevant technical and financial criteria are provided in Part V of the Act.<sup>235</sup> In summary, these include:

- ▶ Completion of application forms, including:
  - ▶ Form 8 – Application form
  - ▶ Form 17 – Boundary description form
  - ▶ Form 20 – Exploration work program form
- ▶ Evidence of registration with the Investment Promotion Authority,<sup>236</sup> as either a new company registered in PNG, or as an overseas company, registered under the laws of another country
- ▶ Statements and evidence of financial and technical capacities
- ▶ Payment of an application fee
- ▶ Minimum annual expenditure requirements related to acquisition and interpretation of exploration data, including related laboratory and feasibility work
- ▶ Requirement to comply with approved program of work.

A mining tenement will not be granted until PNG Conservation and Environment Protection Authority (CEPA) grants environmental approval. CEPA is the government authority responsible for administering the Environment Act 2000.

---

<sup>231</sup> Where the EITI standard refers to 'licences', this section refers to 'tenements', which include mining leases, leases for mining purposes, mining easements and exploration licences.; Mining Act 1992, s. 113, <https://actnowpng.org/sites/default/files/1.%20Mining%20Act%201992.pdf>, accessed 11 December 2020

<sup>232</sup> MRA, PNG Mining Cadastre Portal, <http://portal.mra.gov.pg/Map/>, accessed 11 December 2020

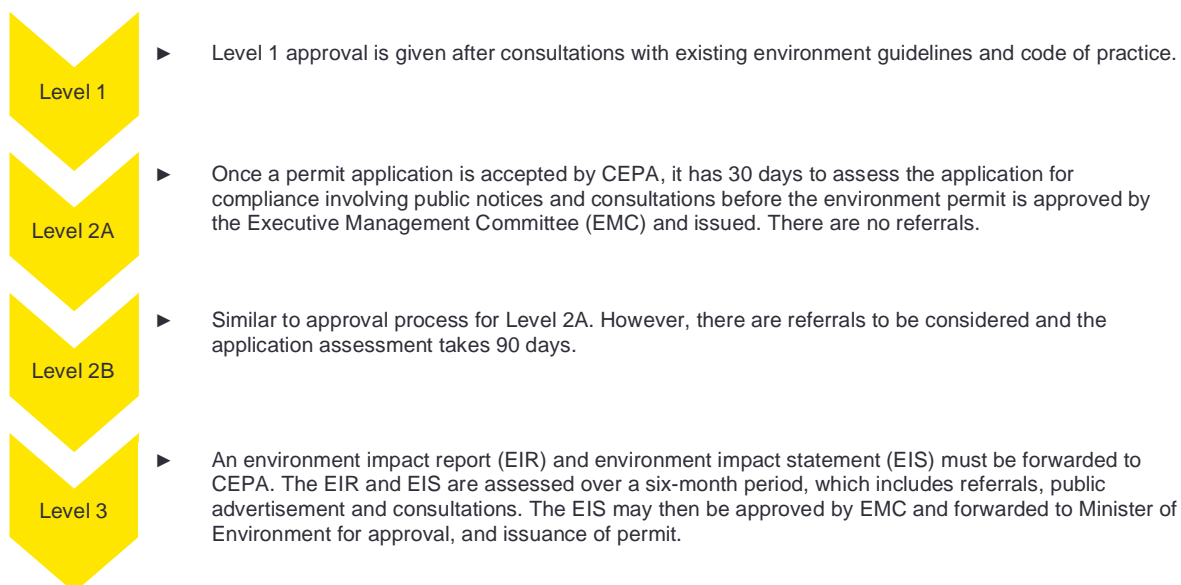
<sup>233</sup> Mining Tenements in Papua New Guinea, MRA, <http://mra.gov.pg/License>, accessed 11 December 2020.

<sup>234</sup> Mining Act 1992, <https://actnowpng.org/sites/default/files/1.%20Mining%20Act%201992.pdf>, accessed 11 December 2020

<sup>235</sup> Ibid

<sup>236</sup> Investment Promotion Authority, <http://www.ipa.gov.pg/>, accessed 11 December 2020

CEPA facilitates three levels of the environmental permit approval process, as outlined below:<sup>237</sup>



For 2019 CEPA provided the following information in Table 87 in relation to environmental permits issues, amended or renewed in 2019.

<sup>237</sup> CEPA, response to data request for 2015 and 2016 PNG EITI Report, received 2 October 2017

Table 87: Environmental permits as reported by CEPA in 2019<sup>238</sup>

Environmental Permit Licence	Particulars
EP-Level 2(658)	Offshore Drilling, Total E&P PNG Ltd, PPL-576, North Coral Sea
EP-L2(661)	Alluvial Mining, Aron Nangan, AML-418 Bulolo
EP-L2(662)	Alluvial Mining, Yawas Juari, ML-289, 290, 291, Bulolo
EP-L2(668)	Mechanized Mining, Mayur Iron (PNG) Ltd, EL-2305 & EL-2150, Gulf Prov
EP-L2(673)	O&G Exploration, Antelope 1 PRL-15, Total E & P PNG Ltd, Gulf Prov
EP-L2(674)	O&G Exploration, Antelope 2 PRL-15, Total E & P PNG Ltd, Gulf Prov
EP-L2(675)	O&G Exploration, Elk 1 PRL-15, Total E & P PNG Ltd, Gulf Prov
EP-L2(676)	O&G Exploration, Elk 1 PRL-15, Total E & P PNG Ltd, Gulf Prov
EP-L2(677)	O&G Exploration, Elk 4 PRL-15, Total E & P PNG Ltd, Gulf Prov
10.EP-L2(678)	O&G Exploration, Antelope 3 PRL-15, Total E & P PNG Ltd, Gulf Prov
EP-L2(679)	O&G Exploration, Antelope 5 PRL-15, Total E & P PNG Ltd, Gulf Prov
EP-L2(682)	O&G Exploration, PRL-15, Total E & P PNG Ltd, Gulf Prov
EP-L2(683)	O&G (Uramu 2) offshore Drilling Program, Licence 10 PRL-10, Oil Search PNG, Gulf of Papua
EP-L2((690)	Aron Nangan, Alluvial Mining, ML-206, Bulolo, MP
EP-L2(691)	Aron Nangan, Alluvial Mining, AML-867, Bulolo, MP
EP-L2(701)	Tony Gariama & Arthur Dururak, Alluvial Mining, AML-8002, 883, 884, & 885 MBP
EP-L2(702)	Footprint Resources Pty Ltd, Mining Exploration, EL-2548 ESP
EP-L2(709)	Alluvial Mining, Japeth Marcus, ML-527 Bulolo, MP
EP-L2(710)	Alluvial Mining, Dorcas Simiriong, ML-528 Bulolo, MP
EP-L2(711)	Alluvial Mining, New Dawn Mining Ltd, ML-521, Bulolo, MP
EP-L2(717)	Mechanized Mining, Niuminco Eddie Creek Ltd, ML-511 Bulolo, MP
EP-L2(718)	Mechanized Mining, Golden Ashet Ltd, MLA-529 Bulolo, MP
EP-L2(722)	Alluvial Mining, Mineral Resources Star Mountain Ltd, ML-532, Tabubil, WP

CEPA reported zero environmental permits transferred or surrendered for 2019.

Prior to a new mining lease being issued, a development forum is held with representatives from the national and regional government, landowners and the mining company, to determine the benefits package. The memorandum of agreement arising from this process is negotiated by the MRA Development Coordination Division and drafted by the State Solicitor. However, s. 18 of the MA also allows for a separate Mining Development Contract, which is negotiated by the State rather than the MRA. For example, the agreement between Ramu Nickel mine and the State apparently includes significant tax concessions.<sup>239</sup> In light of hearings and objections, the Mining Advisory Board makes recommendations over tenements to the Minister (MA 1992, s. 11–14).<sup>240</sup>

The process for transferring tenements is described in the MA s. 118–19. The process requires a written application for approval of the transfer to be sent to the Registrar, who then submits the application to the Board for its consideration. The minister then approves or refuses the transfer based on the

<sup>238</sup> 2019 data template provided by CEPA

<sup>239</sup> Communication from Treasury, 10 October 2016

<sup>240</sup> Mining Act 1992, <https://actnowpng.org/sites/default/files/1.%20Mining%20Act%201992.pdf>, accessed 11 December 2020

recommendation of the Board. In practice, ultimate ownership of tenements can be transferred through a change in the ownership of the company, or companies, holding the tenement.

Leases awarded or extended during 2019 can be seen in Appendix B, and further details can be found on the Mining Cadastre Portal (see above).

MRA reported no tenement transfers during the reporting period.

## 7.10. Public Investment Program

The Public Investment Program (PIP) is a vehicle through which the PNG government implements development policies aimed at improving the livelihood and wellbeing of PNG citizens in all provinces.<sup>241</sup> Through the *Fiscal Responsibility Act* 2006 the Department of National Planning and Monitoring (DNPM) is empowered to report on PIP Implementation Reports to the National Executive Council (NEC) and Parliament on implementation status, development expenditures, and achievements of programs. Grants are administered through relevant economic sector agencies, including the MRA in the case of projects relating to the mining sector.<sup>242</sup>

Data related to those PIP funds administered by MRA is presented below. This data was provided unilaterally by MRA.

Information on other revenue streams specific to mining can be found in Chapter 10.

**Table 88: PIP funds administered by MRA, 2019**<sup>243</sup>

Project	2018 Budget (a)	Funds remitted (b)
Wafi-Golpu	3,000,000	3,000,000
Frieda River	2,000,000	2,000,000
Ok Tedi MOA	500,000	280,000
Porgera MOA	2,000,000	1,120,000
Lihir MOA	1,000,000	560,000
Ramu MOA	1,000,000	560,000
Advanced Exploration	500,000	280,000
<b>Total</b>	<b>10,000,000</b>	<b>7,800,000</b>

Please note that these funds were paid in 2018. Naturally these would have been carried over in 2019. No funds were paid to MRA in 2019.

<sup>241</sup> 2014 Annual Public Investment Program Implementation Report, Department of National Planning and Monitoring, <http://www.planning.gov.pg/images/dnpm/pdf/pip/PublicInvestmentProgramAnnualReport2014.pdf>, accessed 18 December 2020.

<sup>242</sup> Q1 2015 Public Investment Program Implementation Report, <http://www.planning.gov.pg/images/dnpm/pdf/pip/PublicInvestmentProgram1stQuarterReport2015.pdf>, accessed 18 December 2020

<sup>243</sup> Financial Data in the MRA Reporting Template



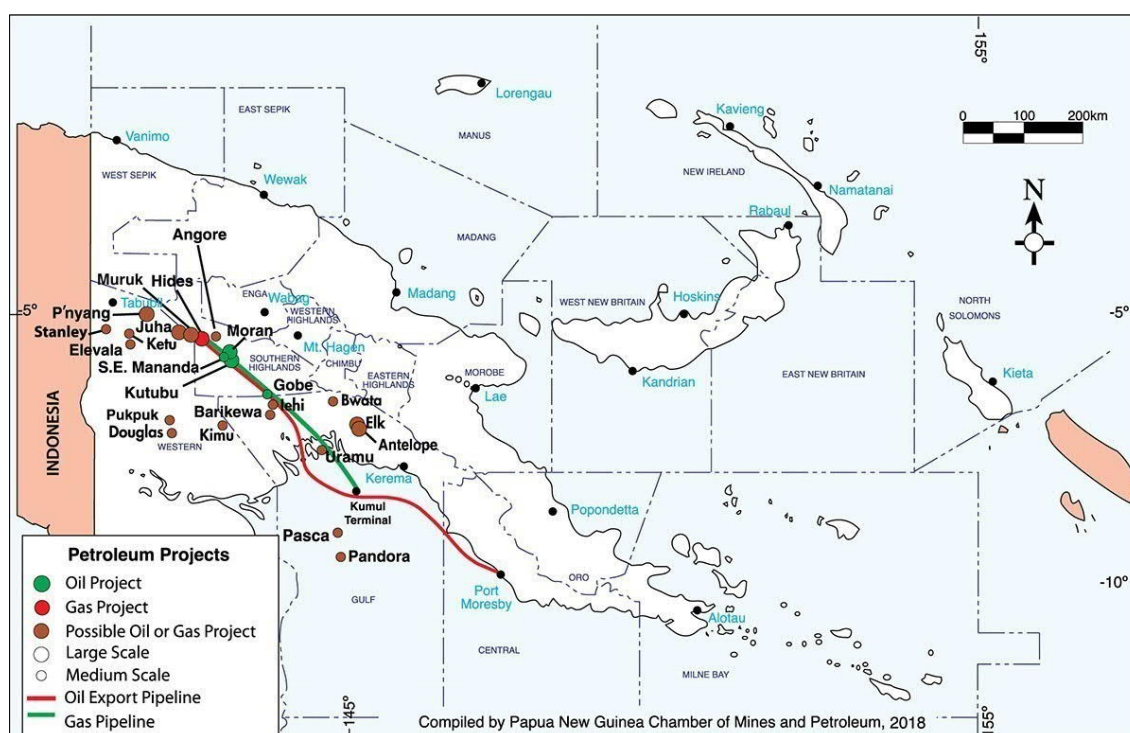
## 8. Oil and gas

Oil exploration in PNG commenced in the 1920s. The first commercial production began in 1992, and there are currently five principal oil fields. Oil production in PNG has been in slow but steady decline since the mid-1990s, when there was a peak in production of approximately 46 million barrels in 1993.<sup>244</sup>

Gas production, by contrast, is increasing due to the PNG LNG project (see section 8.5). Since the start of production in 2014, some 43 million tonnes of LNG have been loaded and 580 LNG cargoes sold to customers in Asia.<sup>245</sup> In addition to the PNG LNG project, there is also a domestic gas project for the sale of natural gas from the Hides field to Porgera, operated by Oil Search. PNG LNG uses some gas to generate electricity for sale to PNG Power to supply Port Moresby. A new joint venture entity, Niu Energy, started up at the end of 2019 to buy PNG LNG gas to generate electricity for sale to PNG Power

**Figure 44: Oil and gas projects 2019, as compiled by the PNG Chamber of Mines and Petroleum<sup>246</sup>**

Current and proposed oil and gas projects are shown below. (Map dated 2018; no significant updates noted.)



### 8.1. Classification of licences

Five types of licence are defined in the *Oil and Gas Act 1998*:<sup>247</sup>

Licence type	Abbreviation	Section of OGA
▶ Petroleum Prospecting Licence	PPL	s. 25
▶ Petroleum Retention Licence	PRL	s. 42
▶ Petroleum Development Licence	PDL	s. 59
▶ Petroleum Pipeline Licences	PLL	s. 76
▶ Petroleum Processing Facility Licence	PPFL	s. 90

<sup>244</sup> Papua New Guinea Crude Oil Production by Year, <https://www.indexmundi.com/energy/?country=pg&product=oil&graph=production>, accessed 16 November 2020

<sup>245</sup> PNG LNG 2019 Annual Report, [https://pnglng.com/media/PNG-LNG-Media/Files/Environment/Environment%20and%20Social%20reports/2019-Annual-ES-Report-FINAL-20-05-2020-FULL-\(ENG-WEB\).pdf](https://pnglng.com/media/PNG-LNG-Media/Files/Environment/Environment%20and%20Social%20reports/2019-Annual-ES-Report-FINAL-20-05-2020-FULL-(ENG-WEB).pdf), accessed 26 November 2020

<sup>246</sup> <http://pngchamberminpet.com.pg/our-resource-industry/petroleum>, accessed 26 November 2020

<sup>247</sup> Papua New Guinea Sessional Legislation, *Oil and Gas Act 1998*, [http://www.pacii.org/cgi-bin/sinodisp/pg/legis/num\\_act/oaga199894/index.html?stem=&synonyms=&query=oil%20and%20gas%20act](http://www.pacii.org/cgi-bin/sinodisp/pg/legis/num_act/oaga199894/index.html?stem=&synonyms=&query=oil%20and%20gas%20act), accessed 26 November 2020

## 8.2. Oil and gas companies active in PNG

Both national and multinational oil and gas companies, as well as state-owned entities, are actively engaged in exploration and production in PNG. During 2019, the companies involved in active production were owners of petroleum development licences (PDLs) associated with:

- ▶ PNG LNG project (operated by ExxonMobil PNG Ltd)
- ▶ Producing oil fields (operated by Oil Search (PNG) Ltd)

Participants in the petroleum sector with interests in these PDLs are considered to be material reporting entities and are identified below:

- ▶ ExxonMobil PNG Ltd (and affiliates)
- ▶ Oil Search (PNG) Ltd
- ▶ Santos Ltd (and subsidiaries)
- ▶ JX Nippon Oil and Gas Exploration Corporation (and subsidiaries)
- ▶ Kumul Petroleum Holdings Ltd (and subsidiary)
- ▶ Mineral Resources Development Company (MRDC) (and subsidiaries)

In the 2017 report it was identified that Puma Energy operates the Napa Refinery, a downstream facility located adjacent to Port Moresby that refines up to 32,500 barrels of oil per day. Puma acquired the plant in 2014.<sup>248</sup> It was determined by the MSG that this would not be included as a reporting entity as it does not come under the 'extractive' industries.

PDL 10 was granted for the Stanley joint venture in 2014, with the below participants. However, it was still in the development and pre-development stage in 2019, and production had not yet started.<sup>249</sup>

- ▶ Repsol (Talisman Energy Niugini Ltd) (since sold to Arran Energy)
- ▶ Horizon Oil Papua Ltd (since sold to Arran Energy)
- ▶ Osaka Gas Niugini Pty Ltd
- ▶ Mitsubishi Corporation (Diamond Gas Niugini B.V.)

Similarly, the Papua LNG project (PRL 15), led by Total E&P PNG Limited, is progressing but not yet started development. The participants in this project are:<sup>250</sup>

- ▶ Total E&P PNG Limited (operator)
- ▶ ExxonMobil
- ▶ Oil Search
- ▶ State

A number of companies hold petroleum retention licences, including:<sup>251</sup>

- ▶ ExxonMobil PNG Ltd
- ▶ Total E&P PNG Ltd
- ▶ Horizon Oil Papua Ltd
- ▶ InterOil SPI E & P Ltd
- ▶ Oil Search (PNG) Ltd (4)
- ▶ Repsol Oil and Gas Niugini
- ▶ Asian Oil & Gas (PNG) Ltd

There are also a large number of companies that hold a PPL conducting exploration activities during the reporting period..

<sup>248</sup> Puma Energy Papua New Guinea, <https://www.asiaoutlookmag.com/outlook-features/puma-energy-papua-new-guinea-aug-2018>, accessed 21 January 2021

<sup>249</sup> Horizon Oil, Projects and operations, <https://horizonoil.com.au/operations/>, accessed 26 November 2020

<sup>250</sup> Total and State of Papua New Guinea Sign Gas Agreement for Papua New Guinea, <https://www.total.com/media/news/press-releases/total-and-state-papua-new-guinea-sign-gas-agreement-papua-lng-project>, accessed 26 November 2020.

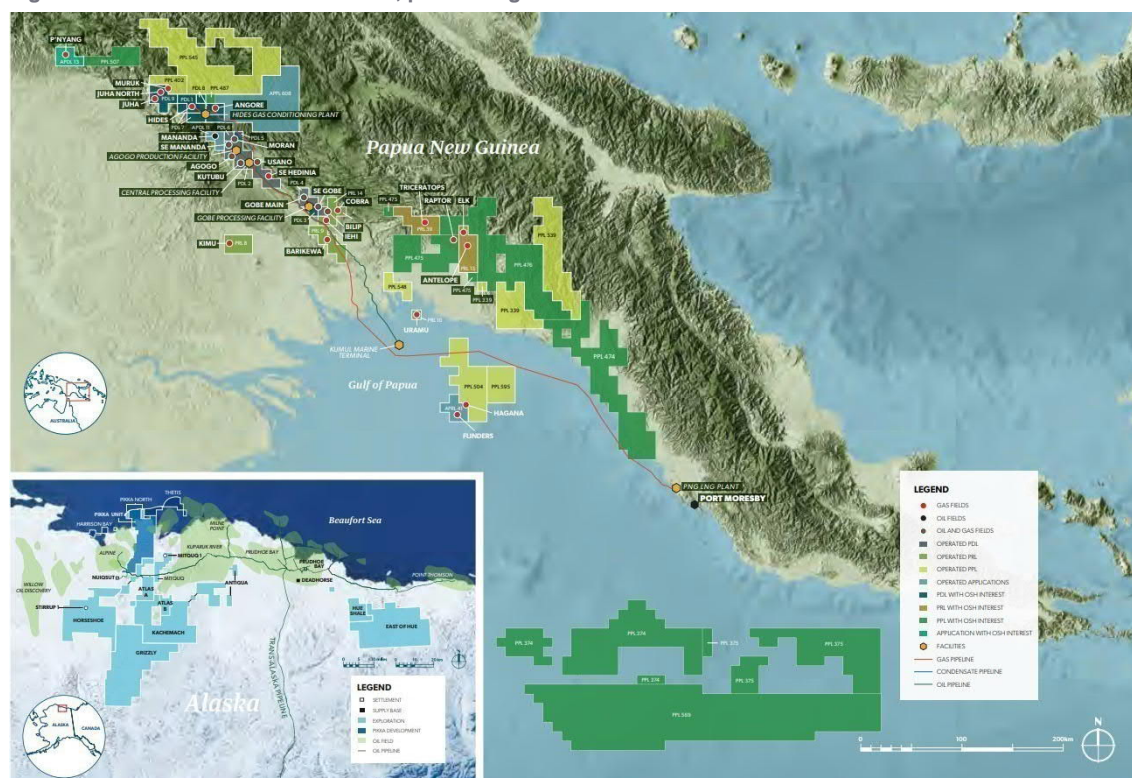
<sup>251</sup> Sourced from data reporting template provided by DPE for this report.



## 8.3. Oil Search (PNG) Ltd projects producing in 2019

Oil Search operates all projects that are currently producing oil in PNG, outlined below.<sup>252</sup>

Figure 45: Oil Search licence interests, processing and distribution routes<sup>253</sup>



### 8.3.1. SE Gobe

Oil from both the Gobe main and SE Gobe fields is processed at the Gobe Processing Facility, which is joined to the Kutubu Export Pipeline with an eight-kilometer pipeline. During 2019, Gobe Main and SE Gobe production declined 8% and 5%, respectively, as the fields approach the end of their life. The SE Gobe field contributed 1.5 bcf (net) of gas to PNG LNG during the year.<sup>254</sup>

The SE Gobe Unit comprises PDL 3 (59%) and PDL 4 (41%). During 2017, KPHL reported the acquisition of Southern Highlands Petroleum's share in PDL 3.<sup>255</sup> One report indicated that MRDC subsidiary Petroleum Resources Gobe Ltd was to take 75% of the purchased equity. However, the IA could not confirm whether this had taken place.<sup>256</sup>

<sup>252</sup> Oil Search – Operated Production, <https://www.oilsearch.com/our-business/png/operated-production>, accessed 26 November 2020

<sup>253</sup> Oil Search Annual Report 2018, p.71

[https://www.oilsearch.com/data/assets/pdf\\_file/0005/46967/HC\\_OSL\\_AR19\\_Interactive\\_v2A\\_compressed.pdf](https://www.oilsearch.com/data/assets/pdf_file/0005/46967/HC_OSL_AR19_Interactive_v2A_compressed.pdf), accessed 26 November 2020

<sup>254</sup> Oil Search Annual Report 2019, p. 25,

[https://www.oilsearch.com/data/assets/pdf\\_file/0005/46967/HC\\_OSL\\_AR19\\_Interactive\\_v2A\\_compressed.pdf](https://www.oilsearch.com/data/assets/pdf_file/0005/46967/HC_OSL_AR19_Interactive_v2A_compressed.pdf), accessed 26 November 2020

<sup>255</sup> Oil Search – Operated Production, <https://www.oilsearch.com/our-business/png/operated-production>, accessed 26 November 2020

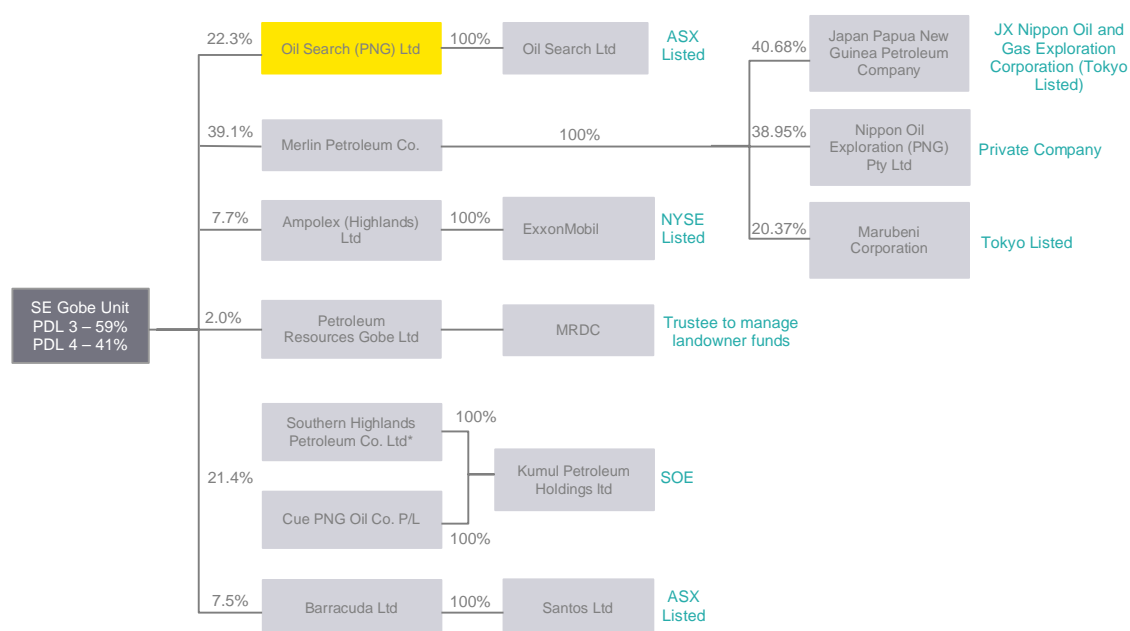
<sup>256</sup> Kumul acquires 40pc interest, <https://oglinks.news/article/3a19dc/kumul-acquires-40pc-interest>, accessed 31 October 2019



Table 89: Compliance summary of partners/owners or SE Gobe Project

Partners / Owners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
Oil Search (PNG) Ltd	Yes	Yes	●	●	●	◆
Merlin Petroleum Company	No	Yes	●	●	●	◆
Ampolex (Highlands) Ltd	No	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Petroleum Resources Gobe Ltd	No – Latest is 2014 Annual Report filed in IPA)	Yes	●	●	●	◆
Southern Highlands Petroleum Co. Ltd	Yes	Yes	Provided by KPHL	Provided by KPHL	Provided by KPHL	◆
Cue PNG Oil Company P/L	No	No	Provided by KPHL	Provided by KPHL	Provided by KPHL	◆
Barracuda Limited	Yes	Yes	●	●	●	◆

Figure 46: SE Gobe Unit licence interests after sale of Southern Highlands Petroleum<sup>257</sup>



<sup>257</sup> Operated Oil and Gas Field Partners – OSL Annual Report page 28, [https://www.oilsearch.com/data/assets/pdf\\_file/0008/46961/OS-AR19-WISDOM\\_FA5C.pdf](https://www.oilsearch.com/data/assets/pdf_file/0008/46961/OS-AR19-WISDOM_FA5C.pdf), 18 January 2021

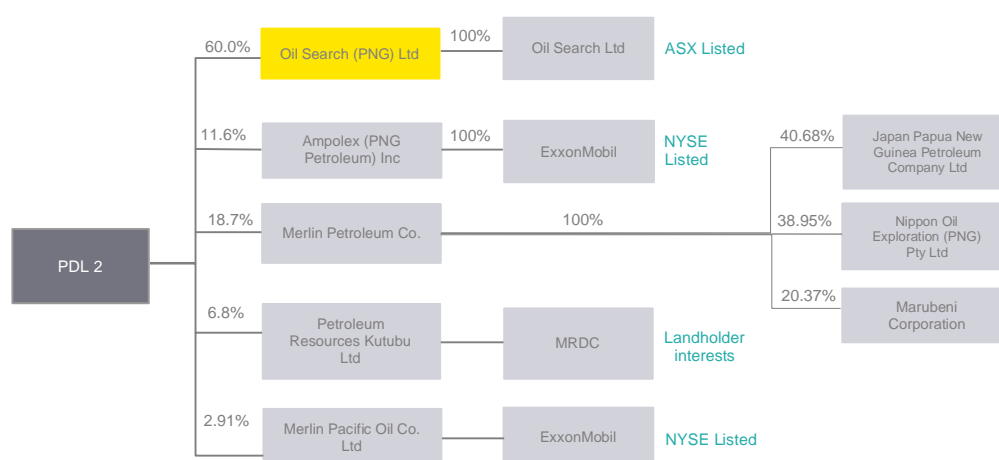
### 8.3.2. Kutubu

The Kutubu development comprises a network of wells that produce oil from the Iagifu-Hedinia, Usano and Agogo fields, a gathering system, on-site processing facilities (the Agogo and Central Processing Facilities), supporting infrastructure, a 270-kilometre crude oil export pipeline to the coast and a marine loading terminal in the Gulf of Papua. The pipeline operates under Pipeline Licence 2 (PL 2), while the oil field operates under Petroleum Development Licence 2 (PDL 2). Both licences were issued in December 1990 for a term of 25 years and were extended in December 2009 until December 2035.<sup>258</sup>

Table 90: Compliance summary of partners/owners of Kutubu Project

Partners / Owners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
Oil Search (PNG) Ltd	Yes	Yes	●	●	●	◆
Ampolex (PNG Petroleum) Inc.	Yes	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Merlin Petroleum Company	No	Yes	●	●	●	◆
Petroleum Resources Kutubu Ltd	No – Latest is 2015 Annual Report filed in IPA)	Yes	●	●	●	◆
Merlin Pacific Oil Co. Limited	No	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆

Figure 47: PDL 2 (Kutubu Field Complex, Iagifu, Hedinia, Usano, Agogo) licence interests<sup>259</sup>



<sup>258</sup> Oil Search - <https://www.oilsearch.com/what-we-do/png/operated-production>, accessed 18 December 2020

<sup>259</sup> Oil Search – 2020 License interest <https://www.oilsearch.com/our-business/licence-interests>, accessed 21 January 2021. Distribution of licence interests in Merlin Petroleum Co. <http://www.nex.jx-group.co.jp/english/activity/oceania/png.html>, accessed 18 December 2020. Japan Papua New Guinea Petroleum Company registration <http://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=128311971>, accessed 18 December 2020. Nippon Oil Exploration entity type, <http://www.abr.business.gov.au/SearchByAbn.aspx?SearchText=69134179810>, accessed 18 December 2020. Marubeni Corporation registration <https://www.marubeni.com/en/company/profile/>, accessed 26 November 2020

### 8.3.3. Moran Unit Kutubu

Oil produced at the Moran fields is processed at the Agogo Processing Facility then piped to the Central Processing Facility for further processing, storage and export through the export pipeline. Following the February 2018 earthquake, the Moran oil fields production remained impacted by damage to flow lines and key wells. The Moran field was shut-in for 202 days, primarily to preserve reservoir pressure, given extended high compression outages at the Agogo Processing Facility. Production resumed late in the fourth quarter. In late December 2019, Oil Search and NW Moran landowners reached an agreement allowing Oil Search to access the site after it was restricted following the 2018 earthquake due to tribal conflicts within the area that were unrelated to the Company's activities. This will allow Oil Search to undertake repairs related to the 2018 earthquake. Subject to ongoing access and the successful completion of repairs, the Company expects production from the NW Moran area to be brought back on-stream in the second half of 2020.<sup>260</sup>

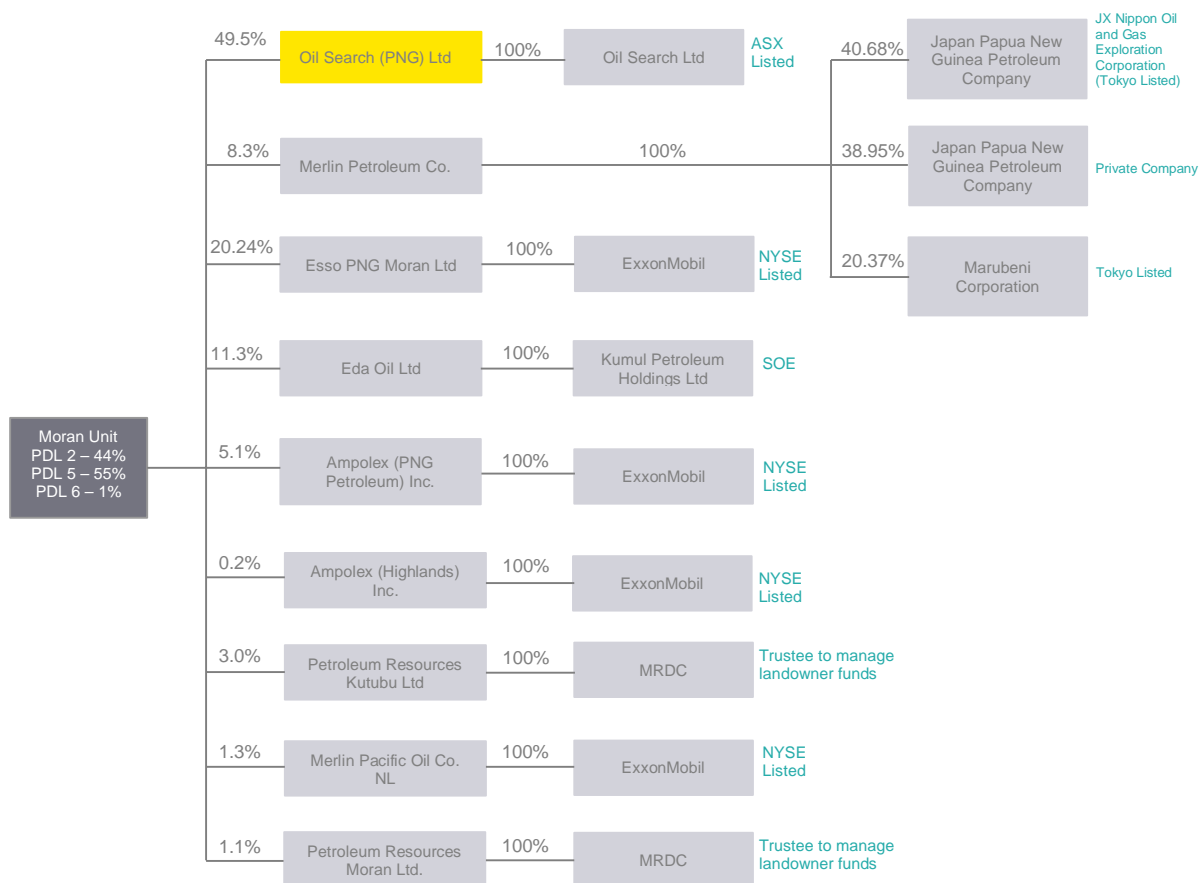
This project runs over three licence areas, PDL 2, PDL 5 and PDL 6. NW Moran (PDL 6) is an extension to the Moran field discovered in late 2003.

Table 91: Compliance summary of partners/owners of Moran Unit Project

Partners / Owners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
Oil Search (PNG) Ltd	Yes	Yes	●	●	●	◆
Merlin Petroleum Company	No	Yes	●	●	●	◆
Esso PNG Moran Ltd	No	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Eda Oil Ltd	No	Yes	●	Provided by KPHL	Provided by KPHL	◆
Ampolex (PNG Petroleum) Inc.	Yes	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Ampolex (Highlands) Ltd	No	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Petroleum Resources Kutubu Ltd	No – Latest is 2015 Annual Report filed in IPA)	Yes	●	●	●	◆
Merlin Pacific Oil. Co. Limited	No	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Petroleum Resources Moran Ltd	No – Latest is 2014 Annual Report filed in IPA)	Yes	●	●	●	◆

<sup>260</sup> Oil Search 2019 Director's Report, [https://www.oilsearch.com/\\_data/assets/pdf\\_file/0008/46961/OS-AR19-WISDOM\\_FA5C.pdf](https://www.oilsearch.com/_data/assets/pdf_file/0008/46961/OS-AR19-WISDOM_FA5C.pdf), 21 January 2021

Figure 48: Moran unit licence interests



## 8.4. Oil Search gas projects

The Hides Gas to Electricity Project (GTE) is fully owned and operated by Oil Search (see Figure 49). It comprises a pipeline from the gas wells in the Hides field (PDL 1), to the Hides Production Plant in the Tagari River Valley. Following processing, the gas is used by the Porgera Joint Venture to generate electricity for the Porgera gold mine and the surrounding community. The condensate produced in the process is distilled into diesel and naphtha and sold locally. The diesel is used as a back-up fuel for the running of the power station. Gas supplied from the Hides gas field is sold under long-term contracts that were last revised in 2012. The Hides GTE Project produced 5.1 bcf of gas in 2019, 27% higher than in 2018.

The project also produced 96,338 barrels of liquids, up by 16% on 2018 levels, which were impacted by the earthquake and subsequent repairs to the Porgera Joint Venture electricity generation facility. This was despite the facility being shut in for 27 days in April and June 2019 due to vandalism of the power line between the Barrick-operated power generation facility and the Porgera mine site. Negotiations to extend the Hides GTE contract with the Porgera Joint Venture, which is due to expire in 2021, have commenced.<sup>261</sup> The Hides GTE project shut down in 2020 following the closure of the Porgera Mine.

Table 92: Compliance summary of partners/owners of Hides Gas to Electricity Project

Partners / Owners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
Oil Search (Tumbudu) Ltd	No	No – Latest is 2017 Annual Return filed in IPA)	●	●	●	◆

Figure 49: Hides Gas to Electricity Project licence interests<sup>262</sup>



<sup>261</sup> Oil Search – 2019 Annual Report, p. 86, [https://www.oilsearch.com/data/assets/pdf\\_file/0005/46967/HC\\_OSL\\_AR19\\_Interactive\\_v2A\\_compressed.pdf](https://www.oilsearch.com/data/assets/pdf_file/0005/46967/HC_OSL_AR19_Interactive_v2A_compressed.pdf), accessed 26 November 2020.

<sup>262</sup> Ibid

## 8.5. PNG LNG Project

Figure 50: PNG LNG Project Location and Pipeline<sup>263</sup>



The PNG LNG project shipped its first liquefied natural gas (LNG) in May 2014 and the project achieved financial completion in February 2015. The project capacity has exceeded expectations, reaching in excess of eight million tonnes per annum. A re-certification and upgrading of the natural gas reserves should enable the project to sustain these higher rates of production.<sup>264</sup>

Contract customers for the LNG include Sinopec (China), Jera (TEPCO) (Japan), Osaka Gas (Japan) and CPC (Taiwan).

Lower global LNG prices relative to forecasts at production start-up have negatively impacted project returns with flow-through implications for government tax receipts from the project. However, higher production levels have mitigated this to a degree, and the PNG LNG Project remains competitive and is expected to make a significant long-term contribution to the economy.<sup>265</sup> Global demand for LNG is forecast to grow as markets prioritise gas over coal or nuclear power.

As at December 2019, 3,964 workers were engaged in production-related roles in the PNG LNG project.<sup>266</sup> The project provided a significant number of jobs during its construction (peaking at 21,200 in 2012). The project has had significant impacts on affected communities (see case study in PNG EITI Report for 2016).<sup>267</sup>

The PNG LNG Global Company LDC ('GloCo') is a joint marketing and financing company. All proceeds from sales to third parties are received by GloCo, and payment of all financing, marketing, ship chartering and operating costs are made from GloCo. GloCo is owned by the PNG LNG project partners in proportion to their equity interests (as illustrated in Figure 51). It is operated by ExxonMobil, but it is not an

<sup>263</sup> Oil Search Annual Report 2018, p.71

<sup>264</sup> [https://www.oilsearch.com/data/assets/pdf\\_file/0005/46967/HC\\_OSL\\_AR19\\_Interactive\\_v2A\\_compressed.pdf](https://www.oilsearch.com/data/assets/pdf_file/0005/46967/HC_OSL_AR19_Interactive_v2A_compressed.pdf), accessed 26 November 2020

<sup>265</sup> PNG LNG Location and Pipeline Map, <https://www.pnglng.com/>, accessed 26 November 2020

<sup>266</sup> Ibid

<sup>267</sup> PNG LNG Environmental and Social Report-Annual 2019, PNG LNG, 2019 [https://pnglng.com/media/PNG-LNG-Media/Files/Environment/Environment%20and%20Social%20reports/2019-Annual-ES-Report-FINAL-20-05-2020-FULL-\(ENG-WEB\).pdf](https://pnglng.com/media/PNG-LNG-Media/Files/Environment/Environment%20and%20Social%20reports/2019-Annual-ES-Report-FINAL-20-05-2020-FULL-(ENG-WEB).pdf), accessed 26 November 2020

<sup>267</sup> PNG EITI Report 2016, <https://www.pngeiti.org.pg/reports/>, accessed 26 November 2020.

ExxonMobil affiliate or subsidiary. Net proceeds from sales are periodically distributed to each of the project partners in accordance with the financing.

Although GloCo is a pass-through entity, to ensure transparency, reporting by GloCo is required under the EITI Standard. The IA has requested, via ExxonMobil, that GloCo report on PNG LNG distributions; however, we understand that this requires agreement from all owners of the project. In its capacity as the operator of PNG LNG, ExxonMobil does provide confirmation of the reported share of sales and equity distributions by Kumul Petroleum Holdings Limited and landowner companies that are partners in the PNG LNG project (where they have submitted a reporting template),

Figure 51 illustrates the ownership structure of the PNG LNG project, while the subsequent figures illustrate the licence interests associated with each PDL within the PNG LNG Project. The operating entities are shown in yellow.

**Table 93: Compliance summary of partners/owners of PNG LNG Project**

Partners / Owners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
ExxonMobil PNG Ltd	Yes <sup>268</sup>		●	●	●	◆
Esso PNG Juha Ltd	No	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Ampolex (PNG) Limited	No	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
	Yes	No – Latest Annual return filed is 2018	●	●	●	◆
Oil Search Ltd	Yes	No	●	●	●	◆
Santos Ltd	No	No – Latest Annual return filed is 2018	●	●	●	◆
Kumul Petroleum Holdings Limited	No	No	●	●	●	◆
JX Nippon Oil and Gas Exploration Company	No	No – Latest Annual return filed is 2016	●	●	●	◆
MRDC						

<sup>268</sup> Exxon Mobil PNG Limited is presented as part of Australia / Oceania segment group in the Exxon Mobil consolidated Financial Statements, <https://corporate.exxonmobil.com/-/media/Global/Files/investor-relations/annual-meeting-materials/financial-statements/2019-financial-statements.pdf>, accessed 26 November 2020.



Figure 51: The relative interests of each partner in the PNG LNG project for the 2019 reporting period<sup>269</sup>

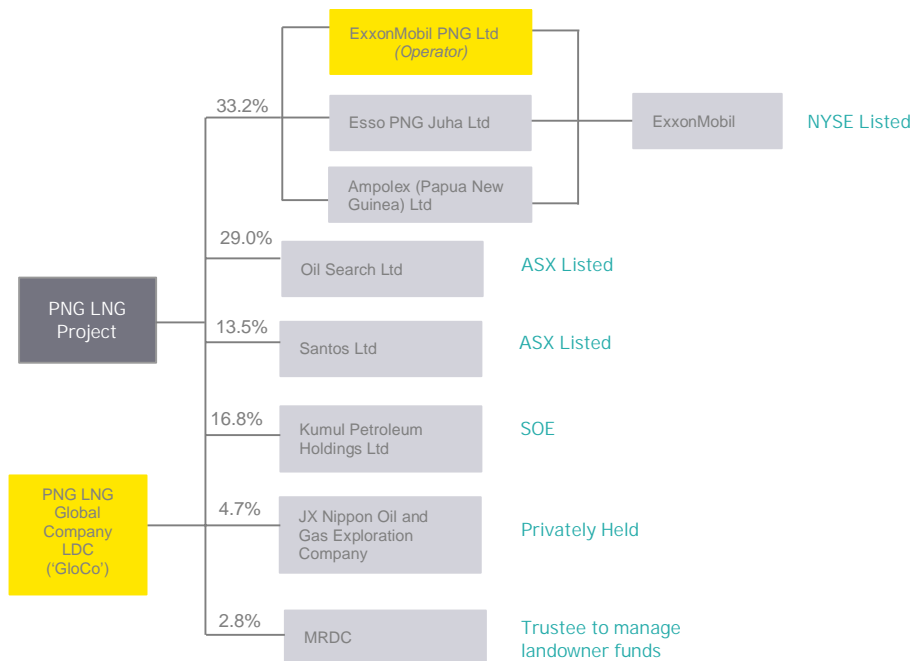


Table 94: Compliance summary of partners/owners of PDL 1

Partners / Owners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
ExxonMobil PNG Ltd		No – Latest is 2017 Annual Return filed in IPA	●	●	●	◆
Oil Search (Tumbudu) Ltd	No	No – Latest Annual Return filed in IPA	●	●	●	◆
Lavana Ltd	Yes	Yes	●	●	●	◆
Kumul Petroleum (Kroton) Ltd	No	No – Latest Annual return filed is 2018	●	●	●	◆
Gas Resources Gigira Ltd	No	No – Latest Annual Return filed in IPA	●	●	●	◆
Santos (Hides) Ltd	No – Latest Annual report filed is 2018	No – Latest Annual return filed is 2018	●	●	●	◆

<sup>269</sup> PNG LNG Co-venturers <https://pnglng.com/About/Co-venturers>, accessed 18 January 2021. KPHL's holding is elsewhere stated as 16.57%; 16.8% may include 0.2% held through subsidiary Kumul LNG Ltd/Eda Oil Ltd.



Figure 52: PDL 1 Hides licence interests

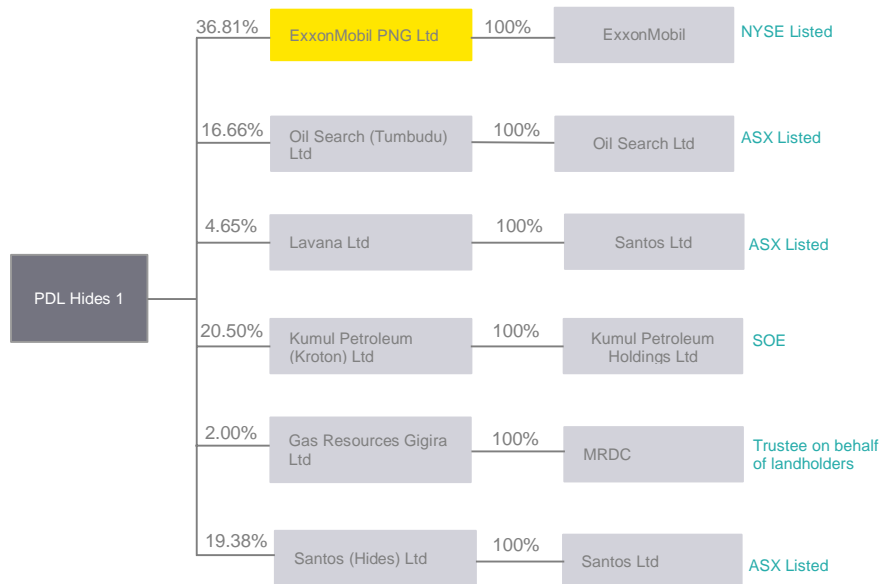


Table 95: Compliance summary of partners/owners of PDL 7

Partners / Owners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
Esso Highlands	Yes	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Oil Search (Tumbudu) Ltd	No	No – Latest is 2017 Annual Return filed in IPA)	●	●	●	◆
Kumul Petroleum (PNG LNG) Ltd	No	No – Latest Annual return filed is 2018	●	●	●	◆
Gas Resources Hides No. 4 Ltd	No	No – Latest is 2012 Annual Return filed in IPA)	●	●	●	◆

Figure 53: PDL 7 (Hides) licence interests

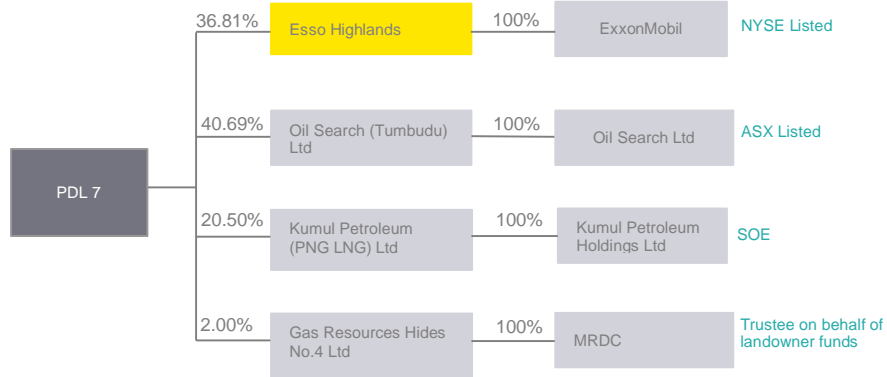


Table 96: Compliance summary of partners/owners of PDL 8

Partners / Owners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
Esso Highlands	Yes	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Oil Search (Tumbudu) Ltd	No	No – Latest is 2017 Annual Return filed in IPA	●	●	●	◆
Kumul Petroleum (PNG LNG) Ltd	No	No – Latest Annual return filed is 2018	●	●	●	◆
Gas Resources Hides No. 4 Ltd	No	No – Latest is 2012 Annual Return filed in IPA	●	●	●	◆

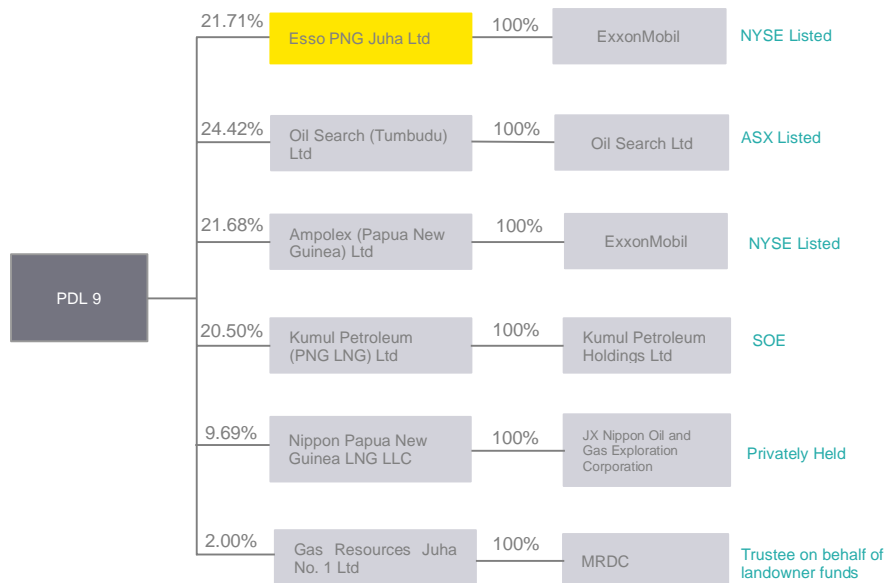
Figure 54: PDL 8 (Angore) licence interests



Table 97: Compliance summary of partners/owners of PDL 9

Partners / Owners	Annual Report publicly available	Annual return updated in IPA	EITI requirements			
			Financial information	Nonfinancial information	Subnational payments	Status of reconciliation
Esso PNG Juha Ltd	No	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Oil Search (Tumbudu) Ltd Ampolex (PNG) Limited	No	No – Latest is 2017 Annual Return filed in IPA)	●	●	●	◆
	No	Yes	●	Provided by ExxonMobil	Provided by ExxonMobil	◆
Kumul Petroleum (PNG LNG) Ltd Nippon Papua New Guinea LNG LLC	No	No – Latest Annual return filed is 2018	●	●	●	◆
	Yes	Yes	●	●	●	◆
Gas Resources Juha No. 1 Ltd	No	No – Latest is 2012 Annual Return filed in IPA)	●	●	●	◆

Figure 55: PDL 9 (Juha) licence interests<sup>270</sup>

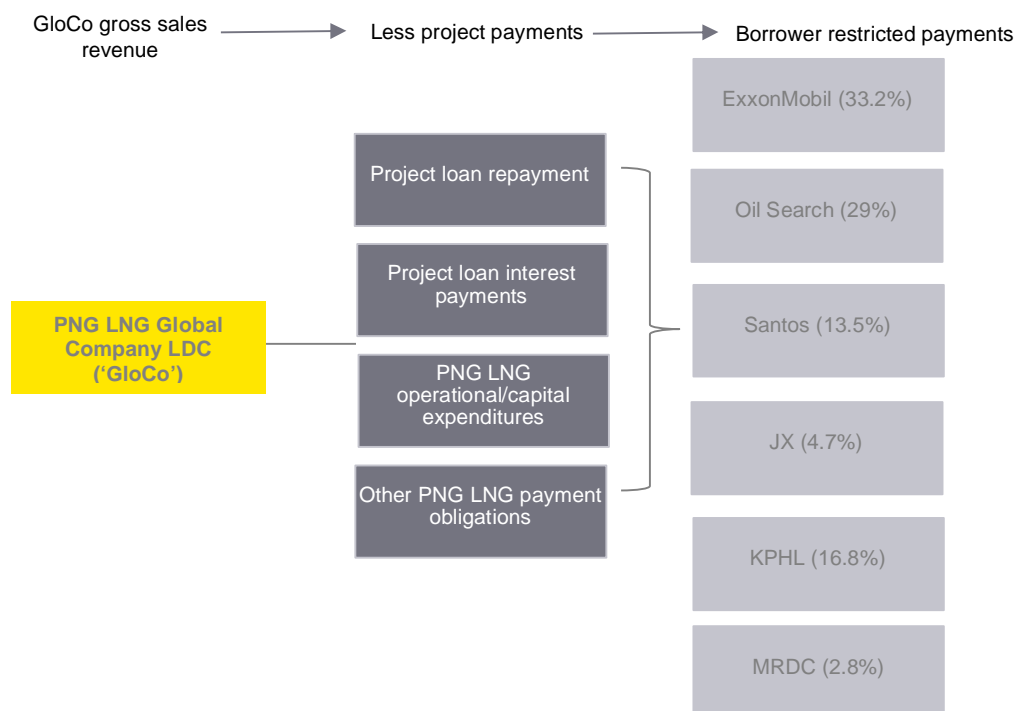


<sup>270</sup> <http://www.openbriefing.com/AsxDownload.aspx?pdfUrl=Report%2FComNews%2F20181206%2F02057076.pdf>, accessed 26 December 2020

## 8.5.1. PNG LNG Revenue

The flow of payments from GloCo is illustrated below in Figure 56 (as described by KPHL, with adaptations by the IA for clarity). Payment streams from KPHL are detailed in Chapters 9 and 10, and payment streams from other participating entities are detailed in Chapter 10.

Figure 56: Payment flows from GloCo



## 8.5.2. PNG LNG Borrowings

Secured loan from joint operation Papua New Guinea Liquefied Natural Gas Global Company LDC, a limited duration company incorporated under the laws of the Commonwealth of the Bahamas (the “Borrower”) was organised to conduct certain activities of the PNG LNG Project outside of PNG, including the borrowing and on-lending to the Project participants of the Project Finance Debt Facility, and the purchase and re-sale of PNG LNG Project liquids and LNG. The Borrower is owned by each Project participant in a percentage equal to its interest in the PNG LNG Project.

Interest and principal on the Project Finance Debt Facility is payable on specified semi-annual dates, which commenced in June 2015, with the principal being repayable over 11.5 years based on a customised repayment profile and with 6.5 years remaining on the facility as at 31 December 2019.

The liquids and LNG sales proceeds from the PNG LNG Project are received into a sales escrow account from which agreed expenditure obligations and debt servicing are firstly made and, subject to meeting certain debt service cover ratio tests, surpluses are distributed to the Project participants.

The Borrower granted to the security trustee for the Project Finance Debt Facility:

- a first-ranking security interest in all of its assets, with a few limited exceptions
- a fixed and floating charge over existing and future funds in the offshore accounts; a deed of charge (and assignment) over the sales contracts, LNG charter party agreements, rights under insurance policies, LNG supply and sales commitment agreements, on-loan agreements and the sales, shipping and finance administration agreements, collectively known as “Borrower Material Agreements”
- a mortgage of contractual rights over Borrower Material Agreements.

The Project Finance Debt Facility is subject to various covenants and a negative pledge restricting further secured borrowings, subject to a number of permitted lien exceptions. Neither the covenants nor the negative pledge have been breached at any time during the reporting period. Financial Completion for the

PNG LNG Project was achieved on 5 February 2015. From that date, the completion guarantee that was provided by the Company for its share of the Project Finance Debt Facility was released.<sup>271</sup>

Estimated share of Kumul Petroleum Holdings Limited and MRDC on the secured loan amounts to US\$1.70 Billion and US\$284 million, respectively.\*

*\*Recalculated using secured loan figures from Oil Search Limited 2019 Annual Report.<sup>272</sup>*

*Total Outstanding Loans = (total current and non-current secured loan from joint operation)/ 29%*

*KPHL Share of the Loans = Total Loans x 16.8%*

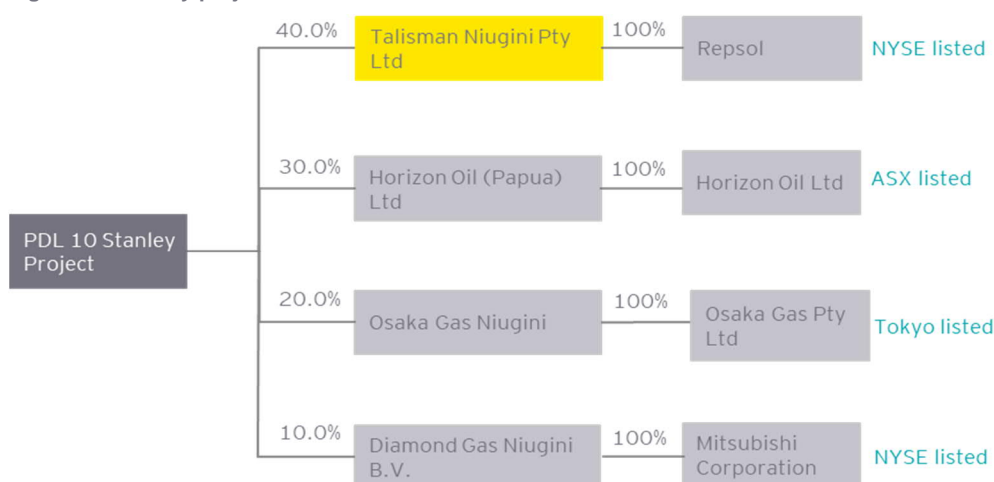
*MRDC Share of the Loans = Total Loans x 2.8%*

## 8.6. New oil and gas projects

### 8.6.1. Stanley project (under DPE supervision)

The Stanley Gas Agreement was approved in April 2014. The Stanley gas-condensate field is located in PDL 10 and was operated by Repsol during the reporting period.<sup>273</sup> In 2018 the PNG Government gave notice that it intended to cancel PDL 10 and PL 10, allegedly for failure to construct, commission and commence production operations. To date the planned engineering, procurement and construction of the project has not progressed. Discussions are ongoing to resolve this matter in the interests of both the state and the developer(s).<sup>274</sup> In January 2020, Repsol sold its interests to Arran Energy Investments Pty Ltd, a privately owned Australian company, whose subsidiary Arran Energy Niugini Pty Limited then became the operator. In December 2020, Horizon Oil also sold its PNG assets to Arran Energy.<sup>275</sup>

Figure 57: Stanley project licence interest



<sup>271</sup> Oil Search Annual Report, Note 28, Secured Loan from Joint Operation,

[https://www.oilsearch.com/\\_data/assets/pdf\\_file/0008/46961/OS-AR19-WISDOM\\_FA5C.pdf](https://www.oilsearch.com/_data/assets/pdf_file/0008/46961/OS-AR19-WISDOM_FA5C.pdf), accessed 22 January 2021

<sup>272</sup> Oil Search Annual Report, Note 19, page 131 [https://www.oilsearch.com/\\_data/assets/pdf\\_file/0008/46961/OS-AR19-WISDOM\\_FA5C.pdf](https://www.oilsearch.com/_data/assets/pdf_file/0008/46961/OS-AR19-WISDOM_FA5C.pdf), accessed 22 January 2021

<sup>273</sup> Western LNG Project, <https://horizonoil.com.au/projects-operations/papua-new-guinea/western-lng-project/>, accessed 26 November 2020.

<sup>274</sup> Stanley Gas Condensate Project, <https://petroleum.gov.pg/stanley-gas-condensate-project/>, 18 December 2020

<sup>275</sup> Horizon asset sale to Arran, <https://www.oilandgastoday.com.au/horizon-departs-png-with-asset-sale/>, 18 December 2020

### 8.6.2. Papua LNG Project (Elk-Antelope gas discoveries) (under DPE supervision)

The Elk-Antelope gas discoveries (PRL 15) are one of the largest undeveloped gas resources in PNG. The Papua LNG project of 5.4 million tons per annum (Mtpa) capacity was intended to consist of two LNG trains of 2.7 Mtpa capacity each and will unlock over 1 billion barrels of oil equivalent of natural gas resources.<sup>276</sup> The participants under PRL 15 in 2018 were (post the State back-in right of 22.5%):<sup>277</sup>

Total (operator)	31.1%
ExxonMobil	28.7%
Oil Search	17.7%
Papua New Guinea	22.5%

In November 2018, the partners in the Papua LNG Project entered into a Memorandum of Understanding (MoU) with the Independent State of Papua New Guinea for the development of the Papua LNG Project.<sup>278</sup> The Gas Agreement, which allocates project benefits and returns among stakeholders, was finalised in April 2019. However, necessary implementing legislation and agreements are still needed.

### 8.6.3. Pasca A (under DPE supervision)

Pasca A (Twinza Oil) is a gas condensate discovery (PPL 328 (APDL14)) located at the Gulf of Papua, Offshore Papua New Guinea. The field type is liquids-rich gas-condensate accumulation in carbonate pinnacle reef. The reserves have been proven, the development plan has been completed and the production licence in pending approval.<sup>279</sup> The operator is Twinza oil, which currently holds 100% interest in the project. The State has the right to acquire a 22.5% working interest if it chooses.<sup>280</sup>

### 8.6.4. Other gas projects in development

Oil and gas exploration is active across PNG. In 2019, there were 61 Petroleum Prospecting Licences, covering large parts of the country, and much of the near-shore environment.<sup>281</sup> The Papua LNG project is expected to be the first of a series of new gas developments, including:

- ▶ Potential development of the P'nyang field to supply PNG LNG Project expansion
- ▶ Possible aggregation of a number of gas accumulations in the Western Province
- ▶ The introduction of the *Unconventional Hydrocarbons Act 2015* (UHA) cleared f for further exploration and production including unconventional hydrocarbons such as shale oil and gas that were previously excluded from the OGA.

## 8.7. Oil and gas production data

Oil and gas project operators report production data to DPE daily. DPE does not currently perform detailed reviews or audits of this data due to resourcing constraints.<sup>282</sup>

Below we present production and export quantities as reported by companies and by DPE.

<sup>276</sup> Total press release, 9 April 2019, <https://www.total.com/en/media/news/press-releases/total-and-state-papua-new-guinea-sign-gas-agreement-papua-lng-project>, accessed 26 November 2020

<sup>277</sup> Papua New Guinea government, partners sign LNG agreement, <https://www.oqi.com/pipelines-transportation/lng/article/17279091/papua-new-guinea-government-partners-sign-lng-agreement>, accessed 26 November 2020

<sup>278</sup> Oil Search, 'Papua LNG JV signs MoU with PNG Government', [https://www.oilsearch.com/\\_data/assets/pdf\\_file/0018/27135/181116-Papua-LNG-JV-signs-MOU-with-Government.pdf](https://www.oilsearch.com/_data/assets/pdf_file/0018/27135/181116-Papua-LNG-JV-signs-MOU-with-Government.pdf) accessed 26 November 2020.

<sup>279</sup> Pasca A – Twinza Oil, <https://www.twinzaoil.com/what-we-do/papua-new-guinea-pasca-a>, accessed 26 November 2020;

<sup>280</sup> Ibid

<sup>281</sup> DPE data template received

<sup>282</sup> Direct communication from DPE, 2016 PNG EITI Report.

Table 98: Oil and gas production and export quantities provided by companies^

Commodity quantity	PNG LNG (ExxonMobil Operated)			Oil and Associated Gas (Oil Search Operated)		
	Produced	Exported	Remarks	Produced	Exported	Remarks
Oil (stbo)				2,869,738	2,871,929	Gross oil barrels produced by OSL as operator and exported
Hides Condensate (stbop)	9,787,110		PNG LNG condensate from Hides Gas Conditioning Plant (HGCP) that goes by pipeline to the OSL operated Central Processing Facility (Kutubu)	96,360		Condensate from gas produced from Hides Wells 1 & 2 that is removed at the Hides GTE facility and transported by truck to HGCP and then by pipeline to Kutubu
PNG LNG liquids (stbop)	1,125,295	1,182,235	Naphtha produced and exported from the PNG LNG Plant		10,045,628	PNG LNG condensate piped from HGCP and OSL condensate from Hides wells 1 & 2 after going through the OSL operated CPF for export
Hides Gas (MMscf)	371,708		Gross PNG LNG gas produced from HGCP			
PNG LNG Associated Gas (MMscf)				47,796		Associated Gas from Kutubu, Gobe Main, SEG – goes to the PNG LNG Plant
PNG LNG Project LNG (tonnes)	8,489,835	8,369,623	Gross LNG produced and exported at LNG Plant			
Domestic Gas (mmscf)		117	PNG LNG domestic gas sold from LNG Plant to Niu Power to generate electricity for POM			
Electricity sales to PNG Power (mmscf)		1,843	PNG LNG gas converted to electricity and sold to PNG Power at LNG Plant (~21 MW)			
Hides Gas to Electricity (mmscf)				5,087	5,087	Hides Wells 1 & 2 gas that goes to the GTE where converted to electricity for Porgera Mine

Notes:

- Empty cells are not applicable
- All amounts are in gross total volume for the year – total bbls, MMscf, tonnes
- PNG LNG volumes are confirmed by ExxonMobil
- Oil and Associated Gas volumes are confirmed by Oil Search

**Table 99: Oil and gas production and export quantities reported by DPE**

Commodity quantity	ExxonMobil		Oil Search	
	Produced	Exported	Produced	Exported
Oil (stbopd)			7,892	1,612,328
Hides Liquids (stbopd)	19,544		992	973
PNG LNG liquids (stbopd)	2,966	2,966	26,795	8,511,821
Hides Gas (MMscf)/d	369,525		5,060	4,963
PNG LNG Project LNG (tonnes)	7,251,214	7,299,637	780,231	

There are inconsistencies in the quantities reported. As the regulator, DPE should enforce proper guidelines for reporting, including reviews to verify accuracy of numbers.



Table 100: Oil and gas export quantities, values and country of destination as reported by Customs<sup>283</sup>

Destination	Quantity (L)	FOB value (PGK)
Thailand	18,681,191	338,105,372
Singapore	33,080,161	564,499,240
Malaysia	1,034,806	152,955,390
Australia	3,775,349	574,007,282
Korea	2,120,497	276,447,270
India	1,033,859	127,454,488
<b>Total</b>	<b>59,725,863</b>	<b>2,033,469,042</b>

## 8.8. Regulation of the oil and gas sector

Oil and gas regulation in PNG is overseen by DPE, an entity that is chronically under-resourced, and has not produced an annual report since 2010. DPE has now established a basic website.

DPE informed the IA in 2016 that there were plans to establish an independent authority to regulate the oil and gas industry (as is the case for the mining industry, with the MRA). No update on this could be obtained by the IA.

DPE was the subject of several priority recommendations in the 2013 and 2014 PNG EITI Reports that have subsequently been endorsed by the National Executive Council (NEC).

### Register of licences

The official register of oil and gas licences is maintained by the DPE in handwritten ledgers. This ledger is not organised sequentially by licence numbers; new entries are made when applications are made. In principle the register is publicly accessible, but clearly this is not a practical reality. The register is set up to record all information required by the EITI Standard, but a number of information gaps in individual entries were identified when the ledger was originally reviewed by the IA in 2015.<sup>284</sup>

The reliance on hard copy documentation poses a risk of catastrophic data loss.

See Appendix D for the list of active oil and gas licences in 2019. For the 2019 reporting period, DPE advised that no PPLs had been cancelled.<sup>285</sup> A compliance review was also underway and 80% completed by the end of 2018. DPE had agreed that the licence coordinators would hold regular monthly reviews to assess licences for work and expenditure compliance. However, these had not been implemented by the end of 2019. Additionally, an officer has been assigned to develop the DPE website.

The physical distribution of oil and gas tenements in PNG is shown in Appendix E. A larger version can be also be found on the website of the PNG Chamber of mines and petroleum.

<sup>283</sup> Provided by PNG Customs

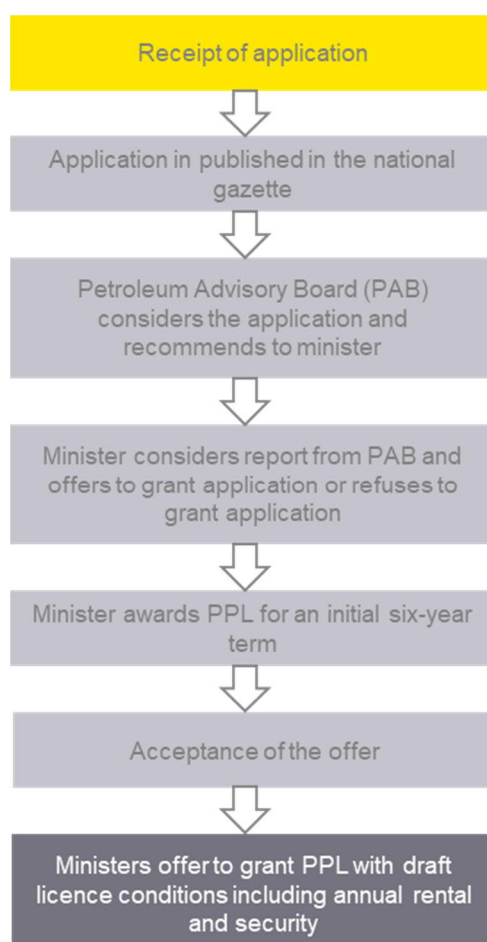
<sup>284</sup> See PNG EITI Report 2013 Appendix B, <http://www.pngeiti.org.pg/wp-content/uploads/2018/04/2013-PNG-EITI-REPORT.pdf> accessed 26 November 2020.

<sup>285</sup> Non-financial data template provided by DPE for this report. Received 18 September 2019.

## 8.9. Allocation of licences<sup>286</sup>

Oil and gas licences are allocated by DPE, according to the process illustrated in Figure 58 below.

Figure 58: Process for DPE licence allocation



Information on the technical and financial criteria for petroleum prospecting licences is set out in the Petroleum Policy Handbook and includes the following criteria for considering applications for licences:<sup>287</sup>

When granting a prospecting licence the Minister must be satisfied that the applicant has a coherent exploration strategy for the licence area as well as the technical and financial resources to carry out the required work program. The following information should therefore be included in an application:

- ▶ The full name of the individuals or companies who are to be the licence holders
- ▶ If more than one individual or company is to hold the licence, the respective participating interests and the identity of the operator
- ▶ The specific blocks over which a licence is being sought, and a sketch map indicating their position
- ▶ An outline of the technical resources of the applicant, including prior experience in PNG and descriptions of similar exploration programs carried out elsewhere, as well as the resumes of key individuals to be involved in the proposed program

<sup>286</sup> *Petroleum division – an overview*, p. 21

<sup>287</sup> *Petroleum policy handbook*, pp. 8 and 9, 2003

- ▶ Details of the financial and asset resources of the applicants including the most recent financial statements and where appropriate outlines of similar ventures undertaken
- ▶ Detailed work and expenditure programs proposed for the first two years of the initial licence period
- ▶ Indicative work and expenditure programs proposed for the final four years of the initial licence period
- ▶ A synopsis of the technical rationale used in developing the work program proposed
- ▶ Postal, fax and email addresses of the applicants
- ▶ Any other information that might be relevant to the application.

The legislation for exploration and production licensing for unconventional hydrocarbons is outlined in Division III of the UHA. Under the act, the traditional Petroleum Prospecting Licence and Unconventional Hydrocarbon Prospecting Licence can co-exist on the same area of land. Sections 63–65 of the UHA address conflicts regarding this, indicating where ownership of the resource reverts to if either conventional or unconventional hydrocarbons are discovered within a licenced area.

DPE advised that applications are assessed on a first-come, first-served basis. The main criteria used are:

- ▶ Technical capability of the applicant. The applicant must have the personnel with relevant industry experience and qualifications and must furnish supporting documents.
- ▶ Financial capacity of the applicant to pay fees/charges and to carry out the work program as per licence commitments. Relevant financial statements must be supplied.
- ▶ The applicant's history of work and expenditure undertaken in other areas/licences, to assess genuineness of the applicant.

DPE confirmed that no licences were awarded through a bidding process in 2019.

DPE advised that in some cases the first-come basis was not strictly followed; 'applications that were lodged earlier had to await publication in the National Gazette due to lack of funding. Whilst earlier applications were pending, later applications would be lodged and by the time funding was made available for publication, all applications would be gazetted simultaneously and thus considered at the same time.'

Before a production licence is issued, social mapping and clan vetting must be conducted, which is audited by DPE. This culminates in a Development Forum that brings together stakeholders to finalise the benefit sharing agreement. Agreements include different levels of compensation and benefits, which may include social benefits such as schools or hospitals. DPE commented that landowner groups have become much more adept at negotiating for their interests in recent years.

Production licences also require 'detailed proposals by the applicant for the construction, establishment and operation of all facilities and services for and incidental to the recovery, processing, storage and transportation of petroleum from the licence area.'<sup>288</sup>

DPE advised that applications are assessed by the registrar for completeness, geoscience staff for technical criteria, and economics staff for financial criteria. The findings go into a technical brief which then goes before the DPE board.

Development agreements allow for deviations from the legal and regulatory agreement, with this information being included in official gazettes (statutory instruments). No information regarding agreements or deviations were provided by companies for 2019.

A petroleum development licence will not be granted until PNG Conservation and Environment Protection Authority (CEPA) grants environmental approval. CEPA is the government agency responsible for administering the *Environment Act* 2000. The process for environmental permit approval is outlined in section 7.9 of this report. Information from CEPA identifying the environmental permits that were issued, amended or renewed in 2019 were received and this information is reconciled in chapter 10 of this report.

Table 101 shows the different types of licences and the number of licence applications by type as at 31 December 2019. For full details, see Appendixes D.

---

<sup>288</sup> OGA s.54

**Table 101: DPE licence statistics for 2019**<sup>289</sup>

Licence type	Quantity
Petroleum Prospecting Licence (PPL)	61
Petroleum Retention Licence (PRL)	14
Petroleum Development Licence (PDL)	9
Petroleum Pipeline Licence (PPL)	7
Petroleum Processing Facility Licence (PPFL)	3

Transfer processes are outlined in the OGA.<sup>290</sup> Transfers are registered by DPE but are a commercial transaction between organisations to which DPE is not party; no criteria are applied by DPE. Exploration licences cannot be transferred for a period of two years from being granted. The list of licences awarded and transferred in 2019 can be found in Appendixes D and F. Licence fees for 2019 can be seen in Appendix C.

### JICA, DPE and PNG EITI<sup>291</sup>

JICA was the first development partner to come on board to support EITI implementation after the PNG Government published its first PNG EITI Report in 2016. Over the last three years, the JICA Technical Cooperation Program enhanced efforts to strengthen the government agency's process for collecting and recording extractive revenues and developing the database and capacity for better management of these revenues. The project, initiated in January 2018, entails improving the data systems of EITI reporting entities to equip them with modern tools such as online platforms to help to generate timely data for EITI reporting and other purposes. The country's regulator of the petroleum industry, DPE is the main beneficiary of this project.

The specific areas in which JICA is helping PNG EITI reporting agencies and stakeholders to improve the EITI reporting process include:

- The management of relevant data and information in DPE to be improved
- The reporting mechanism among extractive companies and government agencies (mainly PNG EITI National Secretariat) to be enhanced
- Awareness and implementation structure for EITI to be enhanced in the country

A revised work plan to cater for the extended period will be finalised between JICA and PNG EITI shortly.

Any further information that becomes available after this report is finalised will be made available on the PNG EITI website at <http://www.pngeiti.org.pg/>

<sup>289</sup> Non-financial data template provided by DPE for this report.

<sup>290</sup> Section 97

<sup>291</sup> JICA supports mining and petroleum transparency in Papua New Guinea through technical cooperation, <https://www.developmentaid.org/#!/news-stream/post/81177/jica-supports-mining-and-petroleum-transparency-in-papua-new-guinea-through-technical-cooperation>, accessed 15 January 2021



# State-owned enterprises

## 9. State-owned enterprises

### 9.1. Legal basis

The EITI Standard 2016 defines a state-owned enterprise (SOE) as: 'a wholly or majority government owned company that is engaged in extractive activities on behalf of the government'. In PNG, the State holds the right to acquire a participating interest in any mining or petroleum project in PNG at par value, or 'sunk cost'. In return, the State can receive a share of the profits of the project, paid as dividends in accordance with its rights as a shareholder. Further information on the State's equity participation rights is provided in Chapter 4.

In 2015, all government mining interests except for Ok Tedi Mining Limited (OTML) were consolidated to Kumul Mineral Holdings Ltd (KMHL) and all government petroleum interests were consolidated to Kumul Petroleum Holdings Ltd (KPHL). Each of these is discussed further in this chapter.

In addition, this chapter covers two organisations that have been described as state-owned enterprises in earlier PNG EITI reports, but which more accurately act as trustees:

- ▶ Mineral Resources Development Company Ltd (MRDC)
- ▶ Ok Tedi Development Foundation.

### 9.2. Quasi-fiscal expenditures

Quasi-fiscal expenditures are outlined in the EITI Standard as 'arrangements whereby SOE(s) undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process.'<sup>292</sup> This can include, for example, providing services at below market rates.

Previous PNG EITI reports have highlighted that the classification of quasi-fiscal expenditures is not straightforward, which may result in under-reporting of this category. The 2017 report recommended that 'PNG should undertake a comprehensive review of all expenditures undertaken by extractives SOEs (and their subsidiaries) that could be considered quasi-fiscal.'<sup>293</sup>

### 9.3. Kumul Petroleum Holdings Ltd

#### 9.3.1. Creation, ownership and structure

Kumul Petroleum Holdings Ltd (KPHL) has been through a series of changes of structure and name since it was first incorporated in June 2008.<sup>294</sup> It has been in its current form since 2015, when the *Kumul Petroleum Holdings Ltd Authorization Act* 2015 was passed, making KPHL the State nominee for all commercial matters relating to oil and gas projects.

#### 9.3.2. Projects and fiscal arrangements

KPHL's data template for 2019 lists the following holdings:

▶ Kumul Petroleum (Kroton) Limited	74.25% Ownership
▶ Kumul Petroleum (Development) Limited	100% Ownership
▶ Eda Oil Limited	100% Ownership
▶ Kumul LNG Limited	100% Ownership
▶ Hides Gas to Electricity Project (PDL1)	JV Partner
▶ SE Gobe (PDL 3)	JV Partner

However, KPHL's website lists a broader set of interests, together with an interactive map.<sup>295</sup> These are outlined below.

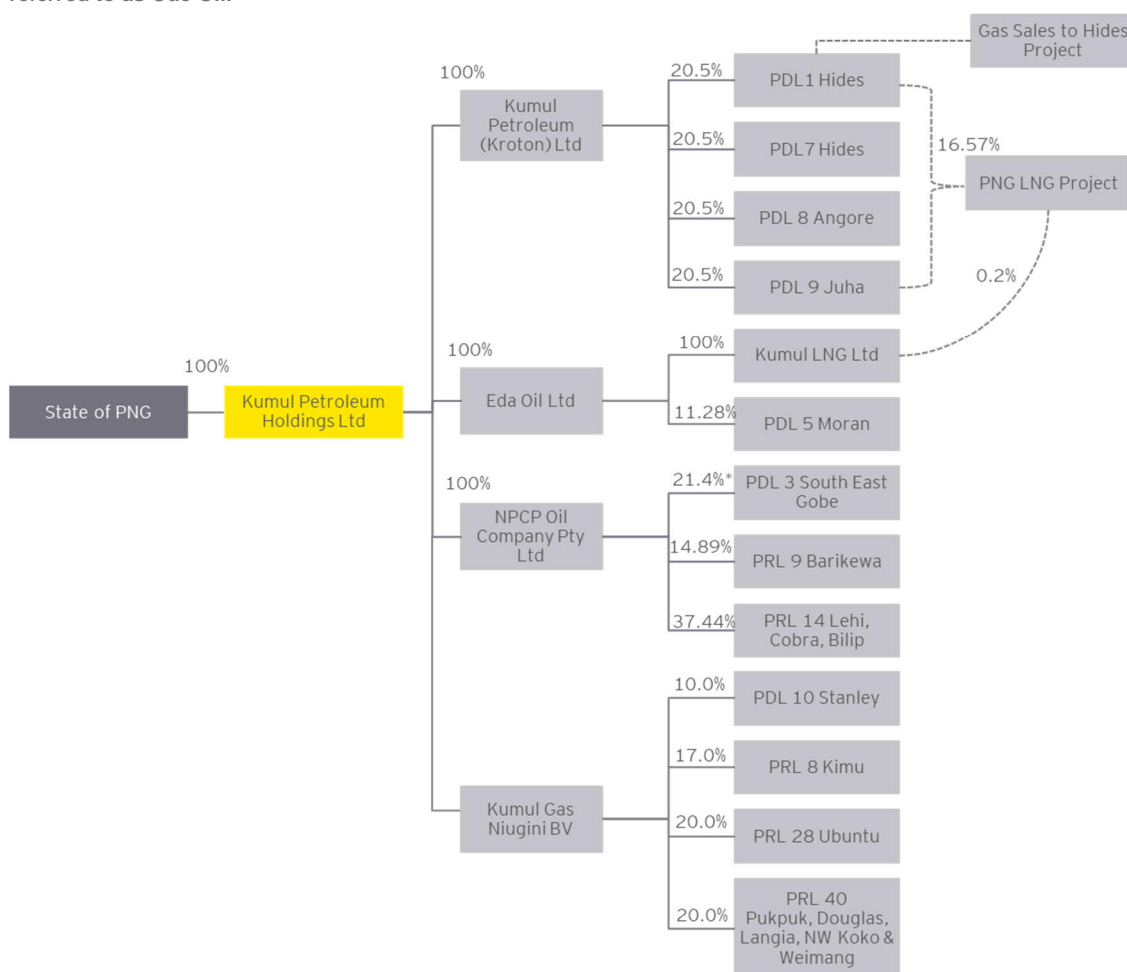
<sup>292</sup> Guidance on quasi-fiscal expenditures, <https://eiti.org/guide/quasi-fiscal-expenditures>, accessed 26 November 2020.

<sup>293</sup> PNG EITI 2018, p. 124, <http://www.pngeiti.org.pg/wp-content/uploads/2020/01/2018-PNG-EITI-REPORT.pdf>, accessed 26 November 2020

<sup>294</sup> For further detail see PNG EITI 2018, p. 124, <http://www.pngeiti.org.pg/wp-content/uploads/2020/01/2018-PNG-EITI-REPORT.pdf>, accessed 26 November 2020

<sup>295</sup> Petroleum Retention Licences, <http://kumulpetroleum.com/licence-interests/>, accessed 18 December 2020

**Figure 59: KPHL projects and fiscal arrangements. Note that NPCP Oil Company Pty Ltd is also sometimes referred to as Cue Oil.**



*\*The ownership % of PDL 3 has been confirmed by KPHL to be 45.72%, though on the KPHL website it lists ownership percentages of 21.4% and 45.72%. We also note that information from the MSG indicated an 8.85% ownership.<sup>296</sup>*

As outlined above, KPHL's subsidiary Kumul Petroleum (Kroton) Ltd<sup>297</sup> holds a 20.50% interest in four petroleum development licences which together represent a 16.57% interest in the PNG LNG project.<sup>298</sup> KPHL's participating interest is determined by the amount of gas committed to the project from a defined area within each of the four PDLs. KPHL participates in the management of the PNG LNG project through representation on the operating, technical, and sales and marketing committees.<sup>299</sup>

KPHL, through its co-ownership in PDL 1, also jointly sells gas to the Oil Search owned and operated gas to electricity plant (the Hides Project). The Hides Project buys gas from the PDL 1 partners, which it conditions and sells to the Barrick-operated Porgera gold mine.<sup>300</sup>

### 9.3.3. Revenue and payment streams

KPHL reported the gross revenue streams for 2019 amounting to PGK2,811,775,686

<sup>296</sup> Information from KPHL website (ibid) and from information submitted for previous EITI reports.

<sup>297</sup> We have also found references to 'Kumul Petroleum (Kroton No 2) Holdings Ltd' and to 'NPCP Kroton Ltd'. At the time of writing it was initially unclear whether these all refer to the same entity. KPHL subsequently confirmed that KPHL was referred to previously by a different name.

<sup>298</sup> PNG LNG Project, Kumul Petroleum Holdings Ltd, <http://kumulpetroleum.com/production/>, accessed 26 November 2020. KPHL's data template disclosed a 16.8% holding in PNG LNG. This may refer to the additional 0.2% held through subsidiary Kumul LNG Ltd/Eda Oil Ltd.

<sup>299</sup> Direct communication from KPHL, 20 November 2015

<sup>300</sup> Gas Sales to Hides Project, Kumul Petroleum Holdings Ltd, <http://kumulpetroleum.com/production/>, accessed 26 November 2020.

Table 102: KPHL gross revenue<sup>301</sup>

Gross revenue	USD	PGK
SEG condensate	5,393,194	18,282,928
Moran condensate	2,691,406	9,123,866
PNG LNG	705,546,065	2,391,801,160
PNG LNG condensate	108,412,463	367,518,250
Gas to electricity	6,727,605	22,806,581
Power & miscellaneous income	661,622	2,242,899
<b>Total</b>	<b>829,432,355</b>	<b>2,811,775,683</b>

The above share of sales from the PNG LNG Project are before payments are made from GloCo. Payments are made to meet ongoing PNG LNG Project operational and Capex obligations as well as servicing project debt. KPHL advised that total receipts (share of sales less share of payments – otherwise known as “borrower restricted payments” or “equity distribution” used across in the report) from the project for 2019 by way of distributions from GloCo was approximately PGK1.17 billion (US\$345.51 million). The equity distribution reported by KPHL was confirmed by ExxonMobil, in its capacity as the operator of PNG LNG project.

The gas produced by PNG LNG is jointly marketed through the PNG LNG Global Company LDC (‘GloCo’) (see further section 8.5).

KPHL reported the following payment streams for 2019.<sup>302</sup>

Table 103: KPHL payment streams

Payment stream	Recipient	PGK
Corporate income tax	IRC	56,639,886
Additional profits tax	IRC	112,851,724
Group tax	IRC	13,221,373
Foreign contractor withholding tax	IRC	635,354
Dividends	Treasury	212,129,250
<b>Total</b>		<b>395,477,587</b>

KPHL reported the following subnational payments for 2019:

Table 104: KPHL subnational payments

Payment stream	Paid by	PGK
Oil and gas royalties	ExxonMobil	22,153,720
Oil and gas royalties	Oil Search (PNG) Limited	1,339,528
<b>Total</b>		<b>23,493,248</b>

These subnational payments are paid by ExxonMobil and Oil Search (PNG) Limited, on behalf of KPHL.

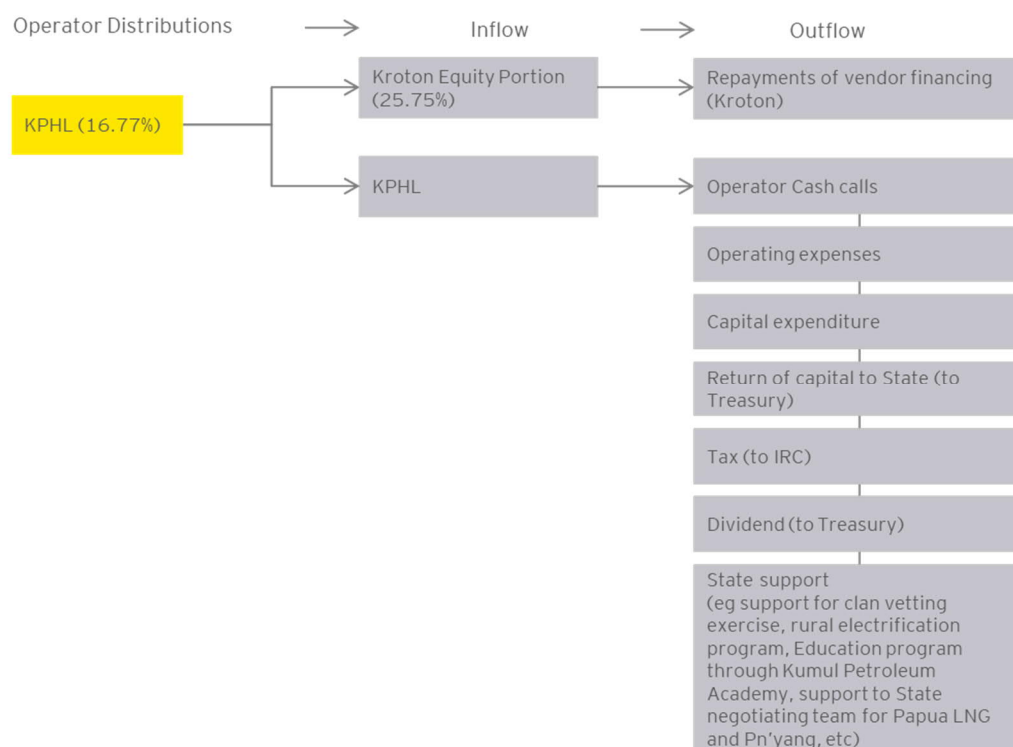
KPHL provided a process flow of payments from GloCo; this is illustrated below in Figure 60, with amendments by the IA for clarity.

<sup>301</sup> Provided by KPHL

<sup>302</sup> Out of total 2019 receipts of PGK1.57 billion (including equity distribution from PNG LNG).

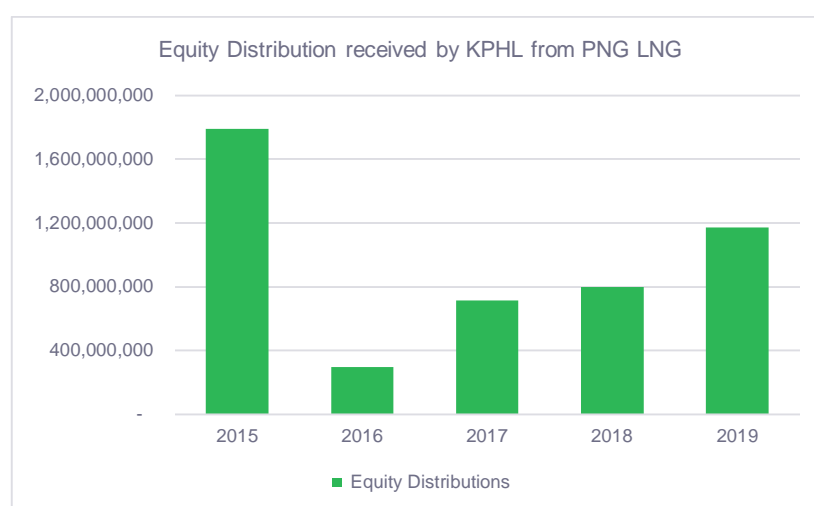


**Figure 60: KPHL payment streams from PNG LNG project**



The Umbrella Benefits Sharing Agreement for the PNG LNG project included an option for affected project area landowners and provincial governments to purchase a shareholding interest in the PNG LNG Project by way of indirect equity holding in Kumul Petroleum (Kroton) Ltd. This is known as the 'Kroton Equity Option'.<sup>303</sup> In September 2016, KPHL was endorsed by the NEC to offer vendor finance to enable landowner beneficiary groups and provincial governments to make these purchases.<sup>304</sup>

**Figure 61: Equity distributions received by KPHL from PNG LNG**



Average annual equity distribution received by KPHL over the past 5 years amounted to PGK957m. Highest collections were recorded in 2015 amounting to PGK1,790m. Lowest receipts, on the other hand, were recorded in 2016 amounting to PGK297m.

<sup>303</sup> KPH website, <http://kumulpetroleum.com/news-article/kumul-petroleum-clarifies-kroton-equity/>, accessed 26 November 2020

<sup>304</sup> Kroton Equity Unit Application Signing Ceremony' 12 Jan 2017, <http://kumulpetroleum.com/news-article/kroton-equity-unit-application-signing-ceremony/>, accessed 26 November 2020

By the deadline of 31 December 2016, the following provincial governments and landowner beneficiary groups had elected to take up their option using KPHL's vendor finance, and subsequently signed a Unit Application Agreement:<sup>305</sup>

- ▶ Fly River Provincial Government
- ▶ Southern Highlands & Hela Provincial Government
- ▶ Central Provincial Government
- ▶ Gulf Provincial Government
- ▶ PDL 4 (Gobe)
- ▶ PDL 5 (Central Moran)
- ▶ PDL 9 (Juha)
- ▶ PNG LNG Pipeline, (Segment 1- 8)
- ▶ PNG LNG Plant site (Papa, Lealea, Boera, Porebada)
- ▶ North West Moran

This process is now complete and awaiting further directive from the NEC.

### 9.3.4. Social and quasi-fiscal expenditure

KPHL's data template refers to 'Government support' in relation to quasi-fiscal expenditures but does not provide further explanation.

KPHL reported that no infrastructure tax credits were applicable for the reporting period

KPHL disclosed no mandatory social expenditures for 2019, but listed discretionary social expenditures totaling PGK30.9 million, for various activities

## 9.4. Kumul Mineral Holdings Ltd

### 9.4.1. Creation, ownership and structure

Kumul Mineral Holdings Ltd (KMHL), a 100% state-owned company, was created in 2007 as Petromin PNG Holdings Ltd (Petromin), to hold the State's assets and to maximise indigenous ownership and revenue gains in the mineral, and oil and gas sectors. Its objective included encouraging more production and downstream processing of oil, gas and minerals in PNG through proactive investment strategies either wholly or in partnership with other investors. When the *Kumul Minerals Holdings Authorization Act 2015* was passed, Petromin was renamed Kumul Mineral Holdings Ltd.

### 9.4.2. Projects and fiscal arrangements

During the reporting period, KMHL did not hold any subsidiaries with interests in active resource projects. For this reason, KMHL is not a material reporting entity for 2019 (or the previous three years). Information for this report has been drawn from KMHL's 2016 reporting template, and from a copy of KMHL's audited financial statements for 2016, which were previously provided to the IA.

The following KMHL subsidiaries held interests in exploration projects and projects that were in development stage during 2019. These include:

- ▶ Eda Kopa (Solwara) Ltd, which holds the State's 15% interest in the Solwara 1 project in New Ireland Province. At the time of writing, the operator, Nautilus Minerals, has gone into liquidation (see also section 7.3.2).<sup>306</sup>
- ▶ Eda Minerals Ltd, which holds mining and exploration interests including a 53.8% share in Bougainville Copper Ltd (BCL), which was transferred from Rio Tinto Ltd in 2016.<sup>307</sup> BCL, an ASX-listed company, is working towards resuming copper mining at the Panguna mine on Bougainville.<sup>308</sup>

<sup>305</sup> 'Kumul Petroleum News, <http://kumulpetroleum.com/news-article/kroton-option-exercise-by-pdl-4-beneficiary-group/>, accessed 26 November 2020.

<sup>306</sup> A high-profile deep-sea mining company is struggling, <https://www.economist.com/business/2018/12/06/a-high-profile-deep-sea-mining-company-is-struggling>, accessed 26 November 2020. Nautilus Minerals officially sinks, shares still trading, <https://www.mining.com/nautilus-minerals-officially-sinks-shares-still-trading/>, accessed 26 November 2020

<sup>307</sup> KMH Annual financial statements for year ended 31 December 2016, provided by KMH 13 December 2018.

<sup>308</sup> Bougainville Copper Ltd website, <http://www.bcl.com.pg/>, accessed 26 November 2020.

KMHL's 2016 financial statements noted that, with no producing assets, 'there is material uncertainty that may cast significant doubt on whether the group will continue as a going concern.' The statements have nevertheless been prepared on a going concern basis, on the grounds that:

- ▶ 'The company will continue to operate under new legislation as Kumul Minerals Holdings Ltd and it will hold all the State's share of mineral interests.
- ▶ The company will continue to explore cost reduction and restructuring measures and pursue other revenue generating activities to manage its cash flow requirements.
- ▶ The group has an indemnity from the State in respect of its borrowing relating to its investment in Solwara 1 project.
- ▶ The National Executive Council (by decision no 223/2016) has approved deferment of the payment of tax liabilities of PGK20.8million for five years. The group also plan to negotiate a settlement arrangement with other creditors including other government entities.
- ▶ The Group continues to engage with a broad range of its stakeholders in the other producing mineral assets that are meant to be held by the KMHL under KMHL Act.
- ▶ The directors believe that the Group will be successful in its efforts and have prepared the financial statements on that basis.<sup>309</sup>

No further information was obtained at the time of writing.

### 9.4.3. Revenue and payment streams

The State is paid a dividend as and when a dividend is declared by the Board. Dividends are paid to the Department of Finance. For 2016, KMHL stated that they paid no dividend to the State; did not provide loans or loan guarantees to mining or oil and gas companies operating within the country and made no subnational payments or transfers.<sup>310</sup>

### 9.4.4. Social and quasi-fiscal expenditure

For 2016, KMHL reported that no social or quasi-fiscal payments were made.<sup>311</sup>

## 9.5. Ok Tedi Mining Limited (OTML)

### 9.5.1. Creation, ownership and structure

Ok Tedi Mining Limited (OTML) was incorporated in 1981 as the operator of the joint venture open pit mine at the Mt Fubilan copper, gold and silver deposit.

BHP exited the joint venture in 2002, and its shares were transferred to the Papua New Guinea Sustainable Development Program (PNGSDP), a not-for-profit company limited by guarantee, which was incorporated on 20 October 2001 in Singapore.<sup>312</sup>

In 2012, OTML purchased the shares in the project owned by Canadian company Inmet Mining Corporation, and in 2013 OTML became a 100% state-owned entity with the passing of the *Ok Tedi (10<sup>th</sup> Supplemental Agreement) Act 2013*.<sup>313</sup>

At this time, shares held by PNGSDP were cancelled and the Government of PNG increased its direct ownership to 87.8%. The State was also given 'all necessary powers to restructure PNGSDP and its operations to ensure that PNGSDP applies its funds for the exclusive benefit of the people of the Western Province.'<sup>314</sup> However, this move has been the subject of ongoing legal battles in PNG and Singapore.

<sup>309</sup> Ibid

<sup>310</sup> Data provided by KMH in data template completed for 2016 PNG EITI report, 30 August 2017.

<sup>311</sup> Ibid

<sup>312</sup> Independent State of Papua New Guinea v PNG Sustainable Development Program Ltd [2016] SGHC 19 [http://www.supremecourt.gov.pg/docs/default-source/module-document/judgement/-2016-sghc-19-\(amended-26-feb\)-pdf.pdf](http://www.supremecourt.gov.pg/docs/default-source/module-document/judgement/-2016-sghc-19-(amended-26-feb)-pdf.pdf), accessed 26 November 2020

<sup>313</sup> 'History', Ok Tedi Mining Limited, <https://oktedi.com/who-we-are/our-history/>, accessed 26 November 2020.

<sup>314</sup> Mining (Ok Tedi Tenth Supplemental Agreement) Act 2013 (PNG) [http://www.parliament.gov.pg/uploads/acts/13A\\_09.pdf](http://www.parliament.gov.pg/uploads/acts/13A_09.pdf), accessed 26 November 2020

Most recently, it appears the High Court of Singapore has rejected the government's argument that it had a right to control and oversee the operations of the PNG Sustainable Development Program.<sup>315</sup>

The ownership structure of OTML during the 2019 reporting period can be seen in chapter 7.<sup>316 317</sup>

OTML had three subsidiaries during the reporting period:<sup>318</sup>

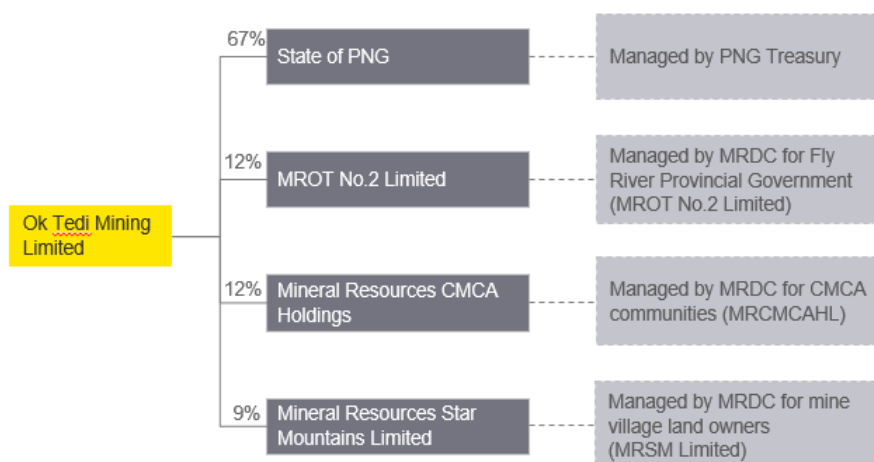
- ▶ **Ok Tedi Australia Pty Ltd** is the marketing and Australian logistics arm of OTM, based in Brisbane (wholly owned subsidiary)
- ▶ **Ok Tedi Power Ltd** manages the Kiunga power operation and mini grids in Western Province. It was incorporated in June 2014 after the PNG Sustainable Development Program transferred its power assets in the Western Province to the Fly River Provincial Government (wholly owned subsidiary)
- ▶ **Ok Tedi Development Foundation Ltd** is a non-profit entity established to manage the development benefits and delivery of tax credit scheme and community projects to the 157 villages in the Community Mine Continuation Agreement (CMCA) area of the Western Province (75% ownership; the remaining 25% is vested in PNG Sustainable Development Program)

## 9.5.2. Projects and fiscal arrangements

OTML operates the Ok Tedi Mine at Mt Fubilan in the Star Mountains of the Western Province. OTML also holds a portfolio of exploration leases in the vicinity of its Mt Fubilan mining operations.<sup>319</sup>

OTML dividends are distributed as illustrated in Figure 62. (Note that Ok Tedi's payments to local governments and landowners could be classed as 'equity distributions' under the definitions in the reporting template.)

Figure 62: Dividend revenue streams from Ok Tedi Mining Limited



The Ok Tedi Community Mine Continuation Agreement (CMCA) payments are agreed between the 158 village communities affected by the operations of the mine, and OTML.<sup>320</sup> These villages are grouped into nine trust regions that receive cash compensation, investment and development payments from OTML including dividend payments of 12% for CMCA 152 villages and 9% for 6 Mine landowner villages. The Fly River Provincial Government is responsible for project submissions and delivery in relation to this fund. The cash payments to the beneficiaries are calculated based on the population of respective regions and directly disbursed to family accounts via online banking system.<sup>321</sup> For 2019, cash payments to the beneficiaries are paid directly into over 20,000 family and clan accounts.<sup>322</sup>

<sup>315</sup> PNG govt loses legal battle to control billion-dollar Sustainable Development Program', ABC, 9 April 2019, <https://www.abc.net.au/radio-australia/programs/pacificbeat/png-govt-loses-legal-battle-to-control-pngsdp/10983202>, accessed 26 November 2020

<sup>316</sup> Ok Tedi Mining Limited Annual Review 2019, p.13 <https://oktedi.com/who-we-are/annual-performance/>, accessed 26 November 2020.

<sup>317</sup> Ibid

<sup>318</sup> Ibid

<sup>319</sup> Ok Tedi Mining Limited, <http://www.oktedi.com/>, accessed 26 November 2020

<sup>320</sup> Ok Tedi Mining Limited, Annual Review, 2019, <https://oktedi.com/who-we-are/annual-performance/>, accessed 26 November 2020.

<sup>321</sup> Ibid

<sup>322</sup> Ok Tedi Mining Limited, Annual Review 2019, <https://oktedi.com/who-we-are/annual-performance/>, accessed 26 November 2020.

### 9.5.3. Revenue and payment streams

Table 105: OTML reported revenue streams 2019

Payment stream	Recipient	PGK
Corporate income tax	IRC	48,558,750
Group tax	IRC	81,815,991
Foreign contractor withholding tax	IRC	23,243,304
Environment permit fees	IRC	266,490
Dividends	Treasury	400,000,000
Production levy	MRA	6,983,117
<b>Total</b>		<b>560,867,652</b>

Total revenue and profit from operations in 2019 amounted to PGK3.8 billion and PGK1.06 billion, respectively.<sup>323</sup>

Treasury and MRDC disclosed the following dividend receipts from OTML in 2019:

Table 106: OTML dividend payments 2019<sup>324</sup>

Payee	PGK millions	Commentary by Ok Tedi
Independent State of Papua New Guinea (Treasury)	131.20	Paid in USD to BPNG
Mineral Resources Ok Tedi No.2 Ltd (via MRDC)*	47.98	Paid in USD to BPNG and the PGK equivalent was transferred to their designated bank account
Mineral Resources CMCA Holdings Ltd (CMCA Peoples Dividend Trust account)*	142.17	The declared dividend was offset against the advances for stamp duties on share transfers paid to IRC
Mineral Resources Star Mountain Ltd (Non CMCA Peoples Dividend Trust account)*	31.40	The declared dividend was offset against the advances for stamp duties on share transfers paid to IRC

Per annual report OTML did not provide any loans or loan guarantees to mining or oil and gas companies operating in the country during 2019.<sup>325</sup>

### 9.5.4. Social and quasi-fiscal expenditures

OTML supports community development through a number of mechanisms. These include:

- ▶ Contributing funding to the Ok Tedi Development Foundation (OTDF) which delivers programs focusing on health, education, infrastructure, local and regional economic development, and community and social development<sup>326</sup>
- ▶ Compensation payments
- ▶ Voluntary donations
- ▶ Funding social infrastructure projects through the tax credit scheme (TCS)
- ▶ Providing subsidised power to Fly River Provincial Government through Ok Tedi Power Ltd
- ▶ Goods purchased in PNG (including contractors)

Details of OTML's social expenditures for the reporting period can be seen in Chapter 6.

OTML did not report any quasi-fiscal payments for the 2019 period. However, subsidised power may be classified as a quasi-fiscal payment, as may be some activities of OTDF.

<sup>323</sup> Ok Tedi 2019 Annual Financial Review, <https://oktedi.com/who-we-are/annual-performance/>, accessed 18 December 2020

<sup>324</sup> Treasury and MRDC Templates

<sup>325</sup> Ok Tedi 2019 Annual Financial Review, <https://oktedi.com/who-we-are/annual-performance/>, accessed 18 December 2020

<sup>326</sup> OTDF Five Year Strategic Direction, [https://www.otdfpng.org/wp-content/uploads/2017/03/STRATEGIC-PLAN-2016-2020\\_compressed-09052016.pdf](https://www.otdfpng.org/wp-content/uploads/2017/03/STRATEGIC-PLAN-2016-2020_compressed-09052016.pdf), accessed 26 November 2020

## 9.6. Mineral Resources Development Company Ltd

### 9.6.1. Creation, ownership and structure

The Mineral Resources Development Company Ltd (MRDC) was established by an act of parliament. It sits directly under the Prime Minister's office, with the Chief Secretary acting as Chair of the MRDC board.

MRDC acts as a trustee shareholder for beneficiary landowners and provincial governments. Under the definition of the EITI Standard (2.6a),<sup>327</sup> MRDC is classed as a trustee rather than a state-owned enterprise, as it is not directly engaged in extractive activities, and does not pay any dividends to the State.

MRDC outlines its role as:

- ▶ Acquiring, financing and managing equity interest in mining and petroleum projects for and on behalf of the State, landowners and provincial governments in the most cost-effective way
- ▶ Payment of royalty and equity to petroleum project landowners
- ▶ Holding and managing landowner and/or provincial government interests in mining and petroleum projects
- ▶ Making prudent investments in diversified and safe businesses to sustain income beyond the mine, oil and gas years when those non-renewable resources are exhausted
- ▶ Developing community infrastructure and assisting with providing basic services to project area landowners.<sup>328</sup>

Under the OGA (s. 176), the MRDC is responsible for managing petroleum royalties, future generation, and community infrastructure trust funds.<sup>329</sup> The act specifies that the benefits of equity held by the State 'shall be received and held upon trust for those persons by a corporate trustee which is wholly owned by MRDC.' An NEC decision in 2009 gave MRDC the mandate to manage and implement Memorandum of Agreement (MoA) funds associated with petroleum projects.<sup>330</sup>

The MA allows for the MRDC to hold the State's interest, but does not mandate it; consequently, not all mining operations have an associated MRDC subsidiary.<sup>331</sup>

MRDC has three mechanisms by which it holds or manages interests on behalf of the government of PNG:

- ▶ Management of landowner / provincial government interests in resources projects, as trustee, under a management agreement.<sup>332</sup>
- ▶ Direct equity in resource projects, including the following:<sup>333</sup>
  - ▶ 1.48% interest in Highlands Pacific Ltd
  - ▶ 3.94% in the Ramu Nickel Project
  - ▶ 2.50% in the McArthur River Mine
  - ▶ 2.80% in the PNG LNG Project
- ▶ Subsidiary companies that hold equity interests in trust for landowners. The boards of these companies are chaired by landowners.<sup>334</sup>

<sup>327</sup> EITI Standard 2019, <https://eiti.org/document/eiti-standard-2019#r2-6>, accessed 26 November 2020

<sup>328</sup> Mineral Resources Development Company: Trustee of the Natural Resources for the People of Papua New Guinea', 2014, p. 3, provided directly by MRDC, 24 Nov 2015

<sup>329</sup> Oil and Gas Act s. 176, [http://www.pacii.org/pg/legis/consol\\_act/oaga199894/](http://www.pacii.org/pg/legis/consol_act/oaga199894/), accessed 26 November 2020

<sup>330</sup> Company Profile document emailed from MRDC, p. 5

<sup>331</sup> Mining Act 1992, <https://actnowpng.org/sites/default/files/1.%20Mining%20Act%201992.pdf>, accessed 26 November 2020

<sup>332</sup> It appears that only Mineral Resources Enga comes into this category, but this has not been confirmed by MRDC

<sup>333</sup> Direct communication from MRDC, 3 December 2019

<sup>334</sup> Mineral Resources Development Company: Trustee of the Natural Resources for the People of Papua New Guinea', 2014, p. 4, provided directly by MRDC, 24 Nov 2015.

Validation of Papua New Guinea, p.53, [https://eiti.org/sites/default/files/documents/comments\\_from\\_the\\_msg\\_merged.pdf](https://eiti.org/sites/default/files/documents/comments_from_the_msg_merged.pdf), accessed 26 November 2020.

**Table 107: MRDC subsidiaries and ownership structure**

Company	Ownership structure	Underlying asset	% ownership of asset	Beneficiary	Notes
Highlands Pacific Ltd	Equity held directly by MRDC	Ramu Nickel Project	1.48	MRDC	no dividends paid to date
Mineral Resources Ramu Ltd	Equity held directly by MRDC	Ramu Nickel Project	3.94	MRDC	
Mineral Resource Enga Ltd (MRE)	Managed by MRDC on behalf of the shareholders	Porgera	5.0	Porgera Landowners and Enga Provincial Government	MRE is direct participating member of the Porgera joint venture. MRE is entitled to 5% of gold production, and liable for 5% of operating costs. MRDC organises contract sales and manages cash calls.
Petroleum Resources Kutubu Ltd (PRK)	Wholly owned subsidiary of MRDC	PDL 2	6.75	Southern Highlands Provincial Government (1.1575%) Gulf Provincial Government (1.125%) Southern Highlands landowners: Fasuu (1.1553%) and Foe (0.696%) Gulf landowners (Kikori (1.8%))	PRK is entitled 6.75% of oil production, and liable for 6.75% of operating costs. MRDC manages cash calls. PRK dividends are declared net of costs and distributed to beneficiaries as outlined
Petroleum Resources Gobe Ltd (PRG)	Wholly owned subsidiary of MRDC	PDL3 and PDL 4 Gobe Oil fields	2.0	Landowners in the Southern Highlands Province and Gulf Province – Erave and Kikori	Unitised development – holding is 2% across both PDLs
Petroleum Resources Moran Ltd (PRM)	Wholly owned subsidiary of MRDC	PDL 5	2.0	Landowners in the Southern Highlands Province – Moran Huli (90%), Moran Fasuu (10%)	



Company	Ownership structure	Underlying asset	% ownership of asset	Beneficiary	Notes
Mineral Resources Star Mountains Ltd (MRSM)	Wholly owned subsidiary of MRDC	Ok Tedi	9.0	10 Ok Tedi landowning communities	<p>Passive interests that receive dividends from Ok Tedi Mining Limited. MRSM running costs and investments are deducted before distribution to beneficiaries.</p> <p>Board comprises: Managing Director of MRDC; Secretary of the Department of Mineral Policy and Geohazard Management (DMPGM); Landowner Representatives (one of whom is chairperson)</p> <p>Landowner directors make decisions about how to reinvest money. The distribution of funds between the 10 landowner groups is set out in the mining agreement.</p>
Mineral Resource Ok Tedi No. 2 Ltd (MROT)	Wholly owned subsidiary of MRDC	Ok Tedi	12.0	Fly River Provincial Government	<p>Direct shareholding in Ok Tedi Mining Limited. Dividend is paid directly to the provincial government.</p> <p>Board comprises: Managing Director of MRDC; Secretary of DMPGM; Governor of the province (currently in prison); administrator of the provincial government</p>
Mineral Resource CMCA Holdings Ltd	Wholly owned subsidiary of MRDC	Ok Tedi	12.0	CMCA Communities	<p>Direct shareholding in Ok Tedi Mining Limited. Dividend is paid directly to the provincial government.</p> <p>Board comprises: Managing Director of MRDC; Secretary of DMPGM; 8 CMCA directors</p>
Mineral Resource Madang Ltd (MRM)	Wholly owned subsidiary of MRDC	Ramu Nickel Project	2.5	Ramu landowners	
Gas Resources Gigira Ltd	Wholly owned subsidiary of MRDC	PDL 1	2		
Gas Resources Gobe Ltd	Wholly owned subsidiary of Petroleum Resources Gobe	PDL 3 & 4	0.02	Gulf, Hela Provincial and Southern Highlands Governments	Same beneficiaries as PRG
Gas Resources Angore Ltd	Wholly owned subsidiary of MRDC	PDL 8	0.02	Southern Highlands and Hela Provincial Governments	Angore landowners in Hela & Hela Provincial Government.
Gas Resources Hides 4 Ltd	Wholly owned subsidiary of MRDC	PDL 7	0.02	Southern Highlands Government	Hides landowners and Hela Provincial Govt



Company	Ownership structure	Underlying asset	% ownership of asset	Beneficiary	Notes
Gas Resources Juha Ltd	Wholly owned subsidiary of MRDC	PDL 9	0.02	Western (Fly River Provincial Government)	Juha landowners and Hela Provincial Govt
Gas Resources Kutubu Ltd	Wholly owned subsidiary of Petroleum Resources Kutubu	PDL 2	6.75	Southern Highlands Government	Same beneficiaries as PRK
Gas Resources Moran Ltd	Wholly owned subsidiary of Petroleum Resources Moran	PDL 5	0.02	Southern Highlands Government	
Gas Resources North West Moran Ltd	Wholly owned subsidiary of MRDC	PDL 6	0.00002	Moran Huli, Moran Fasu landowners, Southern Highlands Provincial Government, Hela Provincial Government	Further details could not be confirmed
Gas Resources PNG LNG Plant Ltd	unknown	unknown	No % split	Papa, Lealea, Boera, Porebada (Central Province), Central Provincial Government	Further details could not be confirmed

## 9.6.2. Projects and fiscal arrangements

The OGA (s. 176) sets out in some detail the structure and functions of landowner trusts.<sup>335</sup> The activities and management of each trust are set out in a trust deed that specifies who the beneficiaries are, rules under which the trust is operated, and who the trustee is. Petroleum trusts specify the composition of the board of directors for the trusts, which includes the Managing Director of MRDC, the Secretary of DPE and three landowner representatives.<sup>336</sup>

The beneficiaries are incorporated land groups (ILGs) – legal entities recognised by the State as representing the local landowners. These are established before a lease is granted through a process of social mapping and a development forum that brings together the landowners, local and national government with the prospective leaseholder to agree the distribution of benefits. In some cases, there are ongoing disputes or uncertainties regarding the correct identification of beneficiaries.

MRDC manages the assets on behalf of these beneficiaries. It is responsible for managing receipts and payments for each subsidiary company and ensuring liquidity, managing legal and administrative requirements, managing the administration of sales for entities which are entitled to a share of production (e.g. Porgera and PNG LNG), and administration of the landowner trust fund accounts. MRDC has stated that it does not receive any in-kind revenue other than a share of production and does not have any infrastructure provisions or barter arrangements in place.

MRDC itself is maintained by management fees from each subsidiary company. MRDC disclosed that although there is no set fee, management fees increase relative to the size of the trustee, and all fees are

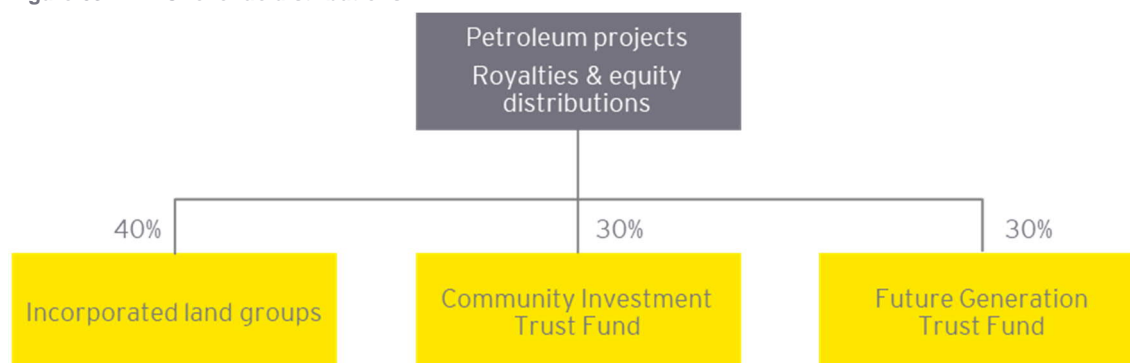
<sup>335</sup> Oil and Gas Act s. 176. [http://www.paclii.org/pg/legis/consol\\_act/oga199894/](http://www.paclii.org/pg/legis/consol_act/oga199894/), accessed 26 November 2020

<sup>336</sup> Validation of Papua New Guinea, p.53, [https://eiti.org/sites/default/files/documents/comments\\_from\\_the\\_msg\\_merged.pdf](https://eiti.org/sites/default/files/documents/comments_from_the_msg_merged.pdf), accessed 26 November 2020

approved at a Board level. The fees received are disclosed in Table 108 below. Royalty payments from oil and gas projects go from extractive industry companies to DPE and/or the Department of Finance,<sup>337</sup> and from there to MRDC.

Royalty and equity distribution payments for each project are divided as follows:

Figure 63: MRDC revenue distributions



The Community Investment Trust Fund is to be applied to '(a) the general health, welfare, education and wellbeing of the project area landowners; (b) the provision or maintenance of community projects in the area of the petroleum project; (c) such other purpose for the benefit of the project area landowners as is approved by the Minister.'<sup>338</sup> This is intended to ensure that 'some of the revenue is invested in infrastructure for the whole community to improve quality of life'.<sup>339</sup> Decisions on when and how to allocate these funds are made by the board of the subsidiary company.

The Future Generation Trust Fund is intended to provide landowner groups with a flow of benefits after the life of the project, 'for future generations of project area landowners'.<sup>340</sup> To date no FGTF monies have been spent, in accordance with legal requirements

Benefit Sharing Agreements may specify payments to relevant provincial and local governments as well as to landowners (Incorporated Land Groups).

For the 2019 PNG EITI report, MRDC advised that all trust accounts have been audited through to 2015, and that they were currently working on publication of the 2010–12 accounts. MRDC advised that they provide loans to their own subsidiaries but not to any external organisations. They confirmed that both the organisation itself and all its subsidiaries are subject to corporate income tax.

### 9.6.3. Revenue and payment streams

MRDC provided the information in Table 108 below, in relation to their subsidiary entities and the associated trusts for the year 2019.

Table 108: MRDC subsidiaries: reported receipts for 2019

Subsidiary/ trust entity	Share of Sales (PGK)	Project	Equity Distribution (PGK)	Received From	Dividends Received (PGK)	Received From	Other Dividends Received and other income (PGK)	Received From	Management fees from Trust Companies
Mineral Resources Development Company (MRDC)	n/a	n/a	0	n/a	0	n/a	2,620,737	Bank of South Pacific, Credit Corporation, and Pacific International Hospital	28,673,750

<sup>337</sup> See discussion in Oil and Gas chapter re ExxonMobil payments.

<sup>338</sup> 'Mineral Resources Development Company: Trustee of the Natural Resources for the People of Papua New Guinea', p. 4, undated (2014?), provided directly by MRDC, 24 November 2015

<sup>339</sup> Ibid

<sup>340</sup> Oil and Gas Act s. 176. [http://www.paclii.org/pg/legis/consol\\_act/oaga199894/](http://www.paclii.org/pg/legis/consol_act/oaga199894/), accessed 26 November 2020

Subsidiary/ trust entity	Share of Sales (PGK)	Project	Equity Distribution (PGK)	Received From	Dividends Received (PGK)	Received From	Other Dividends Received and other income (PGK)	Received From	Management fees from Trust Companies
Mineral Resources Ramu Ltd	76,002,057	Ramu Nickel Project 341	0	n/a	0	n/a	0	n/a	0
Mineral Resource Enga Ltd (MRE)	148,814,885	Porgera	0	n/a	0	n/a	55,590	Bank of South Pacific and Highlands Pacific Limited	0
Petroleum Resources Kutubu Ltd (PRK)	47,886,756	Kutubu	0	n/a	0	n/a	65,082,312	Bank of South Pacific, Credit Corporation, and Pacific International Hospital	0
Petroleum Resources Kutubu Ltd	0	n/a	0	n/a	0	n/a	0	n/a	0
Petroleum Resources Gobe Ltd (PRG)	1,338,278	Gobe	0	n/a	0	n/a	1,921,241	Bank of South Pacific and Credit Corporation	0
Petroleum Resources Moran Ltd (PRM)	939,086	Moran	0	n/a	0	n/a	895,000	Bank of South Pacific and Credit Corporation	0
Petroleum Resources North West Moran Ltd	0	n/a	0	n/a	0	n/a	0	n/a	0
Mineral Resources Star Mountains Ltd (MRSM)	342,323,320	Ok Tedi Mining Limited 342	0	n/a	31,406,557	Ok Tedi Mining Limited	5,184,535	Bank of South Pacific, Credit Corporation and Rental Income	0
Mineral Resource Ok Tedi No. 2 Ltd (MROT)	456,431,093	Ok Tedi Mining Limited 343	0	n/a	47,979,390	Ok Tedi Mining Limited	8,573,648	Bank of South Pacific, Credit Corporation, Pacific International Hospital and Rental Income	0
Mineral Resources CMCA Ltd	456,431,093	Ok Tedi Mining Limited 344	0	n/a	142,176,814	Ok Tedi Mining Limited	709,091	Bank of South Pacific, Kina Securities Ltd	0
Mineral Resource Madang Ltd (MRM)	48,224,656	Ramu Nickel Project 345	0	n/a	0	n/a	0	n/a	0
Gas Resources Gigira	186,957,890	PNG LNG	84,037,338	ExxonMobil (PNG LNG Project Operator)	0	n/a	0	n/a	0
Gas Resources Gobe	3,948,617	PNG LNG	1,812,099	ExxonMobil (PNG LNG Project Operator)	0	n/a	0	n/a	0
Gas Resources Angore	22,027,667	PNG LNG	10,002,106	ExxonMobil (PNG LNG)	0	n/a	0	n/a	0

<sup>341</sup> Calculated using MCC Ramu Total Revenue from 2019 Annual Report, <https://www.ipa.gov.pg/pngcompanies/viewInstance/view.html?id=8e37697076d866e3c6d495ea8c3382dd0ec983b2ab5a36a5#scrollTop>, 18 December 20

<sup>342</sup> Calculated using total revenue from Ok Tedi reporting template

<sup>343</sup> Ibid

<sup>344</sup> Ibid

<sup>345</sup> Calculated using MCC Ramu Total Revenue from 2019 Annual Report, <https://www.ipa.gov.pg/pngcompanies/viewInstance/view.html?id=8e37697076d866e3c6d495ea8c3382dd0ec983b2ab5a36a5#scrollTop>, 18 December 2020

Subsidiary/ trust entity	Share of Sales (PGK)	Project	Equity Distribution (PGK)	Received From	Dividends Received (PGK)	Received From	Other Dividends Received and other income (PGK)	Received From	Management fees from Trust Companies
				Project Operator)					
Gas Resources Hides	37,413,300	PNG LNG	16,881,306	ExxonMobil (PNG LNG Project Operator)	0	n/a	0	n/a	0
Gas Resources Juha	21,989,427	PNG LNG	9,981,784	ExxonMobil (PNG LNG Project Operator)	0	n/a	0	n/a	0
Gas Resources Kutubu	189,832,523	PNG LNG	83,603,789	ExxonMobil (PNG LNG Project Operator)	0	n/a	0	n/a	0
Gas Resources Moran	3,317,649	PNG LNG	1,524,195	ExxonMobil (PNG LNG Project Operator)	0	n/a	0	n/a	0
Gas Resources North West Moran	69,409	PNG LNG	26,189	ExxonMobil (PNG LNG Project Operator)	0	n/a	0	n/a	0
Gas Resources LNG PNG plant	39,653,873	Inter sales	0	n/a	0	n/a	258,823	Kina Finance Limited	0
Gas Resources LNG Pipeline	36,406,125	Inter sales	0	n/a	0	n/a	0	n/a	0
Pacific Property Trust	0	n/a	0	n/a	0	n/a	16,470,509	Rentals from Tenants	0
<b>Total</b>	<b>2,120,007,702</b>		<b>207,868,806</b>		<b>221,562,762</b>		<b>101,771,486</b>		<b>28,673,750</b>

Table 109: MRDC subsidiaries: reported payments for 2019

Subsidiary / Trust entity	Incorporated Land Groups (PGK) <sup>a</sup>	Community Investment Trust Fund (PGK)	Future Generations Trust Fund (PGK)	Corporate income tax (PGK)	Taxes Paid by Gloco LNG on behalf of the landowner entities (PGK)	Group Income Tax (PGK)	Advanced Payment Tax (APT) (PGK)	Management Fees paid to MRDC (PGK)
MRDC	0	0	0	0	0	3,351,864	0	0
Mineral Resources Ramu Ltd	0	0	0	0	0	0	0	0
MRE	0	0	0	3,900,000	0	471,185	6,802,829	1,590,982
PRK	0	3,752,064	890,267	45,572,452	0	317,929	-	-
Petroleum Resources Kutubu Ltd	0	0	0	0	0	0	0	0
Petroleum Resources Gobe Ltd (PRG)	863,236	0	0	0	0	54,541	0	1,000,000
PRM	0	0	0	0	0	73,218	0	0
Petroleum Resources North West Moran Ltd	0	0	0	0	0		0	0
MRSM	0	0	0	0	0	126,731	0	2,964,567
MROT	0	0	0	0	0		0	3,358,870
Mineral Resources CMCA Ltd	0	0	0	0	0	176,565	0	2,475,466
MRM	0	0	0	0	0	0	0	0
Gas Resources Gigira	0	0	0	0	2,063,841	0	3,332,507	416,666
Gas Resources Gobe	0	0	0	0	0	0	0	91,667
Gas Resources Angore	0	0	0	0	136,351	0	267,174	416,667

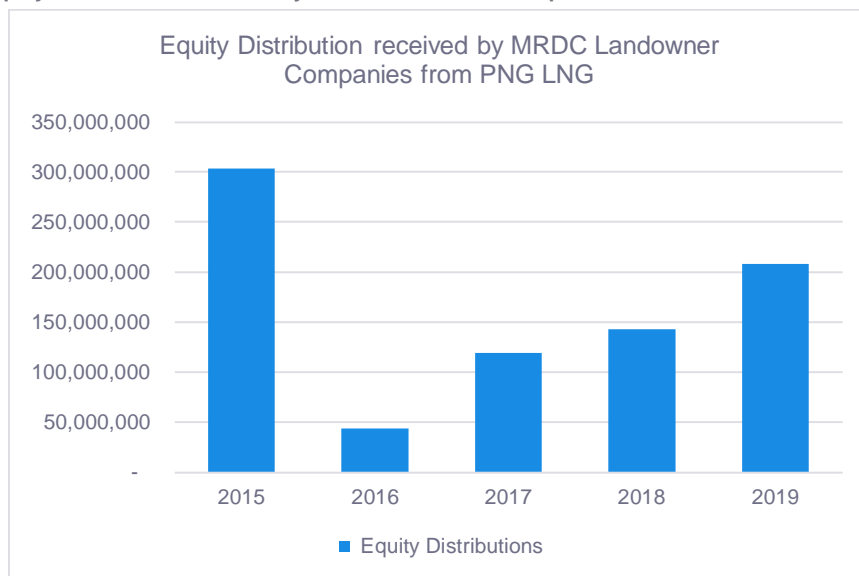
Subsidiary / Trust entity	Incorporated Land Groups (PGK) <sup>a</sup>	Community Investment Trust Fund (PGK)	Future Generations Trust Fund (PGK)	Corporate income tax (PGK)	Taxes Paid by Gloco LNG on behalf of the landowner entities (PGK)	Group Income Tax (PGK)	Advanced Payment Tax (APT) (PGK)	Management Fees paid to MRDC (PGK)
Gas Resources Hides	0	0	0	0	336,955	0	590,795	416,667
Gas Resources Juha	0	0	0	0	135,772	0	265,962	416,667
Gas Resources Kutubu	0	0	0	0	3,843,376	0	2,022,282	3,000,000
Gas Resources Moran	0	0	0	0		0		-
Gas Resources North West Moran	0	0	0	0	0	0	0	0
Gas Resources LNG PNG plant	0	4,677,191	0	0	0	72,169	0	1,308,799
Gas Resources LNG Pipeline	0	0	0	0	0		0	1,742,132
Pacific Property Trust	0	0	0	0	0	38,096	0	937,500
<b>Total</b>	<b>863,236</b>	<b>8,429,255</b>	<b>890,267</b>	<b>49,472,452</b>	<b>6,516,296</b>	<b>4,682,298</b>	<b>13,281,549</b>	<b>20,136,648</b>

Table 110: Total value held in MRDC trusts for oil and gas projects

Subsidiary/trust entity	Community Investment Trust Fund (PGK)	Future Generations Trust Fund (PGK)	CITF Expenditures on Community Based Projects
Petroleum Resources Kutubu Ltd (PRK)	50,611,850	117,195,315	28,710,515
Petroleum Resources Gobe Ltd (PRG)	19,299,222	26,728,236	48,500,067
Petroleum Resources Moran Ltd (PRM)	21,664,823	28,376,231	3,258,522
Gas Resources PNG LNG Plant Ltd	2,459,917	0	0
<b>Total</b>	<b>91,575,895</b>	<b>172,299,782</b>	<b>80,469,104</b>

The table above reflects data as provided by MRDC. However, since payments into these funds have been disclosed for 2014–19 an accrued amount would be expected for all.

**Figure 64: Equity distributions received by MRDC Landowner Companies from PNG LNG**



Average annual equity distribution received by MRDC Landowner Companies over the past 5 years amounted to PGK163m. Highest collections were recorded in 2015 amounting to PGK303m. Lowest receipts, on the other hand, were recorded in 2016 amounting to PGK43m.

#### 9.6.4. Social and quasi-fiscal expenditure

MRDC's discretionary social expenditure can be found in Chapter 6.

MRDC's 2019 template states in relation to quasi-fiscal expenditures:

30% of royalty payments by the Government are held in the 'Community Infrastructure Trust Fund' (CITF) and is managed by MRDC. Community projects are identified within the project areas and funds from these trusts are used after approval from the Board of each respective landowner entity. Projects include building of classrooms, health centers, roads, bridges, sport facilities, etc.

It is not clear whether these payments meet the definition of quasi-fiscal expenditures, but they appear to be separate from the social expenditures listed above.

# 10

## Reconciliation of revenue streams

## 10. Reconciliation of revenue streams

In this chapter, we compare the amounts reported as paid by the extractive industries to government entities against the receipts reported by government. The reconciliation covers material revenue streams from mining and oil and gas companies, together with all SOEs and government entities that received payments. In addition, government entities have unilaterally declared some revenue streams as an aggregated figure. Where amounts have not been reconciled, this has been noted.

### 10.1. The reporting process

Most reporting entities were identified early in the reporting process and representatives were invited to attend a virtual training session conducted by the IA together with PNG EITI Secretariat in Port Moresby on 2 September 2020. Some additional reporting entities were identified through subsequent research and consultation. These reporting entities were briefed on requirements via phone and email.

Following the training session, the IA used EY Canvas Portal which streamlines communications and provides a secure platform to share files and email to send each reporting entity a data pack containing:

- ▶ Introduction letter from the PNG EITI Secretariat
- ▶ Tailored reporting template, which set out:
  - ▶ Revenue/payment streams to be reported
  - ▶ Relevant questions on non-financial information
  - ▶ Subnational payments

The reporting template included password unique for every reporting entity which was sent to respective authorised representative. Only IA and authorised representative would have access to the reporting templates.

The IA arranged discussions with most entities to walk through the reporting templates, provide guidance on the information provided, and answer any questions. Face to face meetings were limited due to COVID-19 precautions. Following the data collection deadline, an initial reconciliation was carried out by the IA and variances identified. Variances of more than 5% have been deemed material.

To understand and address the variances identified, the IA, with the assistance of the PNG EITI Secretariat and the MSG, contacted both paying and receiving entities for subsequent follow-ups. During follow-ups and subsequent communications with reporting entities, progress was made in rectifying these differences. In some instances, however, it proved difficult to identify suitable contacts, or the IA's communications went unanswered. IA also experienced delays in the receipt of information. The IA followed up with these entities, but nevertheless gaps remain in the report.

#### 10.1.1. Data requested

As agreed with the MSG, one of two approaches were adopted for requesting and collecting data for each revenue stream:

1. Reconciled revenue streams: data collected from both the paying and receiving entity
2. Unilaterally disclosed revenue streams: data collected from either paying or receiving entity only

Together, the revenue streams reconciled equate to approximately 97.84% of total government revenue from the sector in 2019 (see Table 15).

### 10.2. Reporting compliance

The template included a dashboard where the reporting entities can assess completeness of information for each section in the reporting template.



The completeness of information received from each of the reporting entities is summarised in the table below. The table indicates which entities are material under a quantitative definition, but as outlined in Chapter 2, all these entities are considered material under a qualitative definition.

Cells left blank indicate that template information was either not received or insufficient.

Table 111: Summary of information provided by reporting entities

Project	Reporting Entity*	Material under quantitative definition	2019 Financial Statements Audited	Sent by Authorized Representative	Financial	Non-financial and Subnational
Porgera	Barrick (Niugini) Ltd	Y	Y	Y	Y	Y
	Mineral Resources Enga Ltd	N	N	Y	Y	Y
Kainantu	K92 Mining Ltd		Y	Y	Y	Y
Lihir	Lihir Gold Ltd	Y	Y	Y	Y	Y
Kurumbukari	MCC Ramu NiCo Ltd	Y	Y	Y	Y	Y
Hidden Valley	Morobe Consolidated Goldfields Ltd	Y	Y	Y	Y	Y
Ok Tedi Mine	Ok Tedi Mining Limited	Y	Y	Y	Y	Partial
Simberi	Simberi Gold Co. Ltd	Y	Y	Y	Y	Y
PNG LNG	ExxonMobil PNG Ltd	Y	Y	Y	Y	Partial
PNG LNG and Other Oil Projects	Oil Search (PNG) Ltd	Y	Y	Y	Y	Partial
PNG LNG and Other Oil Projects	Kumul Petroleum Holdings Ltd	Y	Y	Y	Y	Partial
Gobe	Merlin Petroleum Company	Y	Y – Part of JX Nippon Annual Report	Y	Y	Partial
	Ampolex Highlands Ltd	Y	Y – Part of ExxonMobil Annual Report	Y	Y	Partial
	Petroleum Resources Gobe Ltd	N	N	Y	Y	Y
	Barracuda Ltd	Y	Y – Part of Santos Ltd Annual Report	Y	Y	Partial
Kutubu	Ampolex (PNG Petroleum) Inc	Y	Y	Y	Y	Partial
	Petroleum Resources Kutubu	N	N	Y	Y	Y
	Merlin Pacific Oil Co.	Y	Y – Part of ExxonMobil Annual Report	Y	Y	Partial
Moran	Esso PNG Moran Ltd	Y	Y – Part of ExxonMobil Annual Report	Y	Y	Partial
	Eda Oil Ltd	Y	Y – Part of ExxonMobil Annual Report	Y	Y	Partial

Project	Reporting Entity*	Material under quantitative definition	2019 Financial Statements Audited	Sent by Authorized Representative	Financial	Non-financial and Subnational
	Petroleum Resources Moran Ltd	N	N	Y	Y	Y
Papua LNG (Elk-Antelope)	Total E&P PNG Ltd	N	Y	Y	Y	Y
PNG LNG	Ampolex (PNG) Ltd	Y	Y – Part of ExxonMobil Annual Report	Y	Y	Partial
	Esso PNG Juha Ltd	Y	Y – Part of ExxonMobil Annual Report	Y	Y	Partial
	Nippon PNG LNG LLC	N	Y – Part of JX Nippon Annual Report	Y	Y	Partial
	Oil Search (LNG) Ltd	Y	Y – Part of Oil Search Annual Report	Y	Y	Partial
	Oil Search (Tumbudu) Ltd	Y	Y – Part of Oil Search Annual Report	Y	Y	Partial
	Lavana Ltd	N	Y – Part of Santos Ltd Annual Report	Y	Y	Partial
	Santos (Hides) Ltd	N	Y – Part of Santos Ltd Annual Report	Y	Y	Partial
	Gas Resources Gigira	N	N	Y	Y	Y
	Gas Resources Gobe	N	N	Y	Y	Y
	Gas Resources Angore	N	N	Y	Y	Y
	Gas Resources Hides	N	N	Y	Y	Y
	Gas Resources Juha	N	N	Y	Y	Y
	Gas Resources Kutubu	N	N	Y	Y	Y
	Gas Resources Moran	N	N	Y	Y	Y
	Gas Resources North West Moran	N	N	Y	Y	Y

*\*To avoid duplication, certain Companies with interest in more than one oil and gas projects are shown only once above.*

Table 112: Summary of information provided by government reporting entities

Reporting Entity	2019 Financial Statements Audited	Signed Reporting Template	Sent by Authorized Representative In protected format	Financial	Non- financial and Subnational
Internal Revenue Commission	N	N	Y	Y	N
Mineral Resources Authority	N	Y	Y	Y	Partial
Department of Treasury	N	Y	Y	Y	Y
Department of Petroleum and Energy	N	Y	Y	Y	Partial
Department of National Planning and Monitoring	N	N	Y	Y	N
PNG Customs	N	N	Y	Y	Y

Table 113: Summary of information provided by State-Owned Entities reporting entities

Reporting entity	2019 Financial statements audited	Sent by authorised representative in protected format	Financial	Non-financial and Subnational
Kumul Petroleum Holdings Ltd	N	Y	Y	Partial
Ok Tedi Mining Limited	Y	Y	Y	Partial
Mineral Resources Development Company	N	Y	Y	Y

The IA received data templates in a protected format from 100% of the authorised representatives of reporting entities. Material reporting entities were also more compliant with reporting financial and non-financial information, with compliance 100%.<sup>346</sup>

<sup>346</sup> Entities which reported partial non-financial information were counted as having complied with non-financial reporting requirements in the table.

## 10.3.Reconciliation overview

The following graph shows the relative size of each of the revenue streams received by the State in 2019.

Figure 65: Revenue streams received by the State

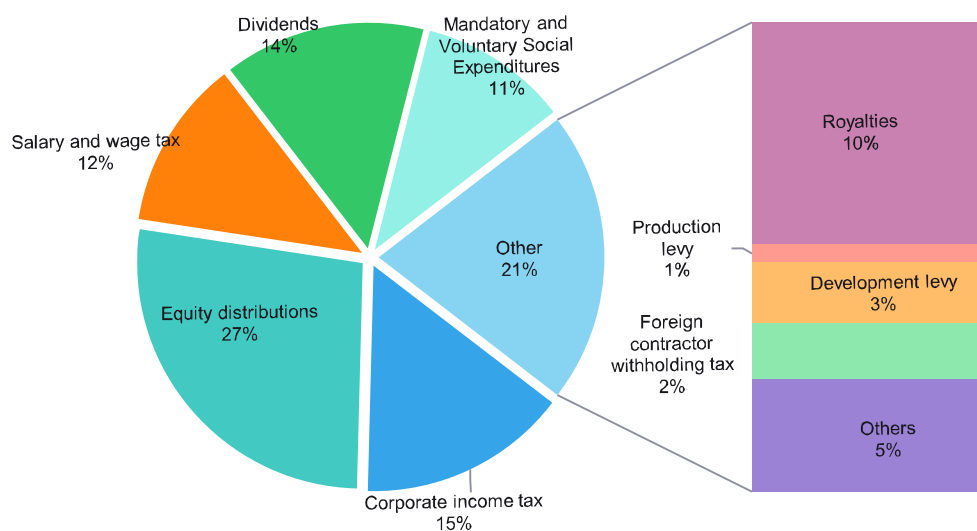


Table 114: Summary of revenue streams reported and reconciled

	Revenue stream	Reconciled/Unilateral	Receiving entity	Amount reported paid (PGK)	Amount initially reported received (PGK)	Revised Amount reported received (PGK)	Variance (PGK)	Variance
Mining	Production levy	Reconciled	MRA	35,149,908	34,340,856	34,340,856	(809,053)	-2.36%
	MRA fees	Unilateral (MRA)	MRA	Not applicable	5,907,097	5,907,097	Not applicable	Not applicable
	Development levy	Reconciled	Finance (via DPE)	114,142,488	113,175,316	113,175,316	(967,172)	-0.85%
Oil and gas	Licence fees	Unilateral (DPE)	DPE	Not applicable	4,746,054	4,746,054	Not applicable	Not applicable
	Additional profits tax	Reconciled	IRC	154,525,902	152,625,185	152,625,185	(1,900,717)	-1.25%
	Equity distribution	Reconciled	SOEs, Landowners through MRDC	1,379,113,286	1,379,113,286	1,379,113,286	0	0.00%

	Revenue stream	Reconciled/ Unilateral	Receiving entity	Amount reported paid (PGK)	Amount initially reported received (PGK)	Revised Amount reported received (PGK)	Variance (PGK)	Variance
Mining and oil and gas	Mandatory social expenditure	Unilateral	See section 6	108,589,562	Not applicable	Not applicable	Not applicable	Not applicable
	Voluntary social expenditure	Unilateral	See section 6	335,329,415	Not applicable	Not applicable	Not applicable	Not applicable
	Dividends	Reconciled	State and landowners	612,129,250	602,762,762	602,762,762	(9,366,488)	-1.55%
	Salary and wage tax	Reconciled	IRC	625,036,571	496,010,344	632,762,203	7,725,631	1.22%
	Corporate income tax	Reconciled	IRC	608,269,970	626,729,608	616,633,643	8,363,673	1.36%
	Foreign contractor withholding tax	Reconciled	IRC	132,344,505	103,269,555	134,223,261	1,878,756	1.40%
	Infrastructure tax credit – 2. ITC offset from tax paid in reporting period	Reconciled	IRC	257,230,537	250,358,944	250,358,944	(6,871,593)	-2.74%
	Infrastructure tax credit – 1. ITC actual spent on projects in reporting period	Reconciled	DNPM	131,741,175	123,638,223	123,638,223	(8,102,952)	-6.55%
	Business payments tax	Unilateral (IRC)	IRC	Not applicable	3,622,910	3,622,910	Not applicable	Not applicable
	Dividend withholding tax	Unilateral (IRC)	IRC	Not applicable	0	0	Not applicable	Not applicable
	Interest withholding tax	Unilateral (IRC)	IRC	Not applicable	9,388,369	9,388,369	Not applicable	Not applicable
	Management fee withholding tax	Unilateral (IRC)	IRC	Not applicable	7,648,376	7,648,376	Not applicable	Not applicable
	Royalty withholding tax	Unilateral (IRC)	IRC	Not applicable	3,416,869	3,416,869	Not applicable	Not applicable
	Goods and services tax	Unilateral (IRC)	IRC	Not applicable	35,810,449	35,810,449	Not applicable	Not applicable
	Environmental permit fees	Reconciled	CEPA	8,845,478	6,522,217	6,522,217	(2,323,261)	-26.26%
	Royalties – MRA	Reconciled	MRA landowners and subnational governments	240,987,800	259,476,582	259,476,582	18,488,782	7.13%
	Royalties – DPE	Reconciled	DPE, landowners and subnational governments	153,177,436	152,966,584	152,966,584	(210,852)	-0.14%
	Import Duty	Unilateral	Customs	Not applicable	29,282,558	29,282,558	29,282,558	Not applicable
	Excise Duty	Unilateral	Customs	Not applicable	22,196,979	22,196,979	22,196,979	Not applicable

## 10.4.Detailed reconciliation

In this section of the report, the data received from each of the reporting entities is reconciled with the data reported by the receiving entity for each revenue stream.

Where possible, explanations are given for any material variances remaining following the reconciliation process – see the 'Remarks' under each revenue stream.

Reported amounts for revenue streams unilaterally declared are also included in this section.

## 10.5.Mining and oil gas payments 2019

### 10.5.1. Corporate income tax (mining and petroleum tax)

Corporate income tax is paid by resource companies to the IRC.



Corporate income tax reported by companies is reconciled with data reported by the IRC in the table below.

Table 115: Reconciliation of corporate income tax payments

Project	Reporting company	Amount reported paid (PGK)	Amount initially reported received (PGK)	Revised Amount reported received (PGK)	Final Variance (PGK)	Final Variance (%)	Remarks
Lihir	Lihir Gold Ltd	44,144,781	44,144,781	44,144,781	-	0.00%	
Ok Tedi	Ok Tedi Mining Limited	14,819,168	14,819,168	14,819,168	-	0.00%	
Porgera	Barrick (Niugini) Ltd	152,352,046	176,409,770	152,425,967	73,921	0.05%	A
Porgera	Mineral Resources Enga Ltd	10,702,829	12,147,906	12,147,906	1,445,077	11.90%	
Kutubu	Petroleum Resources Kutubu	45,572,452	47,097,475	47,097,475	1,525,023	3.24%	
Kutubu	Oil Search Ltd	16,720,278	-	16,720,278	-	0.00%	B
Kutubu	Ampolex (PNG Petroleum) Inc.	-	1,030,279	1,030,279	1,030,279	100.00%	C
Gobe	Ampolex Highlands Ltd	243,407	587,290	587,290	343,883	58.55%	C
Gobe	Merlin Petroleum Company	-	2,832,440	-	-	0.00%	
NW Moran	Ampolex Highlands Ltd	-	72,938	72,938	72,938	100.00%	C
PNG LNG	ExxonMobil PNG Ltd	233,834,644	233,723,618	233,723,618	(111,025)	-0.05%	
PNG LNG	Esso PNG Juha Ltd	11,660,251	11,654,970	11,654,970	(5,281)	-0.05%	
PNG LNG	Ampolex (Papua New Guinea) Ltd	9,834,485	9,829,528	9,829,528	(4,957)	-0.05%	
PNG LNG	Nippon PNG LNG LLC	5,267,024	7,496,855	7,496,855	2,229,831	29.74%	
PNG LNG and Other projects	Kumul Petroleum Holdings Ltd	56,639,886	56,150,165	56,150,165	(489,721)	-0.87%	
PNG LNG	Gas Resources Kutubu Ltd	2,022,282	3,853,005	3,853,005	1,830,723	47.51%	
PNG LNG	Gas Resources Gira Ltd	3,332,507	3,715,674	3,715,674	383,167	10.31%	
PNG LNG	Gas Resources Hides No.4 Ltd	590,795	629,209	629,209	38,414	6.11%	
PNG LNG	Gas Resources Angore Ltd	267,174	267,844	267,844	670	0.25%	
PNG LNG	Gas Resources Juha No.1 Ltd	265,962	266,693	266,693	731	0.27%	
Total		608,269,970	626,729,608	616,633,643	8,363,673	1.36%	

#### Remarks:

A. Per IRC, amount reported on the template was an error and should have been PGK152,425,967 which would to a remaining variance of PGK73,921. Remaining variance relate to foreign currency translation.

B. Per Oil Search, these are GST refunds applied on tax liability. These GST refunds were confirmed by IRC.

C. Difference pertain to additional profit taxes reported by ExxonMobil classified by IRC as Corporate Income Tax in their reporting template.

Other variances are a result of classification of corporate income tax to additional profits taxes.

Overall corporate income taxes are substantially reconciled with 1.36% unreconciled difference.

## 10.5.2. Tax credit scheme (TCS)

Expenditure by mining and oil and gas companies on prescribed infrastructure developments can be claimed as a credit against tax payable.

The amount spent on prescribed TCS projects each year is reported by companies to the Department of National Planning and Monitoring (DNPM). These amounts can then be claimed as a credit against tax payable. Credits that are not used within that reporting period can be carried forward to subsequent years of income until fully utilised. The amounts that are used as credit against tax payable each year are recorded by the IRC. Each of these are reconciled in the tables below.



**Table 116: Reconciliation of ITCs actually spent on projects in 2019 reported by companies and DNPM**

Project	Company	Amount reported paid (PGK)	Amount reported received (PGK)	Variance (PGK)	Variance (%)
Lihir	Lihir Gold Ltd	1,329,111	136,916	(1,192,195)	-89.70%
Ok Tedi	Ok Tedi Mining Limited	26,692,611	26,692,611	-	0.00%
Porgera	Barrick (Niugini) Ltd	8,615,158	4,794,081	(3,821,076)	-44.35%
PNG LNG	ExxonMobil PNG Ltd	78,616,353	80,949,615	2,333,262	2.97%
Oil projects (and Hides GTE)	Oil Search Ltd	6,092,295	11,065,000	4,972,705	81.62%
PNG LNG	Oil Search (Tumbudu) Ltd	10,395,648	-	(10,395,648)	-100.00%
<b>Total</b>		<b>131,741,175</b>	<b>123,638,223</b>	<b>(8,102,952)</b>	<b>-6.15%</b>

#### Remarks:

Pending reconciliation of differences with DNPM. Reconciliation will be available in the PNG EITI website.

Overall ITC are substantially reconciled with 6.15% unreconciled difference



**Table 117: Reconciliation of ITC offsets reported by companies as credit against tax payable and values provided by IRC.**

Project	Company	Amount reported offset by companies (PGK)	Amount reported offset by IRC (PGK)	Variance (PGK)	Variance (%)	Remarks
PNG LNG	ExxonMobil PNG Ltd	68,648,752	62,748,737	(5,900,015)	-8.59%	A
Porgera	Barrick (Niugini) Ltd	20,832,811	20,817,657	(15,154)	-0.07%	B
Ok Tedi	Ok Tedi Mining Limited	26,692,611	26,692,611	0	0.00%	
Oil projects (and Hides GTE)	Oil Search Ltd	43,277,534	43,246,050	(31,484)	-0.07%	
PNG LNG	Oil Search (Tumbudu) Ltd	68,107,586	68,058,038	(49,548)	-0.07%	
PNG LNG	Santos (Hides) Ltd	24,335,044	23,617,086	(717,958)	-2.95%	
PNG LNG	Lavana Ltd	5,336,199	5,178,765	(157,434)	-2.95%	
<b>Total</b>		<b>257,230,537</b>	<b>250,358,944</b>	<b>(6,871,593)</b>	<b>-2.67%</b>	

**Remarks**

- A. Pending reconciliation. Reconciliation will be available in the PNG EITI website.
- B. Per IRC, amount reported on the template was an error and should have been PGK20,847,656 which would to a remaining variance of PGK14,845.

Overall ITC offsets are substantially reconciled with 2.67% unreconciled difference

### 10.5.3. Salary and wage tax (group tax)

Salary and wage tax (also referred to as group tax) is the tax withheld on employee salaries and is payable by companies that paid salaries in PNG during the reporting period. Predominantly these companies were operators of facilities.



Salary and wage tax reported by material companies is reconciled with data reported by the IRC in the table below.

**Table 118: Salary and wage tax 2019**

Project	Reporting company	Amount reported paid (PGK)	Amount initially reported received (PGK)	Revised Amount reported received (PGK)	Final Variance (PGK)	Final Variance (%)	Remarks
Lihir	Lihir Gold Ltd	123,175,931	123,175,931	123,175,931	-	0.00%	
Ok Tedi	Ok Tedi Mining Limited	46,693,172	46,693,172	46,693,172	-	0.00%	
Porgera	Barrick (Niugini) Ltd	107,890,372	-	113,606,348	5,715,976	5.03%	A

Project	Reporting company	Amount reported paid (PGK)	Amount initially reported received (PGK)	Revised Amount reported received (PGK)	Final Variance (PGK)	Final Variance (%)	Remarks
Porgera	Mineral Resources Enga Ltd	471,185	916,664	916,664	445,479	48.60%	
Ramu Nickel	MCC Ramu NiCo Ltd	37,301,637	37,301,637	37,301,637	-	0.00%	
Hidden Valley	Morobe Consolidated Goldfields Ltd	32,821,413	17,315,644	32,821,413	-	0.00%	B
Kainantu	K92 Mining Ltd	15,965,110	14,773,534	14,773,534	(1,191,577)	-8.07%	
Simberi	Simberi Gold Co. Ltd	8,613,497	9,996,394	9,996,394	1,382,897	13.83%	
Kutubu	Petroleum Resources Kutubu	317,929	-	-	(317,929)	0.00%	
Gobe	Petroleum Resources Gobe Ltd	54,541	38,779	38,779	(15,762)	-40.65%	
Gobe	Barracuda Ltd	279,210	279,210	279,210	-	0.00%	
Moran	Petroleum Resources Moran Ltd	73,218	73,729	73,729	511	0.69%	
PNG LNG and Oil Project subsidiaries	ExxonMobil PNG Ltd	133,086,621	132,674,201	132,674,201	(412,420)	-0.31%	
Oil Projects	Oil Search (PNG) Ltd	98,078,851	90,439,109	98,078,851	-	0.00%	C
PNG LNG	Kumul Petroleum (Kroton) Ltd	13,221,373	13,549,296	13,549,296	327,923	2.42%	
Papua LNG Project (Elk-Antelope)	Total E&P PNG Ltd	6,992,512	6,992,512	6,992,512	-	0.00%	
Trustee	Mineral Resources Development Co. Ltd	-	1,790,532	1,790,532	1,790,532	0.00%	
<b>Total</b>		<b>625,036,571</b>	<b>496,010,344</b>	<b>632,762,203</b>	<b>7,725,631</b>	<b>1.22%</b>	

#### Remarks

- Per IRC, amount reported on the template was an error and should have been PGK113,606,348 which would result in a remaining variance of PGK5,715,976. Per Barrick, the PGK5.7m variance is attributable to SWT used as offsets against GST in 2019.
- Difference between IRC and Hidden Valley SWT pertains to GST offsets lodged and approved by IRC in 2019. When these are taken into consideration, variance will be reduced to Nil.
- Per Oil Search, these are GST refunds applied on salaries and wages tax liability. These GST refunds applied were confirmed by IRC.

Overall Salaries and wages tax are substantially reconciled with 1.22% unreconciled difference

### 10.5.4. Foreign Contractor Withholding Tax

Foreign contractor withholding tax (FCWT) applies to non-residents performing contracted roles within PNG.



Foreign contractor withholding tax reported by material companies is reconciled with data reported by the IRC in the table below:

**Table 119: Foreign Contractor Withholding tax 2019**

Project	Reporting company	Amount reported paid (PGK)	Amount initially reported received (PGK)	Revised Amount reported received (PGK)	Final Variance (PGK)	Final Variance (%)	Remarks
Lihir	Lihir Gold Ltd	16,744,498	16,744,498	16,744,498	-	0.00%	
Ok Tedi	Ok Tedi Mining Limited	8,668,597	8,668,597	8,668,597	-	0.00%	
Porgera	Barrick (Niugini) Ltd	3,081,271	3,243,443	3,243,443	162,172	5.26%	
Ramu Nickel	MCC Ramu NiCo Ltd	1,775,642	1,775,642	1,775,642	-	0.00%	
Hidden Valley	Morobe Consolidated Goldfields Ltd	1,570,650	1,502,355	1,502,355	(68,295)	-4.35%	
Simberi	Simberi Gold Co. Ltd	17,344	-	-	(17,344)	-100.00%	
PNG LNG and Oil Project subsidiaries	ExxonMobil PNG Ltd	40,441,858	40,437,312	40,437,312	(4,545)	-0.01%	
Oil Projects	Oil Search (PNG) Ltd	57,885,703	28,722,528	57,885,703	-	0.00%	A
PNG LNG	Kumul Petroleum (Kroton) Ltd	635,354	651,591	651,591	16,237	2.56%	
Papua LNG Project (Elk-Antelope)	Total E&P PNG Ltd	1,523,588	1,523,588	1,523,588	-	0.00%	
Trustee	Mineral Resources Development Co. Ltd	-	1,790,532	1,790,532	1,790,532	0.00%	
<b>Total</b>		<b>132,344,505</b>	<b>103,269,555</b>	<b>134,223,261</b>	<b>1,878,756</b>	<b>1.40%</b>	

**Remarks:**

- A. Significant variance relates to Oil Search which per Oil Search, these are GST refunds applied on foreign contractor withholding tax liability. These GST refunds applied was confirmed by IRC.

Overall Foreign Contractor Withholding tax are substantially reconciled with 1.40% unreconciled difference.

### 10.5.5. Other taxes (not reconciled)

Extractive industry tax revenue streams that were not identified as material are reported in aggregate in the table below.

Table 120: Other taxes reported by IRC

Tax revenue stream (non-material)	Total reported by IRC for extractive industry companies (PGK)
Management fee withholding tax (MFWT)	7,648,376
Interest withholding tax (IWT)	9,388,369
Training levy (TL)	0
Business payments tax (BPT)	3,622,910
Royalty withholding tax (PRWT)	3,416,869
Dividend withholding tax (DWT)	0
Goods and services tax	(35,810,449)
<b>Total</b>	<b>(11,733,925)</b>

Other taxes represent less than 2% of the total revenue received by the government.

### 10.5.6. Dividend and Return of Capital

For the purposes of this report, dividends refer to payments from SOEs to the State, representing the State's share of profits in the project in accordance with its right as a shareholder. Dividends are deposited with Treasury.



The information provided by reporting entities and the entity receiving the dividend payments in 2019 are summarised below.

Table 121: Reconciliation of dividend payments to Treasury and Landowners

Company (Dividends)	Paid to	Total Project Paid (PGK)	Reported received by SOEs / Landowners (PGK)	Variance (PGK)	Variance (%)	Remarks
Ok Tedi Mining Limited	Treasury	268,000,000	131,200,000	(136,800,000)	-104.27%	A
Ok Tedi Mining Limited	Mineral Resources OK Tedi Star No.2 Ltd	48,000,000	47,979,390	(20,610)	-0.04%	
Ok Tedi Mining Limited	Mineral Resources Star Mountains Ltd (MRSM)	36,000,000	31,406,557	(4,593,443)	-14.63%	
Ok Tedi Mining Limited	Mineral Resources CMCA Ltd	48,000,000	142,176,814	94,176,814	66.24%	
Kumul Petroleum Holdings Limited	Treasury	212,129,250	250,000,000	37,870,750	15.15%	A
<b>Total</b>		<b>612,129,250</b>	<b>602,762,762</b>	<b>(9,366,489)</b>	<b>-1.55%</b>	

#### Remarks

A. Pending reconciliation from Treasury. Reconciliation will be available in the PNG EITI website.

Overall dividend payments are substantially reconciled with 1.55% unreconciled difference.

### **10.5.7. Mandatory social expenditure (not reconciled)**

Mandatory social expenditure as reported by the resource companies is detailed in Chapter 6.1.

### **10.5.8. Discretionary social expenditure (not reconciled)**

Discretionary social expenditure as reported by the resource companies is detailed in Chapter 6.1.

## 10.5.9. Environment permit fees and user charges

There were no oil and gas decommissioning bonds or mine closure bonds received or managed during the reporting period.

Environmental permit and user charges are paid by mining and oil and gas entities to CEPA. The total fees reported by CEPA for the 2019 are illustrated below.

Table 122: Fees reported by CEPA for 2019

Project	Reporting company	Amount reported paid (PGK)	Amount reported received (PGK)	Variance (PGK)	Variance (%)
Lihir	Lihir Gold Ltd	1,080,761	1,054,053	(26,708)	-2.47%
Ok Tedi	Ok Tedi Mining Limited	266,490	226,800	(39,690)	-14.89%
Porgera	Barrick (Niugini) Ltd	517,912	545,170	27,259	5.26%
Ramu Nickel	MCC Ramu NiCo Ltd	1,056,053	1,056,053	-	0.00%
Hidden Valley	Morobe Consolidated Goldfields Ltd	1,086,340	543,170	(543,170)	-50.00%
Kainantu	K92 Mining Ltd	39,585	39,585	-	0.00%
Simberi	Simberi Gold Co. Ltd	-	254,000	254,000	0.00%
PNG LNG and Oil Project subsidiaries	ExxonMobil PNG Ltd	1,634,983	1,054,053	(580,930)	-35.53%
PNG LNG	Oil Search Ltd	3,015,834	1,167,333	(1,848,501)	-61.29%
PNG LNG	Esso PNG Juha Ltd	-	543,170	543,170	0.00%
PNG LNG	Santos (Hides) Ltd	-	38,830	38,830	0.00%
Papua LNG Project (Elk-Antelope)	Total E&P PNG Ltd	147,520	-	(147,520)	-100.00%
<b>Total</b>		<b>8,845,478</b>	<b>6,522,217</b>	<b>(2,323,261)</b>	<b>-26.26%</b>

### Remarks

Overall variances are individually and collectively not material.

## 10.6. Mining payments 2019

### 10.6.1. Production levy

The production levy is paid by mining companies to the MRA.



Amounts reconciled in the table below are payments made to the MRA during 2019. Payments are made annually in arrears in the year following the year of production to which the payment relates.

**Table 123: Reconciliation of production levy**

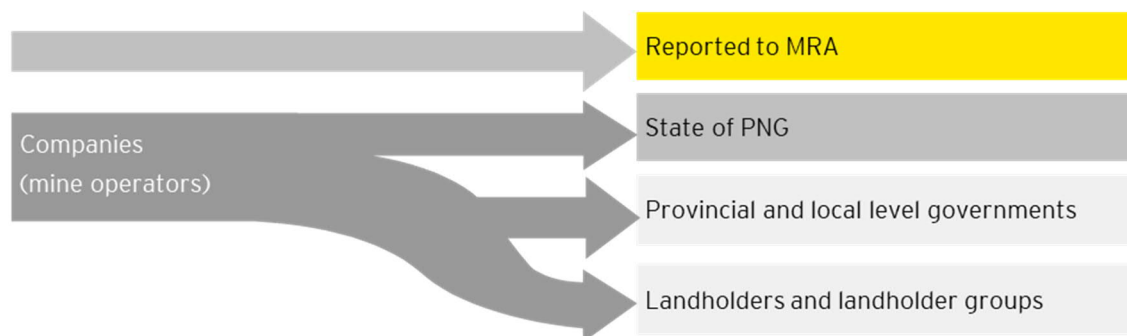
Project	Reporting company	Amount reported paid (PGK)	Amount reported received (PGK)	Variance (PGK)	Variance (%)	Remarks
Lihir	Lihir Gold Ltd	9,998,996	9,998,996	-	0.00%	
Ok Tedi	Ok Tedi Mining Limited	6,983,117	6,983,117	-	0.00%	
Porgera	Barrick (Niugini) Ltd	8,911,481	8,911,481	-	0.00%	
Ramu Nickel	MCC Ramu NiCo Ltd	3,567,396	3,567,396	-	0.00%	
Hidden Valley	Morobe Consolidated Goldfields Ltd	1,995,707	1,995,707	-	0.00%	
Kainantu	K92 Mining Ltd	1,581,420	1,423,525	(157,895)	-9.98%	
Simberi	Simberi Gold Co. Ltd	2,111,792	1,460,634	(651,158)	-30.83%	
<b>Total</b>		<b>35,149,908</b>	<b>34,340,856</b>	<b>(809,053)</b>	<b>-2.30%</b>	

**Remarks**

Overall production levy is substantially reconciled.

## 10.6.2. Mining royalties

Mining royalties are calculated and paid directly by mine operators to beneficiaries monthly and are also reported to the MRA.



The reconciliation below has been carried out between the amounts reported by the mine operators and the amounts reported by the MRA. No royalties were paid to the PNG Government directly.

The receiving entities for each of the mines as reported by the reporting entities are provided in Chapter 6.3.

**Table 124: Reconciliation of mining royalty payments paid to local/provincial government (as reported by the MRA)**

Project	Reporting company	Amount reported paid (PGK)	Amount reported received (PGK)	Variance (PGK)	Variance (%)	Remarks
Lihir	Lihir Gold Ltd	67,115,581	67,115,581	-	0.00%	
Ok Tedi	Ok Tedi Mining Limited	24,570,346	55,204,465	30,634,119	124.68%	B
Porgera	Barrick (Niugini) Ltd	27,898,862	56,661,589	28,762,727	103.10%	B
Ramu Nickel	MCC Ramu NiCo Ltd	2,619,934	26,215,744	23,595,810	900.63%	
Hidden Valley	Morobe Consolidated Goldfields Ltd	11,629,792	20,677,643	9,047,851	77.80%	B
Kainantu	K92 Mining Ltd	436,600	6,764,542	6,327,942	1449.37%	A
Simberi	Simberi Gold Co. Ltd	1,135,359	10,897,067	9,761,708	859.79%	B
<b>Total</b>		<b>135,406,475</b>	<b>243,536,631</b>	<b>108,130,157</b>	<b>79.86%</b>	

### Remarks:

- K92 have reconciled the K6,764,542.00 amount to the Monthly Royalty Returns lodged for FY 2019 lodged with MRA. This amount does not represent any actual cash paid to MRA as it is only a Return lodged representing Royalty amounts K92 Mining had accumulated to pay Landowners and EHP Government pending the outstanding land issues with Land Title Commission.
- Significant differences above are only reclassification in between recipients of the royalties. Refer to Table 125 for the analyses of the variance.



Table 125: Royalty payments variance analyses

Reporting company	Per Reporting Company Table 124	Per Reporting Company Table 126	Total Per Reporting Company	Total Per MRA	Difference
Ok Tedi Mining Limited	24,570,346	30,282,892	54,853,238	55,204,465	351,227
Barrick (Niugini) Ltd	27,898,862	29,255,293	57,154,155	56,661,589	-492,566
Morobe Consolidated Goldfields Ltd	11,629,792	8,680,809	20,310,601	20,677,643	367,042
Simberi Gold Co. Ltd	1,135,359	9,747,111	10,882,470	10,897,067	14,597

Table 126: Reconciliation of mining royalty payments paid to landowners (as reported by the MRA)

Project	Reporting company	Amount reported paid (PGK)	Amount reported received (PGK)	Variance (PGK)	Variance (%)
Lihir	Lihir Gold Ltd	15,939,951	15,939,951	-	0.00%
Ok Tedi	Ok Tedi Mining Limited	30,282,892	-	(30,282,892)	-100.00%
Porgera	Barrick (Niugini) Ltd	29,255,293	-	(29,255,293)	-100.00%
Ramu Nickel	MCC Ramu NiCo Ltd	11,675,269	-	(11,675,269)	-100.00%
Hidden Valley	Morobe Consolidated Goldfields Ltd	8,680,809	-	(8,680,809)	-100.00%
Simberi	Simberi Gold Co. Ltd	9,747,111	-	(9,747,111)	-100.00%
<b>Total</b>		<b>105,581,326</b>	<b>15,939,951</b>	<b>(89,641,375)</b>	<b>-84.90%</b>

Significant differences above are only reclassification in between recipients except for MCC Ramu NiCo Ltd. Refer to Table 125 for the variance analysis. Per MRA, MCC Ramu's payments may have included payments prior to 2019.

### 10.6.3. MRA tenement fees (not reconciled)



Fees collected from mining companies by the MRA have been reported in the table below. These amounts were unilaterally disclosed by the MRA.

Table 127: Fees paid to MRA (unilaterally disclosed)

Fee reported	Amount reported received (PGK)
Alluvial levies	2,228,658
Mine security deposits	131,770
Exploration security deposits	168,000
Mining lease rentals	253,291

Fee reported	Amount reported received (PGK)
Exploration licence	2,164,113
Data sale fees	108,953
Applications, extension, renewal, transfer and dealings fees (related to exploration)	744,012
Applications, extension, renewal, transfer and dealings fees (related to mining)	108,300
<b>Total</b>	<b>5,907,097</b>

MRA tenement fees represent 0.15% of the total revenue received by the government.

## 10.6.4. Equity distributions and share of sales



Table 128: Reconciliation of Equity Distribution

Project	Company	Total Project Paid (PGK)	Reported received by SOEs / Landowners (PGK)	Variance (PGK)	Variance (%)	Remarks
PNG LNG	KPHL	1,171,244,479	1,171,244,479	-	0.00%	
PNG LNG	Gas Resources Gigira	84,037,338	84,037,338	-	0.00%	
PNG LNG	Gas Resources Gobe	1,812,099	1,812,099	-	0.00%	
PNG LNG	Gas Resources Angore	10,002,106	10,002,106	-	0.00%	
PNG LNG	Gas Resources Hides	16,881,306	16,881,306	-	0.00%	
PNG LNG	Gas Resources Juha	9,981,784	9,981,784	-	0.00%	
PNG LNG	Gas Resources Kutubu	83,603,789	83,603,789	-	0.00%	
PNG LNG	Gas Resources Moran	1,524,195	1,524,195	-	0.00%	
PNG LNG	Gas Resources North West Moran	26,189	26,189	-	0.00%	
<b>Total</b>		<b>1,379,113,286</b>	<b>1,379,113,286</b>	<b>-</b>	<b>0.00%</b>	

Equity distribution amounts were provided by KPHL and MRDC, participants of PNG LNG project, which was confirmed by ExxonMobil in its capacity as operator of PNG LNG project.

Table 129: Reconciliation of Share of Sales

Project	Company	Total Project Reported (PGK)	Reported by SOEs / Landowners (PGK)	Variance (PGK)	Variance (%)	Remarks
PNG LNG	KPHL	2,786,214,137	2,811,775,686	25,561,549	0.91%	A
PNG LNG	Gas Resources Gigira	186,957,890	186,957,890	-	0.00%	
PNG LNG	Gas Resources Gobe	3,948,617	3,948,617	-	0.00%	
PNG LNG	Gas Resources Angore	22,027,667	22,027,667	-	0.00%	
PNG LNG	Gas Resources Hides	37,413,300	37,413,300	-	0.00%	
PNG LNG	Gas Resources Juha	21,989,427	21,989,427	-	0.00%	

Project	Company	Total Project Reported (PGK)	Reported by SOEs / Landowners (PGK)	Variance (PGK)	Variance (%)	Remarks
PNG LNG	Gas Resources Kutubu	189,832,523	189,832,523	-	0.00%	
PNG LNG	Gas Resources Moran	3,317,649	3,317,649	-	0.00%	
PNG LNG	Gas Resources North West Moran	69,409	69,409	-	0.00%	
Ok Tedi	Ok Tedi Mining Limited	3,803,592,442	3,803,592,442	-	0.00%	
Porgera	Mineral Resources Enga Ltd	143,771,093	148,814,885	5,043,793	3.39%	
Ramu Nickel	Mineral Resources Ramu Ltd	48,224,656	-	(48,224,656)	0.00%	B
Ramu Nickel	Mineral Resources Madang Ltd	76,002,057	-	(76,002,057)	0.00%	B
Kutubu	Petroleum Resources Kutubu	-	47,886,756	47,886,756	100.00%	C
Gobe	Petroleum Resources Gobe Ltd	-	1,338,278	1,338,278	100.00%	C
Moran	Petroleum Resources Moran Ltd	-	939,086	939,086	100.00%	C
<b>Total</b>		<b>7,323,360,865</b>	<b>7,279,903,613</b>	<b>(43,457,252)</b>	<b>-0.60%</b>	

Remarks:

- A. Share of sales of KPHL included other revenue which does not relate to PNG LNG project
- B. These shares of sales are recalculation based on MCC Ramu's annual report
- C. Pending response from Oil Search.

Overall share of sales are substantially reconciled with 0.60% unreconciled difference.

## 10.6.5. Development levy

Development levies are calculated at 2% of well-head value of the oil and gas produced as per Section 160 of the Oil and Gas Act 1998. Oil Search pays the levy to DPE by cheque. ExxonMobil PNG Ltd pays the levy to Bank of PNG via electronic transfer and sends remittances advices to DPE. ExxonMobil PNG state that they have been directed by the PNG Government to pay in this way.

DPE deposits levies into a trust account held by the Department of Finance for control purposes. Finance then administers payments from the trust account to the relevant local or provincial government.



Development levies are paid annually in arrears on or before 31 January in the year following the year of production to which the development levy relates.

The table below summarises the development levy information provided by the operators and DPE for the reporting period.

**Table 130: Reconciliation of development levy**

Project	Reporting company	Amount reported paid (PGK)	Amount reported received (PGK)	Variance (PGK)	Variance (%)
PNG LNG and Oil Project subsidiaries	ExxonMobil PNG Ltd	111,616,957	110,859,784	(757,173)	-0.68%
Oil Projects	Oil Search Ltd	2,315,531	2,315,532	1	0.00%
Papua LNG Project (Elk-Antelope)	Total E&P PNG Ltd	210,000	-	(210,000)	-100.00%
<b>Total</b>		<b>114,142,488</b>	<b>113,175,316</b>	<b>(967,172)</b>	<b>-0.85%</b>

Remarks:

Difference in ExxonMobil and DPE balances is due to foreign exchange translations.

ExxonMobil and Oil Search reported development levies on behalf of the projects operated.

Overall development levy are substantially reconciled with -0.85% unreconciled difference.

**Table 131: Development levy reported by other participants of the project**

Project	Reporting company	Amount reported paid (PGK)
Moran	Petroleum Resources Moran Ltd	8,790
PNG LNG	Nippon PNG LNG LLC	6,180,109
PNG LNG	Kumul Petroleum (Kroton) Ltd	45,730,212
PNG LNG	Gas Resources Kutubu Ltd	1,508,423
PNG LNG	Gas Resources Gobe Ltd	31,620
PNG LNG	Gas Resources Moran Ltd	26,597
PNG LNG	Gas Resources NW Moran Ltd	427
PNG LNG	Gas Resources Gigira Ltd	1,280,406

PNG LNG	Gas Resources Hides No.4 Ltd	256,482
PNG LNG	Gas Resources Angore Ltd	199,263
PNG LNG	Gas Resources Juha No.1 Ltd	150,810
<b>Total</b>		<b>55,373,139</b>

These development levies are already reported by operators on behalf of participants of respective projects.

### 10.6.6. Oil and gas royalties

Oil Search pays royalties to DPE by cheque. ExxonMobil PNG Ltd pays royalties to Bank of PNG via electronic transfer and sends remittances advices to DPE. ExxonMobil PNG state that they have been directed by the PNG Government to pay in this way.



**Table 132: Reconciliation of oil and gas royalty payments**

Project	Reporting company	Amount reported paid (PGK)	Amount reported received (PGK)	Variance (PGK)	Variance (%)
ExxonMobil PNG LNG and Oil Project subsidiaries	ExxonMobil PNG Ltd	133,127,047	132,916,196	(210,851)	-0.16%
PNG LNG	Oil Search Ltd	20,050,389	20,050,388	(1)	0.00%
<b>Total</b>		<b>153,177,436</b>	<b>152,966,584</b>	<b>(210,852)</b>	<b>-0.14%</b>

Remarks:

Difference in ExxonMobil and DPE balances is due to foreign exchange translations.

ExxonMobil and Oil Search reported royalty payments on behalf of the projects operated.

Overall development levy are substantially reconciled with -0.14% unreconciled difference.

**Table 133: Royalties reported by participants of the project**

Project	Reporting company	Amount reported paid (PGK)
PNG LNG	Nippon PNG LNG LLC	6,180,109
PNG LNG / Kutubu	Merlin Petroleum Company	3,054,173
<b>Total</b>		<b>9,234,282</b>

Remarks:

These royalty payments are already reported by operator on behalf of participants of respective projects.



## 10.6.7. Additional profits tax

In 2019, the additional profits tax was applicable to all resource projects (subject to the terms of any applicable fiscal stability agreements – see section 4.8.4).



Table 134: Reconciliation of additional profits tax

Project	Reporting company	Amount reported paid (PGK)	Amount reported received (PGK)	Final Variance (PGK)	Final Variance (%)	Remarks
Oil projects (and Hides GTE)	Oil Search Ltd	11,862,068	11,867,025	4,957	0.00%	
Kutubu	Oil Search Ltd	28,118,674	28,114,215	(4,459)	0.00%	
SE Gobe	Oil Search Ltd	251,982	251,867	(115)	0.00%	
Kutubu	Ampolex (PNG Petroleum) Inc.	1,026,838	-	(1,026,838)	100.00%	A
Gobe	Ampolex Highlands Ltd	414,617	-	(414,617)	100.00%	A
PNG LNG	Kumul Petroleum Holdings Ltd	112,851,724	112,392,079	(459,644)	0.00%	
<b>Total</b>		<b>154,525,903</b>	<b>152,625,186</b>	<b>(1,900,716)</b>	<b>-1.25%</b>	

### Remarks

- A. Difference pertain to additional profit taxes reported by ExxonMobil classified by IRC as Corporate Income Tax in their reporting template.

Overall additional profits taxes are substantially reconciled with 1.25% unreconciled difference

## 10.6.8. DPE licence fees (not reconciled)

Licence fees and other application fees are paid by the oil and gas industry to DPE.



Table 135: DPE reported licence fees

No. of licence	Licence type	Fees (PGK)
61	Petroleum Prospecting Licence (PPL)	1,846,000
14	Petroleum Retention Licence (PRL)	420,000
9	Petroleum Development Licence (PDL)	1,300,000
7	Petroleum Pipeline Licence (PPL)	880,054

No. of licence	Licence type	Fees (PGK)
3	Petroleum Processing Facility Licence (PPFL)	300,000
	<b>Total</b>	<b>4,746,054</b>

Licence fees represent 0.10% of the total revenue received by the government.

## 10.7. Data quality and audit of financial statements 2019

Most government departments and agencies, and some SOEs, do not yet have audited statements for the reporting period, and previous audits indicate serious flaws (see Table 136 below). Improved data assurance was the subject of a recommendation in previous reports (see section 11). In certain cases where significant variances were identified in the reconciliation, or the other party did not provide data, we requested evidence of payments, which in some cases (for example, Exxon) was received and sighted by the IA.

The IA met with the Auditor General's office to gain a better understanding of the current audit status of the relevant SOEs and government agencies. This has resulted in some updates below, but in most cases the audit reports are not yet public and have not been sighted by the IA.

Other than the reconciliation process, no quality assurance, audit, verification, or review has been provided to test or confirm the accuracy of the data. The variances identified during the reconciliation process – some of which were resolved on further investigation – are in themselves indicative of flaws in processes and/or record-keeping.

Table 136: Overview of status of financial audits for EITI reporting entities for the reporting period<sup>347</sup>

Parent Company	Operator in PNG	Year audited	Qualifications / emphasis of matter / comments	Source
<b>Mining</b>				
Crater Gold	Anomaly Ltd	FY2019	Audited by RSM. No qualifications noted.	<a href="http://www.cratergold.com.au/irm/content/annual-report.aspx?RID=226">http://www.cratergold.com.au/irm/content/annual-report.aspx?RID=226</a>
Barrick Gold Corporation	Porgera Mine – Barrick (Niugini) Ltd	2019	Audit by PwC. No qualifications noted.	<a href="https://www.barrick.com/English/investors/annual-report/default.aspx">https://www.barrick.com/English/investors/annual-report/default.aspx</a> <a href="https://s25.q4cdn.com/322814910/files/doc_financial/annual_reports/2019/Barrick-Annual-Report-2019.pdf">https://s25.q4cdn.com/322814910/files/doc_financial/annual_reports/2019/Barrick-Annual-Report-2019.pdf</a>
Newcrest Mining Ltd	Lihir Gold Ltd	FY2020	Audited by EY. No qualifications noted.	<a href="http://www.newcrest.com.au/media/annual_reports/Newcrest_Annual_Report_2018_1.pdf">http://www.newcrest.com.au/media/annual_reports/Newcrest_Annual_Report_2018_1.pdf</a>
Metallurgical Corporation of China Ltd. (MCC)	MCC Ramu NiCo Ltd	FY2019	Audit by Deloitte Touche Tohmatsu CPA LLP. No qualifications noted.	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0415/2020041501297.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0415/2020041501297.pdf</a>
Kainantu	K92 Mining Limited	FY2019	Audited by PWC. No qualifications noted	<a href="https://sec.report/otc/financial-report/243087">https://sec.report/otc/financial-report/243087</a>
Harmony Gold Mining Ltd	Hidden Valley JV	FY2020	Audit by PwC. No qualifications noted.	<a href="http://www.har.co.za/20/">http://www.har.co.za/20/</a>

<sup>347</sup> Where a financial statement audit was not conducted for this period, the most recent audit report available is listed.



	Ok Tedi Mining Limited	2019	Financial audit by PWC. No qualifications noted. ESG audit by Materiality Counts. No qualifications noted.	<a href="https://oktedi.com/who-we-are/annual-performance/">https://oktedi.com/who-we-are/annual-performance/</a>
St Barbara Ltd	Simberi Gold Co. Ltd	FY2020	Audit by PwC. No qualifications noted.	<a href="https://stbarbara.com.au/wp-content/uploads/2020/09/2020.09.18-asx-2020-annual-report.pdf">https://stbarbara.com.au/wp-content/uploads/2020/09/2020.09.18-asx-2020-annual-report.pdf</a>
<b>Oil and gas</b>				
Santos	Santos (and subsidiaries)	2019	Audited by EY. No qualifications noted.	<a href="https://www.santos.com/wp-content/uploads/2020/02/2019-annual-report.pdf">https://www.santos.com/wp-content/uploads/2020/02/2019-annual-report.pdf</a>
JX Nippon Oil and Gas Exploration Corporation	JX Nippon Oil and Gas (and subsidiaries)	Year ending March 31, 2020	ENEOS Holdings, Inc. and Consolidated Subsidiaries – Audited by EY. No qualifications noted.	<a href="https://ssl4.eir-parts.net/doc/5020/ir_material_for_fiscal_ym9/92354/00.pdf">https://ssl4.eir-parts.net/doc/5020/ir_material_for_fiscal_ym9/92354/00.pdf</a>
ExxonMobil	ExxonMobil PNG Ltd (PNG LNG project operator)	2019	SEC filings Form 10K Financial statements audited by PWC. No audit report included in 2019 integrated annual report	<a href="https://corporate.exxonmobil.com/-/media/Global/Files/investor-relations/annual-meeting-materials/annual-report-summaries/2019-Summary-Annual-Report.pdf">https://corporate.exxonmobil.com/-/media/Global/Files/investor-relations/annual-meeting-materials/annual-report-summaries/2019-Summary-Annual-Report.pdf</a>
Oil Search		2019	Audit by Deloitte. No qualifications noted.	<a href="https://www.oilsearch.com/_data/assets/pdf_file/0005/46931/OS-AR19-WISDOM_FA5.pdf">https://www.oilsearch.com/_data/assets/pdf_file/0005/46931/OS-AR19-WISDOM_FA5.pdf</a>
<b>State-owned enterprises: audits by the Auditor-General's Office of Papua New Guinea</b>				
Ok Tedi Mining Limited			See Ok Tedi Mining Limited above for details.	
Kumul Petroleum Holdings Ltd		2018	<p><b>Comments on Financial Statements:</b></p> <p>Unqualified Opinion issues for 2018.</p> <p>My report in accordance with the provisions of the Companies Act on the Company's financial statements for the year ended 31 December 2018 was issued on 25 November 2019. The report did not contain any qualification.</p> <p>At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Company for the year ended 31 December 2019 was in progress.</p>	<a href="http://www.ago.gov.pg/images/Part_4_Report_2019.pdf">http://www.ago.gov.pg/images/Part_4_Report_2019.pdf</a>
Mineral Resources Development Company Ltd		2016	<p><b>Comments on Financial Statements:</b></p> <p>Qualified opinion issues for 2016.</p> <p>At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and</p>	<a href="http://www.ago.gov.pg/images/Part_4_Report_2019.pdf">http://www.ago.gov.pg/images/Part_4_Report_2019.pdf</a>

Executive summary	Introduction	Reporting Entities and Revenue Streams	Contribution of Extractive Industries to the Economy	Legal framework and fiscal regime	Management and Distribution of Revenues	Social and subnational payments	Mining	Oil and gas	State-owned enterprises	Reconciliation of revenue streams	Findings and recommendation
			the examination of the financial statements of the Company for the year ended 31 December 2017 was in progress.								

Entity	Year audited	Qualifications / emphasis of matter / comments	Source
<b>Government departments and statutory authorities: audits by the Auditor-General's Office of Papua New Guinea</b>			
Conservation and Environment Protection Authority	2017	<b>Comments on Financial Statements:</b> My report to the Ministers under Section 8(4) of the Audit Act on the Authority's financial statements for the year ended 31 December 2017 was issued on 22 June 2020. The report contained a Qualified Opinion.	<a href="http://www.ago.gov.pg/images/Part_4_Report_2019.pdf">http://www.ago.gov.pg/images/Part_4_Report_2019.pdf</a>
Internal Revenue Commission	2013 – Latest annual report found on website.  2015 – Attachment E p. xxiii of the part 4 Report of the AGO	<b>Comments on Financial Statements:</b> 2016 and 2017 – Substantially completed At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records, and the examination of the financial statements of the Commission for the years ended 31 December 2016 and 2017 had been completed on 23 April 2019 and 20 June 2019 respectively. The management responses along with the signed financial statements were being awaited to finalise the audit reports.  The Commission had not submitted its financial statements for the years ended 31 December 2018 and 2019 for my inspection and audit.	<a href="http://www.ago.gov.pg/images/Part_4_Report_2019.pdf">http://www.ago.gov.pg/images/Part_4_Report_2019.pdf</a> p. 49  <a href="http://irc.gov.pg/publication_guides/category/irc-annual-reports/">http://irc.gov.pg/publication_guides/category/irc-annual-reports/</a>
Minerals Resource Authority	2014	<b>Comments on Financial Statements:</b> At the time of preparing this Report, the fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements of the Authority for the year ended 31 December 2015 was completed and the results were being evaluated.  The fieldwork associated with the inspection and audit of the accounts and records and the examination of the financial statements for the year ended 31 December 2016 was in progress.  The Authority had not submitted its financial statements for the years ended 31 December 2017, 2018 and 2019 for my inspection and audit.	<a href="http://www.ago.gov.pg/images/Part_4_Report_2019.pdf">http://www.ago.gov.pg/images/Part_4_Report_2019.pdf</a> p.72
Department of Treasury	2014–2015	Adverse opinion: 'The results of my audit indicate that only little improvement was made, available, overall, there were still notable weaknesses in the control framework. The control activities, such as delegation, authorisation, reconciliations, data processing, segregation of duties, system access, management monitoring, etc. we're not sufficiently robust to prevent, detect or correct errors or fraud.'	<a href="http://www.ago.gov.pg/docs/ReportoftheAuditorGeneralPartII20152014.pdf">http://www.ago.gov.pg/docs/ReportoftheAuditorGeneralPartII20152014.pdf</a>

Entity	Year audited	Qualifications / emphasis of matter / comments	Source
Department of Finance	2014–2015	Adverse opinion: 'The results of the audit indicate ties, such as delegations, authorisations, reconciliations, data processing, segregation of duties and system access were not sufficiently robust to prevent, detect or correct error or fraud.'	<a href="http://www.ago.gov.pg/docs/ReporttotheAuditorGeneralPartII20152014.pdf">http://www.ago.gov.pg/docs/ReporttotheAuditorGeneralPartII20152014.pdf</a>

Entity	Year audited	Qualifications / emphasis of matter / comments	Source
Department of Petroleum	2014	Adverse opinion: 'The results of my audit indicate that overall, there were significant and serious weaknesses in the control framework. The control activities such as delegations, authorisations, reconciliations, segregation of duties, system access and management were not sufficiently robust to detect or correct errors or fraud. Consequently, there is an increased risk that the impact of an ineffective control environment could be far reaching, possibly resulting in financial loss, tarnished public image or ultimately, agency failure. The lack of internal control mechanism may fail to safeguard assets from loss, damage or misappropriation and may produce financial information that is not complete or reliable.'	<a href="http://www.ago.gov.pg/docs/ReportoftheAuditorGeneralPartII20152014.pdf">http://www.ago.gov.pg/docs/ReportoftheAuditorGeneralPartII20152014.pdf</a>
Department of National Planning & Monitoring	2014	Adverse opinion: 'In general, there were no improvements in the system and operation of controls within the Department compared to the previous years. The results of my audit indicate that there were significant weaknesses in the control framework. The control activities were not sufficiently robust to prevent, detect or correct errors or fraud. Consequently, there is an increased risk that the impact of an ineffective control environment could be far reaching, possibly resulting in financial loss, tarnished public image or ultimately, agency failure. The lack of internal control mechanism may fail to safeguard assets from loss, damage or misappropriation and may produce financial information that is not complete or reliable.'	<a href="http://www.ago.gov.pg/docs/ReportoftheAuditorGeneralPartII20152014.pdf">http://www.ago.gov.pg/docs/ReportoftheAuditorGeneralPartII20152014.pdf</a>
PNG Customs	2013–2014	Adverse opinion: 'The results of my audit indicate that there were some improvements in the operations of the internal controls compared to previous years. This was evident in the Revenue collection, assets and advance management. However, overall, there were weaknesses noted in the control framework.'	<a href="http://www.ago.gov.pg/images/downloads/Part-2-NGAD-Merge-Report-JTen-AVui-4-11-15.pdf">http://www.ago.gov.pg/images/downloads/Part-2-NGAD-Merge-Report-JTen-AVui-4-11-15.pdf</a>

# Findings and recommendation

# 11. Findings and recommendation

The independent validation of PNG's 2016 EITI Report found that PNG has made meaningful progress in addressing the requirements of the EITI Standard. Through the IA's process of collecting and analysing revenue data, and via engagement with government, industry, and civil society, we have observed that the MSG and other stakeholders in the PNG EITI continue to seek to improve transparency, systems, and accountability across the extractives sector.

Based on the work we have undertaken, we present the following recommendations to enable the MSG to improve its EITI process across PNG for future reporting periods, in line with the requirements of the EITI Standard. Our recommendations from this report are outlined below.

**Table 137: Findings and recommendations**

Observations	Recommendations
<p>1. Address findings of Independent Validation</p> <p>The independent validation of PNG's progress against the EITI standard identified a number of areas where progress was 'inadequate'. The IA has endeavoured to address each of these through the 2017 to 2019 reporting process. Whilst the IA has seen improvements over the years, a number will still require further coordination and effort to accomplish.</p> <p>The following sections were updated in the 2019 PNG EITI Report: SOE procedures, subnational payments, production data, licence allocations and beneficial ownership.</p>	<p>We recommend that the MSG continuously address the findings made in the independent validation of the PNG EITI 2016 Report. The MSG and IA should continue to work together to fully meet the requirements of EITI standard.</p> <p>We have seen improved engagement from reporting entities and frequent discussions among participants aiming to provide clarity on certain areas of the 2019 report. Continued engagement is required to further resolve gaps.</p>
<p>2. Data collection</p> <p>Whilst the IA and National Secretariat exert considerable effort in training and co-ordinating with the reporting entities, the data collected still has the following issues:</p> <ul style="list-style-type: none"> <li>• Data is not being delivered in accordance with timelines and often comes in very late in the process putting pressure on deadlines</li> <li>• Data is incomplete and requires multiple inquiries with the reporting entities to resolve</li> <li>• Erroneous financial and non-financial information is submitted</li> <li>• Use of Accrual rather than cash accounting</li> </ul>	<p>The following is recommended:</p> <ul style="list-style-type: none"> <li>• Earlier commencement of the project in April or May</li> <li>• Mandatory participation of representatives from all reporting entities on the PNG EITI reporting template training. We also recommend attendance of representatives of PNG Chamber of Mines and Petroleum to provide insights prior to release of reporting templates</li> <li>• Reporting entities should raise earlier in the process of the engagement known issues that may arise during provision of data. (i.e. difficulty in providing reserves and production data; treatment of GST refunds)</li> </ul>
<p>3. Presentation of government revenue</p> <p>During the course of the engagement, reporting entities have presented different views on the definition and presentation of Government Revenue from the extractive industry including the way it is disclosed in the PNG EITI report.</p>	<p>We recommend the MSG to discuss with the reporting entities and other participants of the PNG EITI and put forward a definition of Government Revenue including a suggested disclosure for the PNG EITI Report. The MSG also needs to ensure this recommendation does not deviate from the EITI Standard.</p>
<p>4. Reconcile mandatory and social expenditures</p> <p>Other participating countries in EITI have started or performed a reconciliation of mandatory and voluntary social expenditures to increase transparency of the report.</p>	<p>We recommend the MSG to create a mechanism where social expenditures are reported and reconciled between the reporting entities and the recipients starting with the mandatory expenditures. This mechanism should include compliance with the contract agreement and appropriateness of amounts</p>

	claimed as infrastructure tax credits in the income tax returns.
Observations	Recommendations
<p>5. Increase data availability through PNG government web portals for licence allocation</p> <p>Progress has been observed incorporating licence information in the MRA cadastre portal and DPE starting to digitise oil and gas licence data. However, updates on mining licences are have not been uploaded on the web portals. Moreover, during the initial phase of the engagement, there were discussions and plans for oil and gas licences data to be available on one of the government portals, however, this has not come to fruition.</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> <li>• MRA to keep up to date the information within web portals.</li> <li>• DPE to be more engaged in creating a licence portal accessible by the public. DPE can leverage the knowledge gained from other licensing agencies such as MRA.</li> </ul>
<p>6. Assurance and compliance reviews over royalties and levies</p> <p>MRA and DPE are the government agencies who report royalties and levies, which are revenue streams paid to various landowners and local/provincial governments by the reporting entities. Reconciliation on amounts paid and reported is always a recurring issue. Based on our observation, variances arose due to insufficient compliance reviews and cross-checking whether these payments have been calculated properly and actually paid to the correct recipient which can prevent reconciliation issues.</p>	<p>We recommend MRA and DPE to perform regular inspection of amounts reported by extractive companies through the following:</p> <ul style="list-style-type: none"> <li>• Perform independent recalculation on amounts reported by obtaining the basis of calculation.</li> <li>• Obtain receipts or bank statements to support the amounts reported</li> <li>• Cross-check to respective recipients whether these have been actually received</li> <li>• Any matters or discrepancies arising from the independent checks should be explained by the extractive companies.</li> </ul> <p>These checks and balances can assist the government agencies in ensuring that payments have occurred and are complete. Propriety of payments can be a criterion when approving further licences. MRA and DPE should have access to relevant government data to support its financial close process and reconcile companies' remittances against receipts.</p>
<p>7. Improve comprehensiveness of data</p> <p>Significant variances were observed in the reconciliation process based on the initial data submitted. One of the areas that can prevent reconciliation variances is to resolve issues on unaudited data from government entities and some SOEs. Several departments and SOEs are yet to be audited for the year-ended 2019, or even some years earlier. During the initial phase of the engagement and prior to the pandemic there were plans for the AGO to perform receipts testing on revenues relevant for the PNG EITI report, however, this is yet to be started.</p> <p>We further note that KPHL's latest audited financial statements are not available on their website.</p>	<p>Auditing the receipts of government agencies and SOE's, and early identification of issues prior to submission of data, will ensure that reporting entities provide more accurate and reliable information. The testing of receipts does not require additional resources as this can be performed as part of the audits already being performed on the reporting entities.</p> <p>To increase transparency, all SOEs financial statements should be published and included on their respective websites.</p>



Observations	Recommendations
<p>8. Improve consistency of data reported</p> <p>Production data for the oil and gas industry remains a challenge. There is no available public information unless derived through estimates and recalculation from participants in the oil and gas projects.</p> <p>Further, reporting of production and export data remained inconsistent for both mining and oil and gas. We note that Customs have different export data from other agencies such as BPNG, MRA and DPE</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> <li>DPE to have regular production data update published on its web portal. In addition to the reports provided by reporting entities, DPE should conduct inspection of data provided.</li> <li>Government agencies involved in reporting production and export data should uniformly report the type, amount, commodity and measurement used. This data should also be publicly accessible.</li> </ul>
<p>9. Include import and excise taxes as reporting revenue streams</p> <p>Import and excise taxes in 2019 are reported as unilateral revenue streams. However, over the years, we have seen an increase in these revenue streams such that the combined values can be considered as material to the users of the PNG EITI report.</p>	<p>We recommend in the future EITI reports, import and excise taxes will be included as part of material reporting revenue streams which are required to be reconciled.</p>
<p>10. Co-ordinated reconciliation of sub-national payments and transfers</p> <p>Significant progress has been made in the area of subnational payments and transfers. However, complete reconciliation of material subnational payments and transfers are yet to be undertaken due to pandemic.</p> <p>We understand that the scope is complex, but this exercise will improve trust and transparency.</p>	<p>We recommend the MSG and the National Secretariat devise a work-plan that will result in the reconciliation of subnational payments and transfers. We understand that the exercise requires movement of resources and is currently limited due to restrictions.</p> <p>We recommend that PNGEITI National Secretariat should work with NEFC to improve subnational reporting for compliance to the EITI standard.</p>
<p>11. Address findings of the PNG Beneficial Ownership Report 2020</p> <p>PNG EITI released the PNG Beneficial Ownership Report 2020 which includes the approach, definitions, scope and recommendations that will need to be considered upon implementation of Beneficial Ownership disclosure.</p> <p>The report provides key deficiencies and observations such as incomplete and failure to provide data. It also lists out the challenges faced by the reporting entities when gathering data and action plans recommended by the consultant.</p>	<p>We recommend MSG and National Secretariat to address the observations and review the action plans in the PNG Beneficial Ownership Report. We understand that resolving these observations requires time and movement of resources, however, certain comments should be addressed to improve transparency and compliance to the EITI standard.</p>
<p>12. Availability of Financial Reports</p> <p>Certain companies who are participants in the mining and oil and gas projects do not have readily available financial reports. Some of these PNG companies are consolidated into their Parent Company financial reports which provides incomplete information about the PNG Company's financial and operating activities.</p> <p>Further, certain companies also do not have complete IPA required lodgements.</p>	<p>We recommend that in the absence of publicly available financial reports, this financial information should be disclosed in the PNG EITI report. Financial information about the participating Companies provides meaningful information about the revenues generated from the extractive industry and enhances transparency.</p>



# Appendices

## Appendix A PNG MSG members and alternates

Status	Type	Primary	Alternate 1	Alternate 2	Organisation
Voting Member	GoPNG	Hon. Ian Ling-Stuckey, CMG, MP MP Treasurer & PNGEITI Chairman	Dairi Vele Secretary	Andrew Oaeke - Acting Deputy Secretary, Economic Policy Division  Donald Hehona - First Assistant Secretary - Sectoral Policy Division	Department of Treasury
Voting Member	GoPNG	NIL	NIL	Jeffrey Murley- Senior Policy Officer  Bruce Java	Department of Prime Minister * National Executive Council (PMNEC)
Voting Member	GoPNG	Sam Koim - Commissioner General	NIL	Ketty Masu- Director Resource Policy and Advice	Internal Revenue Commission
Voting Member	GoPNG	Jerry Garry - Managing Director	NIL	Arnold Lakamanga- Manager – GIS Mineral Information	Mineral Resources Authority
Voting Member	GoPNG	Gunther Joku - Managing Director	Michael Wau - Deputy Director - Environmental Regulation Division	Robert Sine - Manager - Mining Industry Compliance	Conservation & Environment Protection Authority (CEPA)
Voting Member	GoPNG	David Manau – Secretary  Channan Kumalau - Director, Special Projects	NIL	NIL	Department of Petroleum & Energy (DPE)
Voting Member	GoPNG	Dr. Ken Ngangan Secretary	Samuel Penias Deputy Secretary - Support Wing	Margaret Tenakanai Acting Deputy Secretary - Support Services Wing	Department of Finance (DoF)
Voting Member	GoPNG	Koney Samuel Secretary	Sanja Pepae Assistant Secretary - Economic Policy Division	Langa Kopio Assistant Secretary - Social & General Policy Branch  Marie Pais - First Assistant Secretary - Economic Sector Division	Department of National Planning & Monitoring (DNPM)
Voting Member	GoPNG	Harry Kore Secretary	Winterford Eko Acting Deputy Secretary	Asavi Kendua Acting Director - Mineral Policy & Legislation Division	Department of Mineral Policy & Geohazards Management
Voting Member	GoPNG	Gordon Kega, CPA Acting Auditor General	Albert Kimisi Acting Deputy Auditor General - Corporate Services Division	Lemeki Ila Deputy Auditor General - Statutory Bodies Audit Division	Auditor General's Office
Voting Member	Industry	Prof. Albert Mellam Executive Director	Leah Warupi- Morlin - Project Coordinator	Jimmy Yareba Project Coordinator	PNG Chamber of Mines & Petroleum
Voting Member	Industry	Stanley Komunt Country Manager	Stanley Komunt Manager - Government	Anna Madgwick Manager - Social Investment &	Newcrest Mining Limited

Status	Type	Primary	Alternate 1	Alternate 2	Organisation
			Relations & Country Office	National Engagement	
Voting Member	Industry	Musje Werror Managing Director	Roberto Justo Acting Finance Manager	NIL	Ok Tedi Mining Limited (OTML)
Voting Member	Industry	Dr Ila Temu Executive Director	Anthony Smare General Manager - Corporate & Legal	Gertrude Tamade Elai - Senior Legal Counsel	Barrick (Niugini) Limited
Voting Member	Industry	Kepas Wali Executive General Manager - Stakeholder Relations and Corporate Affairs PNG	Mary McKinlay Manager - Tax and Technical Accounting	Aubrey Testa Chief Financial Officer - EXCO	Harmony Gold (PNG) Exploration Limited
Voting Member	Industry	Philip Samar - Vice President - External	NIL	NIL	Kainantu Gold Mine
Voting Member	Industry	Andrew Barry - Lead Country Manager	General Manager - External Affairs	Stanley Yarka Advisor - Government Relations	Exxon Mobil PNG Limited
Voting Member	Industry	Gerea Aopi PNG Country Chairman	Wayne Kasou General Manager Government Affairs	Cornelius Soagai Government Affairs Lead	Oil Search (PNG) Limited
Voting Member	Industry	Jean-Marc Noiray Managing Director	Richard E. Kassman Manager- Exploration / Production, and PNG Chamber of Mines & Petroleum Chairman	Fiona-Opal Pagla Manager - Government Relations	Total E&P Limited
Voting Member	SOE	Isikeli Taureka Managing Director	Judith Kuk - Chief Financial Officer	Executive Manager - SOEs & Projects	Kumul Consolidated Holdings (KCH)
Voting Member	SOE	Wapu Sonk Managing Director	Luke Liria Executive Manager - Corporate Services	Greg Heaney - Chief Financial Officer	Kumul Petroleum Holdings Limited (KPHL)
Voting Member	SOE	Peter Graham Chairman & Acting Managing Director	Francis M. Lola Company Secretary & Manager, Legal	NIL	Kumul Mineral Holdings Limited (KMHL)
Voting Member	SOE	Augustine Mano Managing Director	Imbi Tagune General Manager - External Affairs	Steven Evekone Manager -External Affairs	Mineral Resources Development Company (MRDC)
Voting Member	CSO	Interim CSO Coordinator	NIL	NIL	PNG Resource Governance Coalition (PNG RGC) (c/- CIMC)
Voting Member	CSO	Peter Aitsi Chairman	Arianne Kassman Executive Director	Yuambari Haihuie Deputy Director, Policy and Advocacy Barbra Ruin Advocacy Liaison Officer	Transparency International PNG (TIPNG)

Status	Type	Primary	Alternate 1	Alternate 2	Organisation
				Michael Arnold Communications Officer	
Voting Member	CSO	Paul Barker Executive Director	Deputy Director	Steven Goie Research Officer	Institute of National Affairs (INA)
Voting Member	CSO	Wallis Yakam Executive Officer	Henry Yamo Deputy Executive Officer	Elizabeth Avaisa Snr. Project Officer - Public Budgets & Expenditure	Consultative Implementation & Monitoring Council (CIMC)
Voting Member	CSO	Executive Director	Harrison Owage Program Manager	Baru Amenu - Project Coordinator	PNG Mining Watch Association
Voting Member	CSO	Bishop Denny Guka Chairman	Isu Aluvula, MBE ML - General Secretary	NIL	PNG Council of Churches (PNGCC)
Voting Member	CSO	NIL	Alois Sinen - Legal Intern	NIL	Centre for Environmental Law & Community Rights (CELCOR)

## Appendix B Mining tenements awarded/extended 2019

The table below shows mining tenements awarded or extended during the reporting period, (as reported by MRA). A complete list of active tenements can be seen on the Mining Cadastre Portal (<https://portal.mra.gov.pg>).

### TOTAL: 124 GRANTED EXPLORATION LICENCE - OCTOBER 2017

Code	Name	Parties	Application Date	Grant Date	Expiry Date
EL 193	Ramu	MCC Ramu NiCo Limited (85%), Ramu Nickel Limited (8.56%), Mineral Resources Ramu Limited (3.94%), Mineral Resources Madang Limited (2.5%)	25-Mar-70	18-Dec-70	26-Feb-18
EL 440	Wafi	Newcrest PNG 2 Limited (50%), Wafi Mining Limited (50%)	29-Mar-78	11-Mar-80	10-Mar-18
EL 454	Porgera	Barrick (Niugini) Limited (100%)	8-Feb-80	31-Mar-80	24-Aug-18
EL 497	Wau	Harmony Gold (PNG) Exploration Limited (100%)	16-Feb-83	1-Mar-84	25-Aug-18
EL 609	Mapua	Nord Australer Nominees (PNG) Limited (100%)	4-Mar-85	6-May-85	5-May-19
EL 677	Waria River	Harmony Gold (PNG) Exploration Limited (100%)	22-Jul-86	27-Oct-86	17-Feb-19
EL 693	Kainantu	K92 Mining Limited (100%)	15-Sep-86	29-Dec-86	4-Feb-19
EL 858	McNicoll Range	Barrick (Niugini) Limited (100%)	17-Feb-88	25-May-88	24-Aug-18
EL 1043	NAKRU	Copper Quest PNG Limited (100%)	3-Aug-92	8-Dec-92	7-Dec-18
EL 1105	Wafi Mt	Newcrest PNG 2 Limited (50%), Wafi Mining Limited (50%)	7-Jan-94	26-Jan-95	25-Jan-19
EL 1165	Safia Embessa & Obea	Niugini Nickel Limited (100%)	31-Oct-95	1-Mar-96	28-Feb-18
EL 1196	Namatanai	Nautilus Minerals Niugini Limited (100%)	13-Nov-96	28-Nov-97	27-Nov-17
EL 1212	Frieda	Frieda River Limited (80%), Highlands Frieda Limited (20%)	20-Feb-97	30-May-97	29-May-19
EL 1312	Nong River	Highlands Pacific Resources Limited (100%)	24-Jan-01	20-Sep-02	19-Sep-18
EL 1316	Mumeng	Newcrest PNG 3 Limited (50%), Morobe Exploration Limited (50%)	29-Jun-01	20-Sep-02	19-Sep-18
EL 1341	Yonki	K92 Mining Limited (100%)	9-Dec-03	21-Jun-04	20-Jun-18
EL 1369	Tsile Tsile	Newcrest PNG Exploration Limited (100%)	25-May-04	23-Nov-04	22-Nov-18
EL 1374	Namatanai	Nautilus Minerals Niugini Limited (100%)	16-Jun-04	10-Sep-04	9-Sep-18
EL 1595	Bulago River	Frontier Gold (PNG) Limited (100%)	9-Aug-07	7-Jul-08	6-Jul-18
EL 1611	Mangiki	Regional Resources (PNG) Limited (100%)	4-Oct-07	28-Nov-08	27-Nov-18
EL 1629	Garaina	Morobe Consolidated Goldfields Limited (50%), Newcrest PNG 3 Limited (50%)	7-Dec-07	3-Nov-08	2-Nov-18
EL 1677	Kauwol	Ok Tedi Mining Limited (100%)	18-Aug-08	25-Mar-09	24-Mar-19
EL 1744	Iniok	Frieda River Limited (80%), Highlands Frieda Limited (20%)	13-Aug-09	21-Jun-10	20-Jun-18
EL 1745	Magleri	Frieda River Limited (80%), Highlands Frieda Limited (20%)	13-Aug-09	21-Jun-10	20-Jun-18
EL 1746	Magleri	Frieda River Limited (80%), Highlands Frieda Limited (20%)	13-Aug-09	21-Jun-10	20-Jun-18
EL 1748	Mumeng	Newcrest PNG Exploration Limited (100%)	20-Aug-09	27-Sep-12	26-Sep-18
EL 1761	Esa!ala	Highlands Pacific Resources Limited (100%)	2-Nov-09	12-Mar-12	11-Mar-18
EL 1781	Munbil	Highlands Pacific Resources Limited (100%)	16-Feb-10	12-Mar-12	11-Mar-18
EL 1857	Yangoru	Alexander Mining Limited (100%)	28-Jul-10	23-Jan-12	22-Jan-18
EL 1873	Kabarau	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-18
EL 1874	Kare	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-18
EL 1875	Wabo	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-18
EL 1876	Kare	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-18
EL 1877	Lihir South	Bismarck Mining Corporation (PNG) Limited (100%)	17-Aug-10	8-Oct-12	7-Oct-18
EL 1895	Wabia	Frieda River Limited (80%), Highlands Frieda Limited (20%)	29-Sep-10	15-May-12	14-May-18
EL 1896	Kubkaain	Frieda River Limited (80%), Highlands Frieda Limited (20%)	29-Sep-10	15-May-12	14-May-18
EL 1956	Ok Isai	Frieda River Limited (80%), Highlands Frieda Limited (20%)	11-Mar-11	15-May-12	14-May-18
EL 1957	Paupe	Frieda River Limited (80%), Highlands Frieda Limited (20%)	11-Mar-11	15-May-12	14-May-18
EL 2001	Benstead	Highlands Pacific Resources Limited (100%)	6-Jun-11	20-Dec-12	19-Dec-18
EL 2040	Mt Hagen	Mayur Exploration PNG Limited (100%)	30-Jun-11	27-Sep-12	26-Sep-18
EL 2051	Mt Namborn	Aries Mining Limited (100%)	22-Jul-11	27-Sep-12	26-Sep-18
EL 2095	Sideia	Mayur Exploration PNG Limited (100%)	13-Sep-11	27-Sep-12	26-Sep-18
EL 2096	Warambif	Mayur Exploration PNG Limited (100%)	13-Sep-11	5-Aug-14	4-Aug-18
EL 2150	Gulf South	Mayur Iron PNG Limited (100%)	20-Dec-11	18-Dec-12	17-Dec-18
EL 2156	Tabubil	Ok Tedi Mining Limited (100%)	16-Feb-12	20-Dec-12	19-Dec-18
EL 2212	Dagua	West Coast Mining Limited (100%)	31-May-12	2-Feb-14	1-Feb-18
EL 2256	Tabubil	Ok Tedi Mining Limited (100%)	12-Oct-12	20-May-13	19-May-19
EL 2266	Kiwai Island	Mayur Iron PNG Limited (100%)	23-Nov-12	14-May-14	13-May-18
EL 2267	Segero	Mayur Iron PNG Limited (100%)	23-Nov-12	2-Dec-16	1-Dec-18
EL 2268	Dibiri	Mayur Iron PNG Limited (100%)	23-Nov-12	2-Dec-16	1-Dec-18
EL 2269	Baimuru	Mayur Iron PNG Limited (100%)	23-Nov-12	14-May-14	13-May-18
EL 2281	Maruta	Titan Mines Limited (100%)	13-Mar-13	3-Feb-14	2-Feb-18
EL 2297	Daru	Mayur Iron PNG Limited (100%)	13-May-13	2-Dec-16	1-Dec-18
EL 2302	Bulolo	Canterbury Resources (PNG) Limited (100%)	19-Aug-13	25-Feb-14	24-Feb-18
EL 2303	Pinu Village	Mayur Iron PNG Limited (100%)	22-Aug-13	14-May-14	13-May-18
EL 2304	Terapo	Mayur Iron PNG Limited (100%)	22-Aug-13	14-May-14	13-May-18

Code	Name	Parties	Application Date	Grant Date	Expiry Date
EL 2305	Ihu	Mayur Iron PNG Limited (100%)	22-Aug-13	14-May-14	13-May-18
EL 2309	Tsile	Rio Tinto Exploration (PNG) Limited (100%)	23-Oct-13	10-Sep-14	9-Sep-18
EL 2310	Hauwindi	Harmony Gold (PNG) Exploration Limited (100%)	25-Oct-13	24-May-14	23-May-18
EL 2313	Wau	Harmony Gold (PNG) Exploration Limited (100%)	12-Dec-13	24-Dec-14	23-Dec-18
EL 2321	Kau Creek	Pacific Niugini Minerals (PNG) Limited (100%)	5-May-14	16-Feb-15	15-Feb-19
EL 2325	Rambusa-Sudest Island	Sudest Island Mining Limited (100%)	4-Jun-14	19-Dec-14	18-Dec-18
EL 2328	Yangoru and Kubalia	West Coast Mining Limited (100%)	11-Jun-14	10-Oct-16	9-Oct-18
EL 2330	Ningerum	Apollo Mineral Resources Limited (100%)	30-Jun-14	27-Oct-14	26-Oct-18
EL 2337	Embessa and Wanigela	Niugini Nickel Limited (100%)	24-Jul-14	2-Nov-15	1-Nov-17
EL 2349	Hukim/Ningerum	Aus PNG Mining Limited (100%)	15-Oct-14	15-Nov-16	14-Nov-18
EL 2351	Kandep	ESDA PETROMINING LIMITED (100%)	7-Nov-14	17-Dec-15	16-Dec-17
EL 2357	Dumpu	MB Transport Limited (100%)	9-Feb-15	11-Nov-15	10-Nov-17
EL 2359	Vanimo and Wutung Govt Stns	Oenake Nickel Limited (100%)	13-Feb-15	17-Dec-15	16-Dec-17
EL 2371	Wau	New Leaf Development Limited (100%)	3-Mar-15	17-Dec-15	16-Dec-17
EL 2372	Green River Station	Telemu No.92 Limited (100%)	5-Mar-15	11-Jul-16	10-Jul-18
EL 2376	Basamuk	MCC Ramu NiCo Limited (85%), Ramu Nickel Limited (8.56%), Mineral Resources Ramu Limited (3.94%), Mineral Resources Madang Limited (2.5%)	31-Mar-15	26-May-16	25-May-18
EL 2384	Gerepo	Solway Group Mining (PNG) Limited (100%)	28-May-15	11-Jul-16	10-Jul-18
EL 2385	Ononge/Sigufe	Tolukuma Gold Mines Limited (100%)	2-Jun-15	26-May-16	25-May-18
EL 2393	Ioma	Cheroh Mining PNG Limited (100%)	28-Jul-15	17-Dec-15	16-Dec-17
EL 2394	Mussau Island	Cheroh Mining PNG Limited (100%)	28-Jul-15	17-Dec-15	16-Dec-17
EL 2395	Lou Island	Cheroh Mining PNG Limited (100%)	28-Jul-15	17-Dec-15	16-Dec-17
EL 2396	Manus	Cheroh Mining PNG Limited (100%)	28-Jul-15	9-Mar-16	8-Mar-18
EL 2397	Kubuna	Cheroh Mining PNG Limited (100%)	28-Jul-15	17-Dec-15	16-Dec-17
EL 2398	Siassi Island	Cheroh Mining PNG Limited (100%)	28-Jul-15	17-Dec-15	16-Dec-17
EL 2399	Panaeati Island	Cheroh Mining PNG Limited (100%)	28-Jul-15	17-Dec-15	16-Dec-17
EL 2400	Namatana	Cheroh Mining PNG Limited (100%)	28-Jul-15	17-Dec-15	16-Dec-17
EL 2401	Amanab	EL Dorado Mining and Energy Limited (100%)	4-Aug-15	28-May-16	27-May-18
EL 2405	Kupiano	Kavra Maah Limited (100%)	21-Sep-15	9-Mar-16	8-Mar-18
EL 2406	Sulovat, Kimbe WNB	GMG Global Mining Group Limited (100%)	30-Sep-15	2-Dec-16	1-Dec-18
EL 2408	Sikut Government Station	Ballygowan Limited (100%)	1-Oct-15	28-May-16	27-May-18
EL 2409	Roku/Ulpuna	Sagittarius Mining Limited (100%)	2-Oct-15	15-Nov-16	14-Nov-18
EL 2413	Leron Plains	Rio Tinto Exploration (PNG) Limited (100%)	9-Oct-15	9-Mar-16	8-Mar-18
EL 2415	Maprik	West Coast Mining Limited (100%)	14-Oct-15	6-Sep-16	5-Sep-18
EL 2416	Upper Yandera	Cheroh Mining PNG Limited (100%)	14-Oct-15	26-May-16	25-May-18
EL 2417	Simbai	Golden Dook International Limited (100%)	5-Nov-15	11-Jul-16	10-Jul-18
EL 2418	Bulolo	Canterbury Resources (PNG) Limited (100%)	9-Nov-15	11-Jul-16	10-Jul-18
EL 2419	Tamo	EL Dorado Mining and Energy Limited (100%)	30-Nov-15	28-May-16	27-May-18
EL 2420	Kwikila	Property New Group Limited (100%)	1-Dec-15	26-May-16	25-May-18
EL 2421	Amboin	Aiabba Minerals (PNG) Limited (100%)	3-Dec-15	28-May-16	27-May-18
EL 2426	Keman	GMN 6768 (PNG) Limited (100%)	10-Dec-15	28-May-16	27-May-18
EL 2430	Meriamanda	GMN 6768 (PNG) Limited (100%)	4-Jan-16	28-May-16	27-May-18
EL 2431	Tamo	EL Dorado Mining and Energy Limited (100%)	5-Jan-16	2-Dec-16	1-Dec-18
EL 2432	Sinua	Footprint Resources Pty Ltd (100%)	18-Jan-16	11-Jul-16	10-Jul-18
EL 2444	Tamo	EL Dorado Mining and Energy Limited (100%)	18-Mar-16	6-Sep-16	5-Sep-18
EL 2451	Alotau	Apollo Mineral Resources Limited (100%)	19-Apr-16	6-Sep-16	5-Sep-18
EL 2460	Kompam	Property New Group Limited (100%)	14-Jun-16	15-Nov-16	14-Nov-18
EL 2461	Mt Andewa	Baldoye Limited (100%)	17-Jun-16	15-Nov-16	14-Nov-18
EL 2462	Mapua	Nord Australex Nominees (PNG) Limited (100%)	22-Jun-16	15-Nov-16	14-Nov-18
EL 2466	Metewoi	Rio Tinto Exploration (PNG) Limited (100%)	29-Jun-16	12-Sep-17	11-Sep-19
EL 2467	Mount Abemh	Highlands Pacific Resources Limited (100%)	27-Jul-16	2-Dec-16	1-Dec-18
EL 2472	Tabubil	Ok Tedi Mining Limited (100%)	14-Sep-16	18-Mar-17	17-Mar-19
EL 2478	Ilam river	Highlands Pacific Resources Limited (100%)	18-Oct-16	25-Aug-17	24-Aug-19
EL 2479	Kwikila Station	Combuco Limited (100%)	2-Nov-16	29-Jun-17	28-Jun-19
EL 2485	Mapamoiwa	Pacific Arc Resources (Niugini) Limited (100%)	3-Nov-16	12-Sep-17	11-Sep-19
EL 2491	Sehulea	Reekara Limited (100%)	3-Nov-16	12-Sep-17	11-Sep-19
EL 2502	Pakapuna	LogiKon Corporation Pty Ltd (100%)	11-Nov-16	12-Sep-17	11-Sep-19
EL 2503	Mt Kuta	Kraip Energy Limited (100%)	16-Nov-16	12-Sep-17	11-Sep-19
EL 2510	Screw River	Kavra Maah Limited (100%)	28-Nov-16	12-Sep-17	11-Sep-19
EL 2511	Opa	Munga River Limited (100%)	15-Dec-16	12-Sep-17	11-Sep-19
EL 2512	Kubor Range	Munga River Limited (100%)	15-Dec-16	12-Sep-17	11-Sep-19
EL 2514	Makmak	Copper Quest PNG Limited (100%)	16-Dec-16	12-Sep-17	11-Sep-19
EL 2517	Star Mountains	Highlands Pacific Resources Limited (100%)	20-Dec-16	26-Jul-17	25-Jul-19
EL 2521	Bitoi, Wau Morobe	Terra Resources Limited (100%)	23-Jan-17	12-Sep-17	11-Sep-19
EL 2523	Aiyura, Eastern Highlands	W & M Industry Limited (100%)	23-Mar-17	13-Sep-17	12-Sep-19
EL 2524	Krisa, Vanimo	Pacific Energy Consulting Limited (100%)	23-Mar-17	24-Oct-17	23-Oct-19



Code	Name	Parties	Application Date	Grant Date	Expiry Date
EL 2525	Wabo, Gulf Province	Pacific Energy Consulting Limited (100%)	23-Mar-17	24-Oct-17	23-Oct-19
EL 2528	Pomio, East New Britain	PCP Minerals Limited (100%)	31-Mar-17	24-Oct-17	23-Oct-19
EL 2530	Kubuna, Central Province	Rio Tinto Exploration (PNG) Limited (100%)	4-May-17	24-Oct-17	23-Oct-19

**TOTAL: 51 RENEWAL EXPLORATION LICENCE - OCTOBER 2017**

Code	Name	Parties	Application Date	Grant Date	Expiry Date
EL 1	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Mar-15
EL 2	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 3	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 4	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 5	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 6	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 7	Kieta	CRA Minerals (PNG) Limited (100%)	29-Nov-65	4-Feb-67	3-Feb-15
EL 58	Frieda River	Frieda River Limited (80%), Highlands Frieda Limited (20%)	10-Aug-67	20-Mar-68	14-Nov-17
EL 470	Kainantu	K92 Mining Limited (100%)	5-Aug-80	5-Jul-82	4-Feb-17
EL 485	Londolovit	Lihir Gold Limited (100%)	2-Feb-83	19-Jun-83	31-Mar-18
EL 1103	Zilani	Newcrest PNG 3 Limited (50%), Morobe Exploration Limited (50%)	30-Nov-93	13-Dec-99	16-Dec-17
EL 1115	Mt Crater	Anomaly Limited (100%)	1-Feb-94	26-Sep-94	30-Dec-17
EL 1170	Mahur Island	Lihir Gold Limited (100%)	19-Feb-96	21-Jun-96	10-Sep-17
EL 1172	Kulumadai	Woodlark Mining Limited (100%)	23-Feb-96	28-Nov-97	17-Dec-17
EL 1279	Kulumadai	Woodlark Mining Limited (100%)	9-Mar-99	26-Aug-99	13-Dec-17
EL 1335	Yandera	Yandera Mining Company Limited (100%)	8-Aug-03	20-Nov-03	30-Dec-17
EL 1390	Kokoda	Oro Nickel Limited (100%)	15-Dec-04	10-Jun-05	16-Dec-17
EL 1392	Tifalmin	Highlands Pacific Resources Limited (100%)	2-Feb-05	10-Jun-05	30-Dec-17
EL 1438	Bolobip Station	Niuminco (ND) Limited (100%)	12-Jul-06	18-Sep-07	21-May-17
EL 1441	Hotmin & Ama	Niuminco (ND) Limited (100%)	12-Jul-06	18-Sep-07	21-May-17
EL 1462	Kimbe	Sagittarius Mining Limited (100%)	8-Sep-06	18-Sep-07	15-Dec-17
EL 1465	Kulumadai	Woodlark Mining Limited (100%)	28-Sep-06	22-Dec-08	1-Nov-17
EL 1704	Obura	Newcrest PNG Exploration Limited (100%)	23-Dec-08	25-Nov-09	26-Apr-17
EL 1705	Obura	Newcrest PNG Exploration Limited (100%)	23-Dec-08	25-Nov-09	21-May-17
EL 1747	Misima Island	Gallipoli Exploration (PNG) Limited (100%)	19-Aug-09	21-Mar-11	10-Sep-17
EL 1854	Lila Village	Yandera Mining Company Limited (100%)	18-Jun-10	29-Jul-11	10-Sep-17
EL 1966	Wabag 1	Viva No. 20 Limited (100%)	4-Apr-11	27-Jun-13	1-Nov-17
EL 1967	Wabag 2	Viva No. 20 Limited (100%)	4-Apr-11	28-Nov-13	13-Dec-17
EL 1968	Wabag 3	Viva No. 20 Limited (100%)	4-Apr-11	28-Nov-13	18-Nov-17
EL 2008	Wabag	Pristine No. 18 Limited (100%)	9-Jun-11	27-Oct-14	10-Nov-17
EL 2203	Crater Mountain	Anomaly Limited (100%)	25-May-12	11-Sep-15	10-Sep-17
EL 2249	Gwasu	Anomaly Limited (100%)	20-Aug-12	11-Nov-13	26-Oct-16
EL 2289	Tabubil	Ok Tedi Mining Limited (100%)	29-Apr-13	19-Nov-13	27-Nov-17
EL 2306	Kompam Station	Khor ENG Hock & Sons (PNG) Limited (100%)	14-Oct-13	14-Dec-15	27-Nov-17
EL 2314	Bulolo	Canterbury Resources (PNG) Limited (100%)	26-Feb-14	2-Nov-15	26-Jun-17
EL 2318	Haia Village	Anomaly Limited (100%)	7-Apr-14	11-Sep-15	28-Jul-17
EL 2322	Ulpuna	Sagittarius Mining Limited (100%)	19-May-14	11-Sep-15	20-Mar-17
EL 2324	Tambu Bay	Komomoa Energy Resources PNG Limited (100%)	29-May-14	22-May-15	24-Nov-17
EL 2329	Bulolo	Niugini Gold Mining Limited (100%)	24-Jun-14	27-Apr-15	24-Nov-17
EL 2331	Port Moresby, Metago	New Britain Lime & Cement Limited (100%)	16-Jul-14	2-Nov-15	21-Dec-16
EL 2332	Port Moresby, Boera	New Britain Lime & Cement Limited (100%)	16-Jul-14	16-Dec-15	17-Sep-17
EL 2334	Ubaigubi	Anomaly Limited (100%)	21-Jul-14	22-May-15	17-Sep-17
EL 2335	Maimafu	Anomaly Limited (100%)	21-Jul-14	22-May-15	17-Sep-17
EL 2356	Muller Range	Frontier Copper (PNG) Limited (100%)	3-Feb-15	31-Dec-15	9-Jun-17
EL 2366	Subutuya	Solway Group Mining (PNG) Limited (100%)	18-Feb-15	17-Dec-15	9-Jun-17
EL 2367	Sebutuya	Solway Group Mining (PNG) Limited (100%)	18-Feb-15	31-Dec-15	19-Nov-17
EL 2375	Ala River	Frontrunner Exploration PNG Ltd (100%)	16-Mar-15	14-Dec-15	25-Aug-17
EL 2378	Lorengau	Finny Limited (100%)	9-Apr-15	18-Dec-15	27-Nov-17
EL 2379	Simuku and Ismin	Copper Quest PNG Limited (100%)	9-Apr-15	11-Sep-15	20-Jun-98
EL 2386	Kuabini	Harmony Gold (PNG) Exploration Limited (100%)	3-Jun-15	31-Dec-15	25-Sep-16
EL 2390	Lorengau	Finny Limited (100%)	26-Jun-15	17-Dec-15	12-Dec-17

**TOTAL: 74 GRANTED EXPLORATION LICENCE - DECEMBER 2018**

Code	Name	Parties	Application Date	Grant Date	Expiry Date
EL 58	Frieda River	Frieda River Limited (80%), Highlands Frieda Limited (20%)	10-Aug-67	20-Mar-68	14-Nov-19
EL 440	Wafi	Newcrest PNG 2 Limited (50%), Wafi Mining Limited (50%)	29-Mar-78	11-Mar-80	10-Mar-20
EL 609	Mapua	Nord Australex Nominees (PNG) Limited (100%)	4-Mar-85	6-May-85	5-May-19
EL 609	Mapua	Nord Australex Nominees (PNG) Limited (100%)	4-Mar-85	6-May-85	5-May-19
EL 609	Mapua	Nord Australex Nominees (PNG) Limited (100%)	4-Mar-85	6-May-85	5-May-19
EL 1103	Zilani	Newcrest PNG 3 Limited (50%), Morobe Exploration Limited (50%)	30-Nov-93	13-Dec-99	12-Dec-19
EL 1105	Wafi Mt	Newcrest PNG 2 Limited (50%), Wafi Mining Limited (50%)	7-Jan-94	26-Jan-95	25-Jan-19
EL 1165	Safia Embessa & Obea	Niugini Nickel Limited (100%)	31-Oct-95	1-Mar-96	28-Feb-20
EL 1172	Kulumadai	Woodlark Mining Limited (100%)	23-Feb-96	28-Nov-97	27-Nov-19
EL 1212	Frieda	Frieda River Limited (80%), Highlands Frieda Limited (20%)	20-Feb-97	30-May-97	29-May-19
EL 1212	Frieda	Frieda River Limited (80%), Highlands Frieda Limited (20%)	20-Feb-97	30-May-97	29-May-19
EL 1279	Kulumadai	Woodlark Mining Limited (100%)	9-Mar-99	26-Aug-99	25-Aug-19
EL 1335	Yandera	Yandera Mining Company Limited (100%)	8-Aug-03	20-Nov-03	19-Nov-19
EL 1390	Kokoda	Oro Nickel Limited (100%)	15-Dec-04	10-Jun-05	9-Jun-19
EL 1677	Kauwol	Ok Tedi Mining Limited (100%)	18-Aug-08	25-Mar-09	24-Mar-19
EL 1704	Obura	Newcrest PNG Exploration Limited (100%)	23-Dec-08	25-Nov-09	24-Nov-19
EL 1705	Obura	Newcrest PNG Exploration Limited (100%)	23-Dec-08	25-Nov-09	24-Nov-19
EL 1761	Esalala	Highlands Pacific Resources Limited (100%)	2-Nov-09	12-Mar-12	11-Mar-20
EL 1761	Esalala	Highlands Pacific Resources Limited (100%)	2-Nov-09	12-Mar-12	11-Mar-20
EL 1854	Lila Village	Yandera Mining Company Limited (100%)	18-Jun-10	29-Jul-11	28-Jul-19
EL 2256	Tabubil	Ok Tedi Mining Limited (100%)	12-Oct-12	20-May-13	19-May-19
EL 2289	Tabubil	Ok Tedi Mining Limited (100%)	29-Apr-13	19-Nov-13	18-Nov-19
EL 2302	Bulolo	Canterbury Resources (PNG) Limited (100%)	19-Aug-13	25-Feb-14	24-Feb-20
EL 2314	Bulolo	Canterbury Resources (PNG) Limited (100%)	26-Feb-14	2-Nov-15	1-Nov-19
EL 2321	Kau Creek	Pacific Niugini Minerals (PNG) Limited (100%)	5-May-14	16-Feb-15	15-Feb-19
EL 2366	Subutuya	Solway Group Mining (PNG) Limited (100%)	18-Feb-15	17-Dec-15	16-Dec-19
EL 2379	Simuku and Ismin	Copper Quest PNG Limited (100%)	9-Apr-15	11-Sep-15	10-Sep-19
EL 2391	Doma Village	Papuan Minerals Limited (100%)	1-Jul-15	17-Dec-15	16-Dec-19
EL 2396	Manus	Chero Mining PNG Limited (100%)	28-Jul-15	9-Mar-16	8-Mar-20
EL 2407	Takis Village	Ballygowan Limited (100%)	1-Oct-15	18-Jan-18	17-Jan-20
EL 2466	Metewoi	Rio Tinto Exploration (PNG) Limited (100%)	29-Jun-16	12-Sep-17	11-Sep-19
EL 2472	Tabubil	Ok Tedi Mining Limited (100%)	14-Sep-16	18-Mar-17	17-Mar-19
EL 2478	Ilam river	Highlands Pacific Resources Limited (100%)	18-Oct-16	8/25/2017	24-Aug-19
EL 2479	Kwikila Station	Combuco Limited (100%)	2-Nov-16	29-Jun-17	28-Jun-19
EL 2485	Mapamoiwa	Pacific Arc Resources (Niugini) Limited (100%)	3-Nov-16	12-Sep-17	11-Sep-19
EL 2491	Sehulea	Reekara Limited (100%)	3-Nov-16	12-Sep-17	11-Sep-19
EL 2502	Pakapuna	LogiKon Corporation Pty Ltd (100%)	11-Nov-16	12-Sep-17	11-Sep-19
EL 2503	Mt Kuta	Kraip Energy Limited (100%)	16-Nov-16	12-Sep-17	11-Sep-19
EL 2504	Sehulea	Baldoye Limited (100%)	3-Nov-16	4-Apr-18	3-Apr-20
EL 2509	Tapini	Canterbury Resources (PNG) Limited (100%)	18-Nov-16	29-Aug-18	28-Aug-20
EL 2510	Screw River	Kavra Maah Limited (100%)	28-Nov-16	9/12/2017	11-Sep-19
EL 2511	Opa	Munga River Limited (100%)	15-Dec-16	12-Sep-17	11-Sep-19
EL 2512	Kubor Range	Munga River Limited (100%)	15-Dec-16	12-Sep-17	11-Sep-19
EL 2514	Makmak	Copper Quest PNG Limited (100%)	16-Dec-16	12-Sep-17	11-Sep-19
EL 2517	Star Mountains	Highlands Pacific Resources Limited (100%)	20-Dec-16	26-Jul-17	25-Jul-19
EL 2518	Kasuma, Garaina, Morobe	Pacific Niugini Minerals (PNG) Limited (100%)	3-Jan-17	4-Apr-18	3-Apr-20
EL 2521	Bitoi, Wau Morobe	Terra Resources Limited (100%)	23-Jan-17	12-Sep-17	11-Sep-19
EL 2523	Aiyura, Eastern Highlands	W & M Industry Limited (100%)	23-Mar-17	13-Sep-17	12-Sep-19
EL 2524	Krisa, Vanimo	Pacific Energy Consulting Limited (100%)	23-Mar-17	10/24/2017	23-Oct-19
EL 2525	Wabo, Gulf Province	Pacific Energy Consulting Limited (100%)	23-Mar-17	24-Oct-17	23-Oct-19
EL 2526	Poroi, Gulf Province	Pacific Energy Consulting Limited (100%)	23-Mar-17	29-Aug-18	28-Aug-20
EL 2527	Hotmin, West Sepik Province	Niuminco (ND) Limited (100%)	24-Mar-17	4-Apr-18	3-Apr-20
EL 2528	Pomio, East New Britain	PCP Minerals Limited (100%)	31-Mar-17	24-Oct-17	23-Oct-19
EL 2530	Kubuna, Central Province	Rio Tinto Exploration (PNG) Limited (100%)	4-May-17	24-Oct-17	23-Oct-19
EL 2537	New Ireland	Nautilus Minerals Niugini 3 Limited (100%)	2-Jun-17	18-Jan-18	17-Jan-20
EL 2540	Sibia - Oro Province	LogiKon Corporation Pty Ltd (100%)	14-Jun-17	7-Feb-18	6-Feb-20
EL 2542	Fagobip, Kapiago - Hela Province	Anglo American Exploration (PNG) Limited (100%)	16-Jun-17	29-Aug-18	28-Aug-20
EL 2543	Ambenop	Pacific Arc Holdings (Niugini) Limited (100%)	29-Jun-17	7-Feb-18	6-Feb-20
EL 2544	Bulolo, Morobe	Wabu Alluvials Limited (100%)	14-Jul-17	29-Aug-18	28-Aug-20

EL 2545	Lower Watut, Morobe	Wabu Alluvials Limited (100%)	14-Jul-17	29-Aug-18	28-Aug-20
EL 2546	Gameta, Fergusson Island, Milne Bay Province	Ballygowan Limited (100%)	31-Jul-17	29-Aug-18	28-Aug-20
EL 2547	Tembin Village	Ballygowan Limited (100%)	18-Aug-17	29-Aug-18	28-Aug-20
EL 2548	April River	Footprint Resources Pty Ltd (100%)	6-Sep-17	29-Aug-18	28-Aug-20
EL 2549	Wapolu	Pacific Arc Aurum (Niugini) Limited (100%)	15-Sep-17	4-Apr-18	3-Apr-20
EL 2558	Kainantu	Pacific Energy Consulting Limited (100%)	16-Nov-17	29-Aug-18	28-Aug-20
EL 2559	Southwest Kainantu	Pacific Energy Consulting Limited (100%)	16-Nov-17	29-Aug-18	28-Aug-20
EL 2560	Doma	Papuan Minerals Limited (100%)	24-Nov-17	29-Aug-18	28-Aug-20
EL 2561	Fagobip	Anglo American Exploration (PNG) Limited (100%)	4-Dec-17	29-Aug-18	28-Aug-20
EL 2562	Maramuni	Coral Sea Venture Limited (100%)	18-Dec-17	29-Aug-18	28-Aug-20
EL 2571	Keplar Point	Highlands Pacific Resources Limited (100%)	11-Jan-18	29-Aug-18	28-Aug-20
EL 2584	Sumwari	Zhong Rui Kuang Ye (PNG) Co. Limited (100%)	16-Apr-18	11-Dec-18	10-Dec-20
EL 2588	Waratau	Jin Gui Jin Ye (PNG) Reality Co. Limited (100%)	7-May-18	11-Dec-18	10-Dec-20
EL 2589	April River	Zhong Rui Jin Ye (PNG) Reality Co. Limited (100%)	7-May-18	11-Dec-18	10-Dec-20
EL 2592	Wabo	Pacific Energy Consulting Limited (100%)	15-Jun-18	11-Dec-18	10-Dec-20

### TOTAL: 125 RENEWAL EXPLORATION LICENCE - DECEMBER 2018

Code	Name	Parties	Application Date	Grant Date	Expiry Date
EL 1	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Mar-15
EL 2	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 3	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 4	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 4	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 5	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 6	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 7	Kieta	CRA Minerals (PNG) Limited (100%)	29-Nov-65	4-Feb-67	3-Feb-15
EL 7	Kieta	CRA Minerals (PNG) Limited (100%)	29-Nov-65	4-Feb-67	3-Feb-15
EL 454	Porgera	Barrick (Niugini) Limited (100%)	8-Feb-80	31-Mar-80	24-Aug-18
EL 470	Kainantu	K92 Mining Limited (100%)	5-Aug-80	5-Jul-82	4-Feb-19
EL 485	Londolovit	Lihir Gold Limited (100%)	2-Feb-83	19-Jun-83	31-Mar-18
EL 485	Londolovit	Lihir Gold Limited (100%)	2-Feb-83	19-Jun-83	31-Mar-18
EL 485	Londolovit	Lihir Gold Limited (100%)	2-Feb-83	19-Jun-83	31-Mar-18
EL 497	Wau	Harmony Gold (PNG) Exploration Limited (100%)	16-Feb-83	1-Mar-84	25-Aug-18
EL 497	Wau	Harmony Gold (PNG) Exploration Limited (100%)	16-Feb-83	1-Mar-84	25-Aug-18
EL 497	Wau	Harmony Gold (PNG) Exploration Limited (100%)	16-Feb-83	1-Mar-84	25-Aug-18
EL 677	Waria River	Harmony Gold (PNG) Exploration Limited (100%)	22-Jul-86	27-Oct-86	17-Feb-19
EL 693	Kainantu	K92 Mining Limited (100%)	15-Sep-86	29-Dec-86	4-Feb-19
EL 858	McNicoll Range	Barrick (Niugini) Limited (100%)	17-Feb-88	25-May-88	24-Aug-18
EL 1043	Nakru	Copper Quest PNG Limited (100%)	3-Aug-92	8-Dec-92	7-Dec-18
EL 1043	Nakru	Copper Quest PNG Limited (100%)	3-Aug-92	8-Dec-92	7-Dec-18
EL 1115	Mt Crater	Anomaly Limited (100%)	1-Feb-94	26-Sep-94	25-Sep-18
EL 1170	Mahur Island	Lihir Gold Limited (100%)	19-Feb-96	21-Jun-96	20-Jun-98
EL 1196	Namatanai	Nautilus Minerals Niugini Limited (100%)	13-Nov-96	28-Nov-97	27-Nov-17
EL 1196	Namatanai	Nautilus Minerals Niugini Limited (100%)	13-Nov-96	28-Nov-97	27-Nov-17
EL 1312	Nong River	Highlands Pacific Resources Limited (100%)	24-Jan-01	20-Sep-02	19-Sep-18
EL 1316	Mumeng	Newcrest PNG 3 Limited (50%), Morobe Exploration Limited (50%)	29-Jun-01	20-Sep-02	19-Sep-18
EL 1341	Yonki	K92 Mining Limited (100%)	9-Dec-03	21-Jun-04	20-Jun-18
EL 1369	Tsile	Newcrest PNG Exploration Limited (100%)	25-May-04	23-Nov-04	22-Nov-18
EL 1369	Tsile	Newcrest PNG Exploration Limited (100%)	25-May-04	23-Nov-04	22-Nov-18
EL 1369	Tsile	Newcrest PNG Exploration Limited (100%)	25-May-04	23-Nov-04	22-Nov-18
EL 1374	Namatanai	Nautilus Minerals Niugini Limited (100%)	16-Jun-04	10-Sep-04	9-Sep-18
EL 1374	Namatanai	Nautilus Minerals Niugini Limited (100%)	16-Jun-04	10-Sep-04	9-Sep-18
EL 1374	Namatanai	Nautilus Minerals Niugini Limited (100%)	16-Jun-04	10-Sep-04	9-Sep-18
EL 1392	Tifalmin	Highlands Pacific Resources Limited (100%)	2-Feb-05	10-Jun-05	9-Jun-17
EL 1462	Kimbe	Sagittarius Mining Limited (100%)	8-Sep-06	18-Sep-07	17-Sep-17
EL 1465	Kulmadau	Woodlark Mining Limited (100%)	28-Sep-06	22-Dec-08	21-Dec-18
EL 1595	Bulago River	Frontier Gold (PNG) Limited (100%)	9-Aug-07	7-Jul-08	6-Jul-18
EL 1611	Angiki	Kupuyapa Mining Limited	4-Oct-07	28-Nov-08	27-Nov-18
EL 1611	Angiki	Kupuyapa Mining Limited	4-Oct-07	28-Nov-08	27-Nov-18
EL 1629	Garaina	Morobe Consolidated Goldfields Limited (50%), Newcrest PNG 3 Limited (50%)	7-Dec-07	3-Nov-08	2-Nov-18
EL 1744	Inlok	Frieda River Limited (80%), Highlands Frieda Limited (20%)	13-Aug-09	21-Jun-10	20-Jun-18
EL 1745	Magleri	Frieda River Limited (80%), Highlands Frieda Limited (20%)	13-Aug-09	21-Jun-10	20-Jun-18
EL 1746	Magleri	Frieda River Limited (80%), Highlands Frieda Limited (20%)	13-Aug-09	21-Jun-10	20-Jun-18
EL 1747	Misima Island	Gallipoli Exploration (PNG) Limited (100%)	19-Aug-09	21-Mar-11	20-Mar-19
EL 1748	Mumeng	Newcrest PNG Exploration Limited (100%)	20-Aug-09	27-Sep-12	26-Sep-18
EL 1781	Munbil	Anglo American Exploration (PNG) Limited (51%), Highlands Pacific Resources Limited (49%)	16-Feb-10	12-Mar-12	11-Mar-18

EL 1873	Kabarau	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-18
EL 1874	Kare	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-18
EL 1875	Wabo	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-18
EL 1876	Kare	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-18
EL 1877	Lihir South	Bismarck Mining Corporation (PNG) Limited (100%)	17-Aug-10	8-Oct-12	7-Oct-18
EL 1877	Lihir South	Bismarck Mining Corporation (PNG) Limited (100%)	17-Aug-10	8-Oct-12	7-Oct-18
EL 1877	Lihir South	Bismarck Mining Corporation (PNG) Limited (100%)	17-Aug-10	8-Oct-12	7-Oct-18
EL 1895	Wabia	Frieda River Limited (80%), Highlands Frieda Limited (20%)	29-Sep-10	15-May-12	14-May-18
EL 1956	Ok Isai	Frieda River Limited (80%), Highlands Frieda Limited (20%)	11-Mar-11	15-May-12	14-May-18
EL 1957	Paupe	Frieda River Limited (80%), Highlands Frieda Limited (20%)	11-Mar-11	15-May-12	14-May-18
EL 1957	Paupe	Frieda River Limited (80%), Highlands Frieda Limited (20%)	11-Mar-11	15-May-12	14-May-18
EL 1966	Wabag 1	Viva No. 20 Limited (100%)	4-Apr-11	27-Jun-13	26-Jun-17
EL 1967	Wabag 2	Viva No. 20 Limited (100%)	4-Apr-11	28-Nov-13	27-Nov-17
EL 1968	Wabag 3	Viva No. 20 Limited (100%)	4-Apr-11	28-Nov-13	27-Nov-17
EL 2001	Benstead	Highlands Pacific Resources Limited (100%)	6-Jun-11	20-Dec-12	19-Dec-18
EL 2095	Sideia	Mayur Exploration PNG Limited (100%)	13-Sep-11	27-Sep-12	26-Sep-18
EL 2096	Warambif	Mayur Exploration PNG Limited (100%)	13-Sep-11	5-Aug-14	4-Aug-18
EL 2150	Gulf South	Mayur Iron PNG Limited (100%)	20-Dec-11	18-Dec-12	17-Dec-18
EL 2156	Tabubil	Ok Tedi Mining Limited (100%)	16-Feb-12	20-Dec-12	19-Dec-18
EL 2203	Crater Mountain	Anomaly Limited (100%)	25-May-12	11-Sep-15	10-Sep-17
EL 2249	Gwasa	Anomaly Limited (100%)	20-Aug-12	11-Nov-13	10-Nov-17
EL 2266	Kiwai Island	Mayur Iron PNG Limited (100%)	23-Nov-12	14-May-14	13-May-18
EL 2267	Segero	Mayur Iron PNG Limited (100%)	23-Nov-12	2-Dec-16	1-Dec-18
EL 2268	Dibiri	Mayur Iron PNG Limited (100%)	23-Nov-12	2-Dec-16	1-Dec-18
EL 2269	Baimuru	Mayur Iron PNG Limited (100%)	23-Nov-12	14-May-14	13-May-18
EL 2297	Daru	Mayur Iron PNG Limited (100%)	13-May-13	2-Dec-16	1-Dec-18
EL 2303	Pinu Village	Mayur Iron PNG Limited (100%)	22-Aug-13	14-May-14	13-May-18
EL 2304	Terapo	Mayur Iron PNG Limited (100%)	22-Aug-13	14-May-14	13-May-18
EL 2305	Ihu	Mayur Iron PNG Limited (100%)	22-Aug-13	14-May-14	13-May-18
EL 2306	Kompam Station	Khor ENG Hock & Sons (PNG) Limited (100%)	14-Oct-13	14-Dec-15	13-Dec-17
EL 2309	Tsile	Rio Tinto Exploration (PNG) Limited (100%)	23-Oct-13	10-Sep-14	9-Sep-18
EL 2310	Hauwindi	Harmony Gold (PNG) Exploration Limited (100%)	25-Oct-13	24-May-14	23-May-18
EL 2313	Wau	Harmony Gold (PNG) Exploration Limited (100%)	12-Dec-13	24-Dec-14	23-Dec-18
EL 2318	Haia Village	Anomaly Limited (100%)	7-Apr-14	11-Sep-15	10-Sep-17
EL 2322	Ulpuna	Sagittarius Mining Limited (100%)	19-May-14	11-Sep-15	10-Sep-17
EL 2324	Tambu Bay	Komomoa Energy Resources PNG Limited (100%)	29-May-14	22-May-15	21-May-17
EL 2325	Rambusa-Sudest Island	Sudest Island Mining Limited (100%)	4-Jun-14	19-Dec-14	18-Dec-18
EL 2330	Ningerum	Apollo Mineral Resources Limited (100%)	30-Jun-14	27-Oct-14	26-Oct-18
EL 2331	Port Moresby, Metago	New Britain Lime & Cement Limited (100%)	16-Jul-14	2-Nov-15	1-Nov-17
EL 2331	Port Moresby, Metago	New Britain Lime & Cement Limited (100%)	16-Jul-14	2-Nov-15	1-Nov-17
EL 2332	Port Moresby, Boera	New Britain Lime & Cement Limited (100%)	16-Jul-14	16-Dec-15	15-Dec-17
EL 2334	Ubaigubi	Anomaly Limited (100%)	21-Jul-14	22-May-15	21-May-17
EL 2335	Maimafu	Anomaly Limited (100%)	21-Jul-14	22-May-15	21-May-17
EL 2356	Muller Range	Frontier Copper (PNG) Limited (100%)	3-Feb-15	31-Dec-15	30-Dec-17
EL 2356	Muller Range	Frontier Copper (PNG) Limited (100%)	3-Feb-15	31-Dec-15	30-Dec-17
EL 2356	Muller Range	Frontier Copper (PNG) Limited (100%)	3-Feb-15	31-Dec-15	30-Dec-17
EL 2357	Dumpu	MB Transport Limited (100%)	9-Feb-15	11-Nov-15	10-Nov-17
EL 2372	Green River Station	Telemu No.92 Limited (100%)	5-Mar-15	11-Jul-16	10-Jul-18
EL 2375	Ala River	Frontrunner Exploration PNG Ltd (100%)	16-Mar-15	14-Dec-15	13-Dec-17
EL 2375	Ala River	Frontrunner Exploration PNG Ltd (100%)	16-Mar-15	14-Dec-15	13-Dec-17
EL 2376	Basamuk	MCC Ramu NiCo Limited (85%), Ramu Nickel Limited (8.56%), Mineral Resources Ramu Limited (3.94%), Mineral Resources Madang Limited (2.5%)	31-Mar-15	26-May-16	25-May-18
EL 2378	Lorengau	Finny Limited (100%)	9-Apr-15	18-Dec-15	17-Dec-17
EL 2384	Gerepo	Solway Group Mining (PNG) Limited (100%)	28-May-15	11-Jul-16	10-Jul-18
EL 2384	Gerepo	Solway Group Mining (PNG) Limited (100%)	28-May-15	11-Jul-16	10-Jul-18
EL 2385	Ononge/Sigufe	Tolukuma Gold Mines Limited (100%)	2-Jun-15	26-May-16	25-May-18
EL 2386	Kuabini	Harmony Gold (PNG) Exploration Limited (100%)	6/3/2015	31-Dec-15	30-Dec-17
EL 2390	Lorengau	Finny Limited (100%)	26-Jun-15	17-Dec-15	16-Dec-17
EL 2401	Amanab	EL Dorado Mining and Energy Limited (100%)	4-Aug-15	28-May-16	27-May-18
EL 2405	Kupiano	Kavra Maah Limited (100%)	21-Sep-15	9-Mar-16	8-Mar-18
EL 2406	Sulovat, Kimbe WNB	GMG Global Mining Group Limited (100%)	30-Sep-15	2-Dec-16	1-Dec-18
EL 2408	Sikut Government Station	Ballygowan Limited (100%)	1-Oct-15	28-May-16	27-May-18



EL 2413	Leron Plains	Rio Tinto Exploration (PNG) Limited (100%)	9-Oct-15	9-Mar-16	8-Mar-18
EL 2415	Maprik	West Coast Mining Limited (100%)	14-Oct-15	6-Sep-16	5-Sep-18
EL 2418	Bulolo	Canterbury Resources (PNG) Limited (100%)	9-Nov-15	11-Jul-16	10-Jul-18
EL 2419	Tamo	EL Dorado Mining and Energy Limited (100%)	30-Nov-15	28-May-16	27-May-18
EL 2420	Kwikila	Property New Group Limited (100%)	1-Dec-15	26-May-16	25-May-18
EL 2421	Amboin	Aiabba Minerals (PNG) Limited (100%)	3-Dec-15	28-May-16	27-May-18
EL 2426	Keman	GMN 6768 (PNG) Limited (100%)	10-Dec-15	28-May-16	27-May-18
EL 2430	Meriamanda	GMN 6768 (PNG) Limited (100%)	4-Jan-16	28-May-16	27-May-18
EL 2431	Tamo	EL Dorado Mining and Energy Limited (100%)	5-Jan-16	2-Dec-16	1-Dec-18
EL 2432	Sinua	Footprint Resources Pty Ltd (100%)	18-Jan-16	11-Jul-16	10-Jul-18
EL 2432	Sinua	Footprint Resources Pty Ltd (100%)	18-Jan-16	11-Jul-16	10-Jul-18
EL 2444	Tamo	EL Dorado Mining and Energy Limited (100%)	18-Mar-16	6-Sep-16	5-Sep-18
EL 2460	Kompam	Property New Group Limited (100%)	14-Jun-16	15-Nov-16	14-Nov-18
EL 2461	Mt Andewa	Baldoyle Limited (100%)	17-Jun-16	15-Nov-16	14-Nov-18
EL 2462	Mapua	Nord Australer Nominees (PNG) Limited (100%)	22-Jun-16	15-Nov-16	14-Nov-18
EL 2467	Mount Abermh	Highlands Pacific Resources Limited (100%)	27-Jul-16	2-Dec-16	1-Dec-18

### TOTAL: 118 GRANTED EXPLORATION LICENCE - OCTOBER 2019

Code	Name	Parties	Application Date	Grant Date	Expiry Date
EL 440	Wafi	Newcrest PNG 2 Limited (50%), Wafi Mining Limited (50%)	29-Mar-78	11-Mar-80	10-Mar-20
EL 485	Londolovit	Lihir Gold Limited (100%)	2-Feb-83	19-Jun-83	31-Mar-20
EL 485	Londolovit	Lihir Gold Limited (100%)	2-Feb-83	19-Jun-83	31-Mar-20
EL 485	Londolovit	Lihir Gold Limited (100%)	2-Feb-83	19-Jun-83	31-Mar-20
EL 497	Wau	Harmony Gold (PNG) Exploration Limited (100%)	16-Feb-83	1-Mar-84	25-Aug-20
EL 497	Wau	Harmony Gold (PNG) Exploration Limited (100%)	16-Feb-83	1-Mar-84	25-Aug-20
EL 497	Wau	Harmony Gold (PNG) Exploration Limited (100%)	16-Feb-83	1-Mar-84	25-Aug-20
EL 677	Waria River	Harmony Gold (PNG) Exploration Limited (100%)	22-Jul-86	27-Oct-86	17-Feb-21
EL 1043	Nakru	Copper Quest PNG Limited (100%)	3-Aug-92	8-Dec-92	7-Dec-20
EL 1043	Nakru	Copper Quest PNG Limited (100%)	3-Aug-92	8-Dec-92	7-Dec-20
EL 1105	Wafi Mt	Newcrest PNG 2 Limited (50%), Wafi Mining Limited (50%)	7-Jan-94	26-Jan-95	25-Jan-21
EL 1165	Safia Embessa & Obea	Niugini Nickel Limited (100%)	31-Oct-95	1-Mar-96	28-Feb-20
EL 1312	Nong River	Highlands Pacific Resources Limited (100%)	24-Jan-01	20-Sep-02	19-Sep-20
EL 1369	Tsile	Newcrest PNG Exploration Limited (100%)	25-May-04	23-Nov-04	22-Nov-20
EL 1369	Tsile	Newcrest PNG Exploration Limited (100%)	25-May-04	23-Nov-04	22-Nov-20
EL 1595	Bulago River	Frontier Gold (PNG) Limited (100%)	9-Aug-07	7-Jul-08	6-Jul-20
EL 1611	Angiki	Kupuyapa Mining Limited	4-Oct-07	28-Nov-08	27-Nov-20
EL 1611	Angiki	Kupuyapa Mining Limited	4-Oct-07	28-Nov-08	27-Nov-20
EL 1705	Obura	Newcrest PNG Exploration Limited (100%)	23-Dec-08	25-Nov-09	24-Nov-19
EL 1744	Iniok	Frieda River Limited (100%)	13-Aug-09	21-Jun-10	20-Jun-20
EL 1745	Magleri	Frieda River Limited (100%)	13-Aug-09	21-Jun-10	20-Jun-20
EL 1746	Magleri	Frieda River Limited (100%)	13-Aug-09	21-Jun-10	20-Jun-20
EL 1748	Mumeng	Newcrest PNG Exploration Limited (100%)	20-Aug-09	27-Sep-12	26-Sep-20
EL 1761	Esa!ala	Highlands Pacific Resources Limited (100%)	2-Nov-09	12-Mar-12	11-Mar-20
EL 1761	Esa!ala	Highlands Pacific Resources Limited (100%)	2-Nov-09	12-Mar-12	11-Mar-20
EL 1781	Munbil	Highlands Pacific Resources Limited (100%)	16-Feb-10	12-Mar-12	11-Mar-20
EL 1873	Kabarau	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-20
EL 1874	Kare	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-20
EL 1875	Wabo	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-20
EL 1876	Kare	Waterford Limited (100%)	16-Aug-10	15-May-12	14-May-20
EL 1877	Lihir South	Bismarck Mining Corporation (PNG) Limited (100%)	17-Aug-10	8-Oct-12	7-Oct-20
EL 1877	Lihir South	Bismarck Mining Corporation (PNG) Limited (100%)	17-Aug-10	8-Oct-12	7-Oct-20
EL 1877	Lihir South	Bismarck Mining Corporation (PNG) Limited (100%)	17-Aug-10	8-Oct-12	7-Oct-20
EL 1895	Wabia	Frieda River Limited (100%)	29-Sep-10	15-May-12	14-May-20
EL 1956	Ok Isai	Frieda River Limited (100%)	11-Mar-11	15-May-12	14-May-20
EL 1957	Paupe	Frieda River Limited (100%)	11-Mar-11	15-May-12	14-May-20
EL 1957	Paupe	Frieda River Limited (100%)	11-Mar-11	15-May-12	14-May-20
EL 2001	Benstead	Highlands Pacific Resources Limited (100%)	6-Jun-11	20-Dec-12	19-Dec-20
EL 2156	Tabubil	Ok Tedi Mining Limited (100%)	16-Feb-12	20-Dec-12	19-Dec-20
EL 2266	Kiwai Island	Mayur Iron PNG Limited (100%)	23-Nov-12	14-May-14	13-May-20
EL 2269	Baimuru	Mayur Iron PNG Limited (100%)	23-Nov-12	14-May-14	13-May-20
EL 2302	Bulolo	Canterbury Resources (PNG) Limited (100%)	19-Aug-13	25-Feb-14	24-Feb-20
EL 2303	Pinu Village	Mayur Industrials PNG Limited (100%)	22-Aug-13	14-May-14	13-May-20
EL 2304	Terapo	Mayur Iron PNG Limited (100%)	22-Aug-13	14-May-14	13-May-20
EL 2305	Ihu	Mayur Iron PNG Limited (100%)	22-Aug-13	14-May-14	13-May-20
EL 2309	Tsile	Rio Tinto Exploration (PNG) Limited (100%)	23-Oct-13	10-Sep-14	9-Sep-20
EL 2313	Wau	Harmony Gold (PNG) Exploration Limited (100%)	12-Dec-13	24-Dec-14	23-Dec-20
EL 2331	Port Moresby, Metago	Caution Bay Lime & Cement Limited (100%)	16-Jul-14	2-Nov-15	1-Nov-19
EL 2331	Port Moresby, Metago	Caution Bay Lime & Cement Limited (100%)	16-Jul-14	2-Nov-15	1-Nov-19
EL 2332	Port Moresby, Boera	Caution Bay Lime & Cement Limited (100%)	16-Jul-14	16-Dec-15	15-Dec-19

EL 2366	Subutuya	Solway Group Mining (PNG) Limited (100%)	18-Feb-15	17-Dec-15	16-Dec-19
EL 2372	Green River Station	Telemu No.92 Limited (100%)	5-Mar-15	11-Jul-16	10-Jul-20
EL 2375	Ala River	Frontrunner Exploration PNG Ltd (100%)	16-Mar-15	14-Dec-15	13-Dec-19
EL 2375	Ala River	Frontrunner Exploration PNG Ltd (100%)	16-Mar-15	14-Dec-15	13-Dec-19
EL 2384	Gerepo	Solway Group Mining (PNG) Limited (100%)	28-May-15	11-Jul-16	10-Jul-20
EL 2384	Gerepo	Solway Group Mining (PNG) Limited (100%)	28-May-15	11-Jul-16	10-Jul-20
EL 2396	Manus	Cheroh Mining PNG Limited (100%)	28-Jul-15	9-Mar-16	8-Mar-20
EL 2401	Amanab	EL Dorado Mining and Energy Limited (100%)	4-Aug-15	28-May-16	27-May-20
EL 2408	Sikut Government Station	Ballygowan Limited (100%)	1-Oct-15	28-May-16	27-May-20
EL 2413	Leron Plains	Rio Tinto Exploration (PNG) Limited (100%)	9-Oct-15	9-Mar-16	8-Mar-20
EL 2418	Bulolo	Canterbury Resources (PNG) Limited (100%)	9-Nov-15	11-Jul-16	10-Jul-20
EL 2419	Tamo	EL Dorado Mining and Energy Limited (100%)	30-Nov-15	28-May-16	27-May-20
EL 2420	Kwikila	Property New Group Limited (100%)	1-Dec-15	26-May-16	25-May-20
EL 2421	Amboin	Aiabba Minerals (PNG) Limited (100%)	3-Dec-15	28-May-16	27-May-20
EL 2426	Keman	GMN 6768 (PNG) Limited (100%)	10-Dec-15	28-May-16	27-May-20
EL 2430	Meriamanda	GMN 6768 (PNG) Limited (100%)	4-Jan-16	28-May-16	27-May-20
EL 2432	Sinua	Footprint Resources Pty Ltd (100%)	18-Jan-16	11-Jul-16	10-Jul-20
EL 2432	Sinua	Footprint Resources Pty Ltd (100%)	18-Jan-16	11-Jul-16	10-Jul-20
EL 2444	Tamo	EL Dorado Mining and Energy Limited (100%)	18-Mar-16	6-Sep-16	5-Sep-20
EL 2462	Mapua	Nord Australex Nominees (PNG) Limited (100%)	22-Jun-16	15-Nov-16	14-Nov-20
EL 2467	Mount Abermh	Highlands Pacific Resources Limited (100%)	27-Jul-16	2-Dec-16	1-Dec-20
EL 2482	Basima	Solway Group Mining (PNG) Limited (100%)	3-Nov-16	25-Feb-19	24-Feb-21
EL 2504	Sehulea	Baldoye Limited (100%)	3-Nov-16	4-Apr-18	3-Apr-20
EL 2509	Tapini	Canterbury Resources (PNG) Limited (100%)	18-Nov-16	29-Aug-18	28-Aug-20
EL 2518	Kasuma, Garaina, Morobe	Pacific Niugini Minerals (PNG) Limited (100%)	3-Jan-17	4-Apr-18	3-Apr-20
EL 2522	Wapenamanda	GMN 6768 (PNG) Limited (100%)	27-Feb-17	25-Feb-19	24-Feb-21
EL 2526	Poroi, Gulf Province	Pacific Energy Consulting Limited (100%)	23-Mar-17	29-Aug-18	28-Aug-20
EL 2527	Hotmin, West Sepik Province	Niuminco (ND) Limited (100%)	24-Mar-17	4-Apr-18	3-Apr-20
EL 2531	Tolukuma, Central Province	Frontier Copper (PNG) Limited (100%)	4-May-17	25-Feb-19	24-Feb-21
EL 2541	Salamaua	Anglo American Exploration (PNG) Limited (100%)	16-Jun-17	25-Feb-19	24-Feb-21
EL 2542	Fagobip, Kapiago - Hela Province	Anglo American Exploration (PNG) Limited (100%)	16-Jun-17	29-Aug-18	28-Aug-20
EL 2543	Ambenop	Pacific Arc Holdings (Niugini) Limited (100%)	29-Jun-17	7-Feb-18	6-Feb-20
EL 2544	Bulolo, Morobe	Wabu Alluvials Limited (100%)	14-Jul-17	29-Aug-18	28-Aug-20
EL 2545	Lower Watut, Morobe	Wabu Alluvials Limited (100%)	14-Jul-17	29-Aug-18	28-Aug-20
EL 2546	Gameta, Fergusson Island, Milne Bay Province	Ballygowan Limited (100%)	31-Jul-17	29-Aug-18	28-Aug-20
EL 2547	Tembin Village	Ballygowan Limited (100%)	18-Aug-17	29-Aug-18	28-Aug-20
EL 2548	April River	Footprint Resources Pty Ltd (100%)	6-Sep-17	29-Aug-18	28-Aug-20
EL 2549	Wapulu	Pacific Arc Aurum (Niugini) Limited (100%)	15-Sep-17	4-Apr-18	3-Apr-20
EL 2555	Jimi, WHP	Mobile Works Limited (100%)	26-Oct-17	25-Feb-19	24-Feb-21
EL 2556	Kupiano	Mayur Iron PNG Limited (100%)	1-Nov-17	25-Feb-19	24-Feb-21
EL 2558	Kainantu	Pacific Energy Consulting Limited (100%)	16-Nov-17	29-Aug-18	28-Aug-20
EL 2559	Southwest Kainantu	Pacific Energy Consulting Limited (100%)	16-Nov-17	29-Aug-18	28-Aug-20
EL 2560	Doma	Papuan Minerals Limited (100%)	24-Nov-17	29-Aug-18	28-Aug-20
EL 2561	Fagobip	Anglo American Exploration (PNG) Limited (100%)	4-Dec-17	29-Aug-18	28-Aug-20
EL 2562	Maramuni	Coral Sea Venture Limited (100%)	18-Dec-17	29-Aug-18	28-Aug-20
EL 2565	Londol	Viva Gold (PNG) Limited (100%)	2-Jan-18	27-May-19	26-May-21
EL 2566	Abau	Munga River Limited (100%)	20-Dec-17	25-Feb-19	24-Feb-21
EL 2567	Buso	Munga River Limited (100%)	20-Dec-17	25-Feb-19	24-Feb-21
EL 2568	Salus	Solway Group Mining (PNG) Limited (100%)	16-Jan-18	27-May-19	26-May-21
EL 2569	Sichala	Kallow Limited (100%)	24-Jan-18	25-Feb-19	24-Feb-21
EL 2570	Suabi	Gama Projex Limited (100%)	31-Jan-18	25-Feb-19	24-Feb-21
EL 2572	Salamo	Ballygowan Limited (100%)	12-Feb-18	25-Feb-19	24-Feb-21
EL 2578	Kori River	Copper Quest PNG Limited (100%)	20-Mar-18	25-Feb-19	24-Feb-21
EL 2579	Kurumbukari	MCC Ramu NiCo Limited (85%), Ramu Nickel Limited (8.56%), Mineral Resources Ramu Limited (3.94%), Mineral Resources Madang Limited (2.5%)	29-Mar-18	25-Feb-19	24-Feb-21
EL 2583	Yawawa	Croke Limited (100%)	9-Apr-18	25-Feb-19	24-Feb-21
EL 2590	East Normanby	WNB Resources Limited (100%)	16-May-18	6-Sep-19	5-Sep-21
EL 2591	Konos	Mayur Exploration PNG Limited (100%)	28-May-18	20-Jun-19	19-Jun-21
EL 2592	Wabo	Pacific Energy Consulting Limited (100%)	15-Jun-18	11-Dec-18	10-Dec-20
EL 2593	Fore	Cheroh Mining PNG Limited (100%)	25-Jun-18	27-May-19	26-May-21
EL 2594	Rambutyo	Mayur Exploration PNG Limited (100%)	20-Jul-18	9-Jan-19	8-Jan-21
EL 2595	Kupiano	Nickelex PNG Limited (100%)	6-Aug-18	6-Sep-19	5-Sep-21
EL 2596	Namatanai	B2GOLD CORP (100%)	13-Aug-18	27-May-19	26-May-21
EL 2606	Bolobip - Western Province	Coral Sea Venture Limited (100%)	1-Oct-18	30-May-19	29-May-21
EL 2607	Left May River	Coral Sea Venture Limited (100%)	1-Oct-18	6-Sep-19	5-Sep-21
EL 2614	Mombuk	Alexander Mining Limited (100%)	2-Jan-19	24-Sep-19	23-Sep-21
EL 2615	Mombuk	Alexander Mining Limited (100%)	2-Jan-19	24-Sep-19	23-Sep-21
EL 2618	Kairuru Island	Alexander Mining Limited (100%)	24-Jan-19	24-Sep-19	23-Sep-21
EL 2622	Maprik	West Coast Mining Limited (100%)	28-Feb-19	25-Sep-19	24-Sep-21

**TOTAL: 89 RENEWAL EXPLORATION LICENCE - OCTOBER 2019**

Code	Name	Parties	Application Date	Grant Date	Expiry Date
EL 1	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Mar-15
EL 2	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 3	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 4	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 4	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 5	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 6	Kieta	CRA Minerals (PNG) Limited (100%)	21-Dec-64	2-Apr-65	1-Apr-15
EL 7	Kieta	CRA Minerals (PNG) Limited (100%)	29-Nov-65	4-Feb-67	3-Feb-15
EL 7	Kieta	CRA Minerals (PNG) Limited (100%)	29-Nov-65	4-Feb-67	3-Feb-15
EL 58	Frieda River	Frieda River Limited (100%)	10-Aug-67	20-Mar-68	14-Nov-19
EL 454	Porgera	Barrick (Niugini) Limited (100%)	8-Feb-80	31-Mar-80	24-Aug-18
EL 470	Kainantu	K92 Mining Limited (100%)	5-Aug-80	5-Jul-82	4-Feb-19
EL 609	Mapua	Nord Australex Nominees (PNG) Limited (100%)	4-Mar-85	6-May-85	5-May-19
EL 609	Mapua	Nord Australex Nominees (PNG) Limited (100%)	4-Mar-85	6-May-85	5-May-19
EL 609	Mapua	Nord Australex Nominees (PNG) Limited (100%)	4-Mar-85	6-May-85	5-May-19
EL 693	Kainantu	K92 Mining Limited (100%)	15-Sep-86	29-Dec-86	4-Feb-19
EL 858	McNicoll Range	Barrick (Niugini) Limited (100%)	17-Feb-88	25-May-88	24-Aug-18
EL 1103	Zilani	Newcrest PNG 3 Limited (50%), Morobe Exploration Limited (50%)	30-Nov-93	13-Dec-99	12-Dec-19
EL 1115	Mt Crater	Anomaly Limited (100%)	1-Feb-94	26-Sep-94	25-Sep-18
EL 1170	Mahur Island	Lihir Gold Limited (100%)	19-Feb-96	21-Jun-96	20-Jun-98
EL 1172	Kulumadau	Woodlark Mining Limited (100%)	23-Feb-96	28-Nov-97	27-Nov-19
EL 1196	Namatanai	Nautilus Minerals Niugini Limited (100%)	13-Nov-96	28-Nov-97	27-Nov-17
EL 1196	Namatanai	Nautilus Minerals Niugini Limited (100%)	13-Nov-96	28-Nov-97	27-Nov-17
EL 1212	Frieda	Frieda River Limited (80%), Highlands Frieda Limited (20%)	20-Feb-97	30-May-97	29-May-19
EL 1279	Kulumadau	Woodlark Mining Limited (100%)	9-Mar-99	26-Aug-99	25-Aug-19
EL 1335	Yandera	Yandera Mining Company Limited (100%)	8-Aug-03	20-Nov-03	19-Nov-19
EL 1341	Yonki	K92 Mining Limited (100%)	9-Dec-03	21-Jun-04	20-Jun-18
EL 1374	Namatanai	Nautilus Minerals Niugini Limited (100%)	16-Jun-04	10-Sep-04	9-Sep-18
EL 1374	Namatanai	Nautilus Minerals Niugini Limited (100%)	16-Jun-04	10-Sep-04	9-Sep-18
EL 1374	Namatanai	Nautilus Minerals Niugini Limited (100%)	16-Jun-04	10-Sep-04	9-Sep-18
EL 1390	Kokoda	Oro Nickel Limited (100%)	15-Dec-04	10-Jun-05	9-Jun-19
EL 1392	Tifalmin	Highlands Pacific Resources Limited (100%)	2-Feb-05	10-Jun-05	9-Jun-19
EL 1465	Kulumadau	Woodlark Mining Limited (100%)	28-Sep-06	22-Dec-08	21-Dec-18
EL 1677	Kauwol	Ok Tedi Mining Limited (100%)	18-Aug-08	25-Mar-09	24-Mar-19
EL 1704	Obura	Newcrest PNG Exploration Limited (100%)	23-Dec-08	25-Nov-09	24-Nov-19
EL 1747	Misima Island	Gallipoli Exploration (PNG) Limited (100%)	19-Aug-09	21-Mar-11	20-Mar-19
EL 1854	Lila Village	Yandera Mining Company Limited (100%)	18-Jun-10	29-Jul-11	28-Jul-19
EL 1966	Wabag 1	Viva No. 20 Limited (100%)	4-Apr-11	27-Jun-13	26-Jun-19
EL 1967	Wabag 2	Viva No. 20 Limited (100%)	4-Apr-11	28-Nov-13	27-Nov-19
EL 1968	Wabag 3	Viva No. 20 Limited (100%)	4-Apr-11	28-Nov-13	27-Nov-19
EL 2095	Sideia	Mayur Exploration PNG Limited (100%)	13-Sep-11	27-Sep-12	26-Sep-18
EL 2096	Warambif	Mayur Exploration PNG Limited (100%)	13-Sep-11	5-Aug-14	4-Aug-18
EL 2150	Gulf South	Mayur Iron PNG Limited (100%)	20-Dec-11	18-Dec-12	17-Dec-18
EL 2256	Tabubil	Ok Tedi Mining Limited (100%)	12-Oct-12	20-May-13	19-May-19
EL 2267	Segero	Mayur Iron PNG Limited (100%)	23-Nov-12	2-Dec-16	1-Dec-18
EL 2268	Dibiri	Mayur Iron PNG Limited (100%)	23-Nov-12	2-Dec-16	1-Dec-18
EL 2289	Tabubil	Ok Tedi Mining Limited (100%)	29-Apr-13	19-Nov-13	18-Nov-19
EL 2297	Daru	Mayur Iron PNG Limited (100%)	13-May-13	2-Dec-16	1-Dec-18
EL 2306	Kompiani Station	Khor ENG Hock & Sons (PNG) Limited (100%)	14-Oct-13	14-Dec-15	13-Dec-19
EL 2310	Hauwindi	Harmony Gold (PNG) Exploration Limited (100%)	25-Oct-13	24-May-14	23-May-18
EL 2314	Bulolo	Canterbury Resources (PNG) Limited (100%)	26-Feb-14	2-Nov-15	1-Nov-19
EL 2321	Kau Creek	Pacific Niugini Minerals (PNG) Limited (100%)	5-May-14	16-Feb-15	15-Feb-19
EL 2322	Ulpuna	Sagittarius Mining Limited (100%)	19-May-14	11-Sep-15	10-Sep-17
EL 2324	Tambu Bay	Komomoa Energy Resources PNG Limited (100%)	29-May-14	22-May-15	21-May-17
EL 2325	Rambusa-Sudest Island	Sudest Island Mining Limited (100%)	4-Jun-14	19-Dec-14	18-Dec-18
EL 2330	Ningerum	Apollo Mineral Resources Limited (100%)	30-Jun-14	27-Oct-14	26-Oct-18
EL 2356	Muller Range	Frontier Copper (PNG) Limited (100%)	3-Feb-15	31-Dec-15	30-Dec-19
EL 2356	Muller Range	Frontier Copper (PNG) Limited (100%)	3-Feb-15	31-Dec-15	30-Dec-19
EL 2356	Muller Range	Frontier Copper (PNG) Limited (100%)	3-Feb-15	31-Dec-15	30-Dec-19
EL 2357	Dumpu	MB Transport Limited (100%)	9-Feb-15	11-Nov-15	10-Nov-19
EL 2376	Basamuk	MCC Ramu NiCo Limited (85%), Ramu Nickel Limited (8.56%), Mineral Resources Ramu Limited (3.94%), Mineral Resources Madang Limited (2.5%)	31-Mar-15	26-May-16	25-May-18
EL 2378	Lorengau	Finny Limited (100%)	9-Apr-15	18-Dec-15	17-Dec-19
EL 2379	Simuku and Ismin	Copper Quest PNG Limited (100%)	9-Apr-15	11-Sep-15	10-Sep-19
EL 2385	Ononge/Sigufe	Tolukuma Gold Mines Limited (100%)	2-Jun-15	26-May-16	25-May-18



EL 2390	Lorengau	Finny Limited (100%)	26-Jun-15	17-Dec-15	16-Dec-19
EL 2391	Doma Village	Papuan Minerals Limited (100%)	1-Jul-15	17-Dec-15	16-Dec-19
EL 2405	Kupiano	Kavra Maah Limited (100%)	21-Sep-15	9-Mar-16	8-Mar-18
EL 2406	Sulovat, Kimbe WNB	GMG Global Mining Group Limited (100%)	30-Sep-15	2-Dec-16	1-Dec-18
EL 2407	Takis Village	Ballygowan Limited (100%)	1-Oct-15	18-Jan-18	17-Jan-20
EL 2431	Tamo	EL Dorado Mining and Energy Limited (100%)	5-Jan-16	2-Dec-16	1-Dec-18
EL 2460	Kompam	Property New Group Limited (100%)	14-Jun-16	15-Nov-16	14-Nov-18
EL 2461	Mt Andewa	Baldoye Limited (100%)	17-Jun-16	15-Nov-16	14-Nov-18
EL 2472	Tabubil	Ok Tedi Mining Limited (100%)	14-Sep-16	18-Mar-17	17-Mar-19
EL 2478	Ilam river	Highlands Pacific Resources Limited (100%)	18-Oct-16	25-Aug-17	24-Aug-19
EL 2479	Kwikila Station	Combuco Limited (100%)	2-Nov-16	29-Jun-17	28-Jun-19
EL 2491	Sehulea	Reekera Limited (100%)	3-Nov-16	12-Sep-17	11-Sep-19
EL 2503	Mt Kuta	Kraip Energy Limited (100%)	16-Nov-16	12-Sep-17	11-Sep-19
EL 2511	Opa	Munga River Limited (100%)	15-Dec-16	12-Sep-17	11-Sep-19
EL 2511	Opa	Munga River Limited (100%)	15-Dec-16	12-Sep-17	11-Sep-19
EL 2512	Kubor Range	Munga River Limited (100%)	15-Dec-16	12-Sep-17	11-Sep-19
EL 2512	Kubor Range	Munga River Limited (100%)	15-Dec-16	12-Sep-17	11-Sep-19
EL 2514	Makmak	Copper Quest PNG Limited (100%)	16-Dec-16	12-Sep-17	11-Sep-19
EL 2517	Star Mountains	Highlands Pacific Resources Limited (100%)	20-Dec-16	26-Jul-17	25-Jul-19
EL 2524	Krisa, Vanimo	Pacific Energy Consulting Limited (100%)	23-Mar-17	24-Oct-17	23-Oct-19
EL 2525	Wabo, Gulf Province	Pacific Energy Consulting Limited (100%)	23-Mar-17	24-Oct-17	23-Oct-19
EL 2530	Kubuna, Central Province	Rio Tinto Exploration (PNG) Limited (100%)	4-May-17	24-Oct-17	23-Oct-19
EL 2537	New Ireland	Nautilus Minerals Niugini 3 Limited (100%)	2-Jun-17	18-Jan-18	17-Jan-20
EL 2540	Sibia - Oro Province	LogiKon Corporation Pty Ltd (100%)	14-Jun-17	7-Feb-18	6-Feb-20
EL 2514		Copper Quest PNG Limited (100%)	16-Sep-16	12-Sep-17	12-Sep-19

# Appendix C Oil and gas licence fees in 2019

Based on DPE reporting of licence data

Licence	Paid by Company/Operator	Amount (PGK)
<b>Petroleum Prospecting Licences (Ppl)</b>		
PPL 378	Gini Energy Ltd	3,000
PPL 563	Hillsborough Ltd	31,000
PPL 564	Hillsborough Ltd	9,500
PPL 589	Total E&P PNG Ltd	92,000
PPL 294	MKS Ltd	108,500
PPL 487	ExxonMobil PNG Ltd	500
PPL 569	ExxonMobil PNG Ltd	100,000
PPL 574	Horizon Oil (Papua) Ltd	16,000
PPL 537	Twhite Petroleum Pty Ltd	6,000
PPL 538	Twhite Petroleum Pty Ltd	500
PPL 565	South Pacific Pty Ltd	23,000
PPL 566	Twhite Petroleum Pty Ltd	1,500
PPL 574	Horizon Oil (Papua) Ltd	16,000
PPL 576	Total E&P PNG Ltd	88,000
PPL 614 & 634	Igiri Petroleum Ltd	27,000
PPL 385	Oil Search (PNG) Ltd	8,000
PPL 560	Dondonald Ltd	27,500
PPL 565 /566	Twhite Petroleum Pty Ltd	500
PPL 372	Horizon Oil (Papua) Ltd	9,000
PPL 373	Horizon Oil (Papua) Ltd	10,500
PPL 504	Oil Search (PNG) Ltd	12,000
PPL 244	Oil Search (PNG) Ltd	24,000
PPL 402	Oil Search (PNG) Ltd	3,000
PPL 338	Kina Petroleum Ltd	40,000
PPL 581	Kina Petroleum Ltd	4,000
PPL 452	Hillsborough Ltd	7,500
PPL 474	ExxonMobil PNG Ltd	29,000
PPL 475	ExxonMobil PNG Ltd	12,500
PPL 474	ExxonMobil PNG Ltd	29,500
PPL 507	ExxonMobil PNG Ltd	4,500
PPL 294	MKS Ltd	124,000
PPL 579	Larus Energy (PNG) Ltd	55,000
PPL 375	ExxonMobil PNG Ltd	66,000
PPL 374	ExxonMobil PNG Ltd	82,000
PPL 624	TnF Holding Ltd	100,000
PPL 523	Igiri Petroleum Ltd	55,000
PPL 532	Igiri Petroleum Ltd	15,500
PPL 549	Rawson Resources Ltd	29,000
PPL 430	Horizon Oil (Papua) Ltd	4,000

Licence	Paid by Company/Operator	Amount (PGK)
PPL 610	Kapul Petroleum Ltd	1,500
PPL 339	Oil Search (PNG) Ltd	98,000
PPL 548	Oil Search (PNG) Ltd	2,500
PPL 595	Oil Search (PNG) Ltd	6,000
PPL 545	Oil Search (PNG) Ltd	29,500
PPL 600	ExxonMobil PNG Ltd	7,000
PPL 515	Hillsborough Ltd	28,500
PPL 516	Hillsborough Ltd	5,000
PPL 378	Gini Energy Ltd	4,500
PPL 487	ExxonMobil PNG Ltd	500
PPL 569	ExxonMobil PNG Ltd	100,000
PPL 563	Hillsborough Ltd	31,000
PPL 564	Hillsborough Ltd	9,500
PPL 589	Total E&P PNG Ltd	92,000
PPL 574	Horizon Oil (Papua) Ltd	16,000
PPL 584	Twinza Oil (PNG) Ltd	4,000
PPL 402	Oil Search (PNG) Ltd	6,000
PPL 608	Oil Search (PNG) Ltd	20,000
PPL 576	Total E&P PNG Ltd	88,000
PPL 219	Oil Search (PNG) Ltd	10,000
PPL 504	Oil Search (PNG) Ltd	12,000
<b>Total PPL</b>		<b>1,846,000</b>

Licence	Paid by Company/Operator	Amount (PGK)
<b>Petroleum Retention Licences (Prl)</b>		
PRL 39	ExxonMobil PNG Ltd	30,000
PRL 15	Total E&P PNG Ltd	30,000
PRL 28	Horizon Oil (Papua) Ltd	30,000
PRL 40	Repsol Oil & Gas Niugini Ltd	30,000
PRL 21	Horizon Oil (Papua) Ltd	30,000
PRL 3	Esso PNG P'nyang Ltd	30,000
PRL 46	Asian Oil & Gas (PNG) Ltd	30,000
PRL 8	Oil Search (PNG) Ltd	30,000
PRL 9	Oil Search (PNG) Ltd	30,000
PRL 10	Oil Search (PNG) Ltd	30,000
PRL 39	ExxonMobil PNG Ltd	30,000
PRL 41	Oil Search (PNG) Ltd	30,000
PRL 15	Total E&P PNG Ltd	30,000
PRL 14	Oil Search (PNG) Ltd	30,000
	<b>Total PRL</b>	<b>420,000</b>

Licence	Paid by Company/Operator	Amount (PGK)
PDL 7,8,9	ExxonMobil PNG Ltd	300,000
PDL 5	ExxonMobil PNG Ltd	100,000
PDL 6	Oil Search (PNG) Ltd	100,000
PDL 10	Repsol Oil & Gas Niugini Ltd	100,000
PDL 1	ExxonMobil PNG Ltd	100,000
PDL 7,8,9	ExxonMobil PNG Ltd	300,000
PDL 2	Oil Search (PNG) Ltd	100,000
PDL 4	Oil Search (PNG) Ltd	100,000
PDL 3	Oil Search (PNG) Ltd	100,000
	<b>Total PDL</b>	<b>1,300,000</b>

PL 4,5,6,7,8	ExxonMobil PNG Ltd	280,000
PL 10	Repsol Oil & Gas Niugini Ltd	100,000
PL 1	Oil Search (PNG) Ltd	10,000
PL 16	ExxonMobil PNG Ltd	100,000
PL 4,5,6,7,8	ExxonMobil PNG Ltd	280,000
PL 3	Oil Search (PNG) Ltd	10,054
PL 2	Oil Search (PNG) Ltd	100,000
	<b>Total PL</b>	<b>880,054</b>

PPFL 2	ExxonMobil PNG Ltd	100,000
PPFL 1	Puma Energy PNG Refining Ltd	100,000
PPFL 2	ExxonMobil PNG Ltd	100,000
	<b>Total PPFL</b>	<b>300,000</b>

## Appendix D Changes to petroleum licences in 2019

### Petroleum Development Licence (PDL)

Active PDL Licences 2018			
Licence	Licencee	Grant Date	Expiry Date
PDL 01	ExxonMobil PNG Ltd	27-Sep-15	26-Sep-35
PDL 02	Oil Search Ltd	10-Dec-15	09-Dec-35
PDL 04	Oil Search Ltd	24-Dec-96	23-Dec-21
PDL 04	Oil Search (PNG) Ltd	23-Dec-21	23-Dec-41
PDL 05	2019 data not provided by DPE, will include the PNG EITI website when available		c-34
PDL 06			r-53
PDL 07			c-34
PDL 08			c-34
PDL 09	PNG LNG Project	08-Dec-09	07-Dec-34
PDL 10	Horizon Oil (Papua) Ltd	30-May-14	29-May-39
Applications for a PDL (APDL)			
Licence	Licencee	Lodged date	
APDL 11	Oil Search (PNG) Ltd	16-Aug-13	
APDL 12	Horizon Oil (Papua) Ltd	17-Mar-14	
APDL 13	Oil Search (PNG) Ltd	6-Feb-15	
APDL 14	Twinza Oil (PNG) Ltd	30-Jun-15	

### Petroleum Retention Licence (PRL)

Active PRL Licences 2018			
Licence	Licencee	Grant Date	Expiry Date
PRL 3	ExxonMobil	19-Mar-15	18-Mar-20
PRL 8	Oil Search	28-Oct-15	27-Oct-20
PRL 9	Oil Search	28-Oct-15	27-Oct-20
PRL 10	Oil Search	28-Oct-15	27-Oct-20
PRL 13	2019 data not provided by DPE, will include the PNG EITI website when available		
PRL 14			2
PRL 15			1
PRL 21			5
PRL 28	Horizon Oil Ltd	31-Jan-17	30-Jan-22
PRL 39*	ExxonMobil	20-Dec-13	19-Dec-18
PRL 40	Repsol	28-Feb-17	27-Feb-22

Applications for a PRL (APRL)			
Licence	Licencee	Lodged date	
APRL 43	Twinza Oil (PDA) Ltd	30-Nov-18	
APRL 44	2019 data not provided by DPE, will include the PNG EITI website when available		
APRL 45			
APRL 46			
APRL 47			
APRL 47	Kumari Petroleum Holdings Ltd	27-Dec-18	
PRL Licences Expired			
Licence	Licencee	Grant Date	Expiry Date
PRL 38	Repsol Oil & Gas Ltd	29-Nov-13	29-Nov-18

## Petroleum Prospecting Licence (PPL)

Active PPL Licences 2018			
Licence	Licencee	Grant date	Expiry date
PPL 219 [E]	Oil Search (PNG) Ltd	19-Mar-15	18-Mar-20
PPL 294 [E]	Media Karya Sentosa Ltd	19-Mar-15	20-Mar-20
PPL 328	Twinza Oil (PNG) Ltd	31-Oct-11	30-Oct-17
PPL 338 [E]	Kina Petroleum Ltd	30-Nov-16	29-Nov-21
PPL 339	Oil Search (PNG) Ltd	02-Sep-09	01-Sep-15
PPL 340 [E]	Kina Petroleum Ltd	30-Mar-17	31-Mar-22
PPL 352	Peak Oil (PNG) Ltd	25-Jul-13	24-Jul-19
PPL 372*	Jurassic International Holdings Ltd	23-Jan-12	22-Jan-18
PPL 373*	Jurassic International Holdings Ltd	23-Jan-12	22-Jan-18
PPL 374 [E]	2019 data not provided by DPE, will include the PNG EITI website when available		
PPL 375 [E]			
PPL 378 [E]			
PPL 382*			
PPL 388	Petro Energy Ltd	30-Jun-15	29-Jun-21
PPL 391*	Taurus Oil Ltd	27-Mar-12	26-Mar-18
PPL 395	Oil Search (PNG) Ltd	18-Nov-13	17-Nov-19
PPL 402*	Oil Search (PNG) Ltd	27-Mar-12	26-Mar-18
PPL 413	Bismarck Oil Company Ltd	19-Jan-17	18-Jan-23
PPL 414*	Bismarck Oil Company Ltd	19-Jan-17	18-Jan-23
PPL 426*	Talisman	19-Oct-12	18-Oct-18
PPL 430	Ketu Petroleum Ltd	25-Jul-13	24-Jul-19
PPL 437	Kina Petroleum Ltd	19-Feb-13	18-Feb-19
PPL 442	Kengaku Petroleum Ltd	31-Jan-14	30-Jan-20
PPL 444	Kengaku Petroleum Ltd	31-Jan-14	30-Jan-20
PPL 452	Hillsborough Ltd	11-Feb-14	10-Feb-20
PPL 461	Sabrage Ltd	30-Jul-14	29-Jul-20
PPL 462	Sabrage Ltd	30-Jul-14	29-Jul-20

Active PPL Licences 2018			
Licence	Licencee	Grant date	Expiry date
PPL 470	PT Medcoenergi International TBK Ltd	11-Dec-13	13-Jan-20
PPL 474	SPI (210) Ltd	06-Mar-14	05-Mar-20
PPL 475	SPI (220) Ltd	06-Mar-14	05-Mar-20
PPL 476	SPI (208) Ltd	06-Mar-14	05-Mar-20
PPL 486	Telemu No.18 Ltd	16-Jun-14	15-Jun-20
PPL 487	Oil Search Ltd	30-Nov-16	28-Nov-22
PPL 504	Oil Search (PNG) Ltd	31-Jan-17	30-Jan-23
PPL 507	Oil Search (PNG) Ltd	20-Feb-17	19-Feb-23
PPL 515	2019 data not provided by DPE, will include the PNG EITI website when available		ep-21
PPL 516			ep-21
PPL 523			ug-21
PPL 528			ep-21
PPL 532	Igiri Petroleum Ltd	31-Aug-15	30-Aug-21
PPL 537	Twhite Petroleum Pty Ltd	14-Sep-15	13-Sep-21
PPL 538	Twhite Petroleum Pty Ltd	14-Sep-15	13-Sep-21
PPL 545	Oil Search (PNG) Ltd	31-Aug-17	30-Aug-23
PPL 548	Oil Search (PNG) Ltd	31-Oct-17	30-Oct-17
PPL 549	Dondonald Ltd	27-May-16	26-May-22
PPL 560	Dondonald Ltd	30-Nov-16	29-Nov-22
PPL 563	Hillsborough Ltd	28-Oct-15	27-Oct-21
PPL 564	Hillsborough Ltd	28-Oct-15	27-Oct-21
PPL 565	South Pacific (PNG) Investment Ltd	24-Dec-15	23-Dec-21
PPL 566	Twhite Petroleum Ltd	24-Dec-15	28-Jan-21
PPL 571	Geoforce Drilling Ltd	30-Nov-16	29-Nov-22
PPL 574	Eaglewood Energy (BVI) Ltd	30-Nov-16	29-Nov-22
PPL 576	Total E&P PNG-2 B.V	30-Nov-16	29-Nov-22
PPL 578	PNG Prime Energy Ltd	31-Mar-17	30-Mar-23
PPL 579	Larus Energy	31-Mar-17	30-Mar-23
PPL 581	Kina Petroleum Ltd	31-Jan-17	30-Jan-23
PPL 589	Total E&P PNG-2 B.V	31-Oct-17	30-Oct-23
PPL 595	Oil Search (PNG) Ltd	31-Aug-17	30-Aug-23
PPL 596	Kina Petroleum Ltd	31-Mar-17	30-Mar-23
PPL 597	Kina Petroleum Ltd	31-Mar-17	30-Mar-22
PPL 598	Kina Petroleum Ltd	31-Mar-17	30-Mar-23
PPL 600	Esso PNG Robin Ltd	26-Sep-18	25-Sep-24
PPL 610	Kapul Petroleum Ltd	31-Jul-18	30-Jul-24
Applications for a PPL (APPL)			
Licence	Licencee	Lodged date	
APPL 635	United Pacific Drilling (PNG) Ltd	16-Mar-18	
APPL 636	Ecosscope Pty Ltd	03-Aug-18	

APPL 637	Ecoscope Pty Ltd	03-Aug-18	
APPL 638	Granite Services Ltd	09-Aug-18	
APPL 639	2019 data not provided by DPE, will include the PNG EITI website when available		
APPL 641			
APPL 642			
APPL 643			
APPL 648	Ratio Petroleum Ltd	09-Sep-18	
APPL 645	Sino Industrial Energy	26-Jul-18	
APPL 646	Sino Industrial Energy	26-Jul-18	
APPL 647	Sino Industrial Energy	26-Jul-18	
APPL 651	Peak Oil (PNG) Pty Ltd	14-Dec-18	
<b>PPL Licences Expired</b>			
<b>Licence</b>	<b>Licencee</b>	<b>Expiry Date</b>	<b>Extension Date</b>
PPL 396	Hornby Energy Ltd	16-Mar-12	15-Mar-18
PPL 397	Penant Resources Ltd	16-Mar-12	15-Mar-18
PPL 435	Kina Petroleum Ltd	24-Jul-18	24-Jul-18
PPL 436	Kina Petroleum Ltd	29-Nov-18	29-Nov-18
PPL 396	Hornby Energy Ltd	16-Mar-12	15-Mar-18
<b>PPL Licences Surrendered</b>			
<b>Licence</b>	<b>Licencee</b>	<b>Grant Date</b>	<b>Surrender Date</b>
PPL 464	Esso PNG Swift Ltd	18-Aug-14	26-Sep-18
PPL 477	S.P.I (208) Ltd	6-Mar-14	26-Sep-18
PPL 405	Gini Energy Ltd	08-May-12	11-Oct-18

## Petroleum Processing Facility Licence (PPFL)

Active PPFL Licences 2018			
Licence	Company		
PPFL01	Puma Energy PNG Refining Ltd		
PPFL02	Esso Highlands Ltd		

## Pipeline Licences (PL)

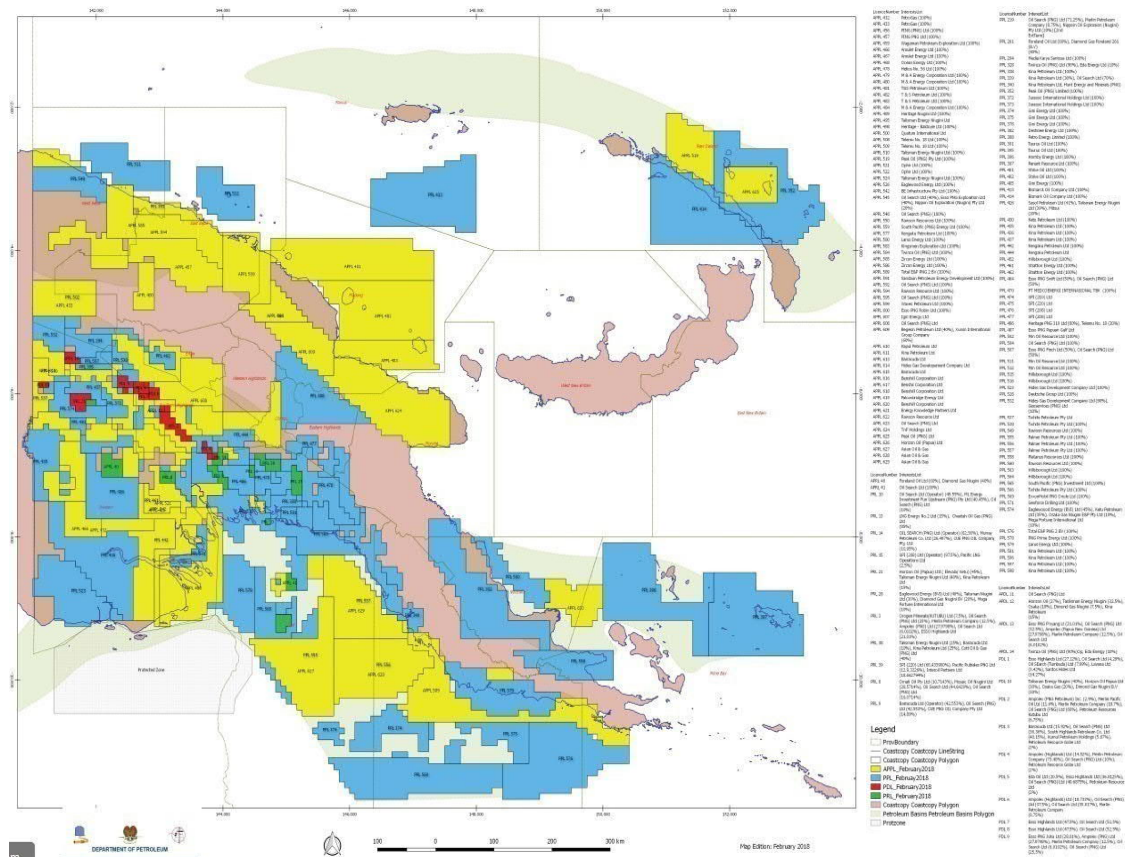
ACTIVE PL LICENCES 2018			
Licence	Licencee	Grant Date	Expiry Date
PL 01	Oil Search (Tumbudu) Pty Ltd	27-Sep-90	
PL 02	Oil Search (PNG) Ltd	10-Dec-15	09-Dec-35
PL 03	2019 data not provided by DPE, will include the PNG EITI website when available		
PL 04			
PL 05			
PL 06			
PL 07	Esso Highlands Ltd	08-Dec-09	07-Dec-34
PL 08	Esso Highlands Ltd	08-Dec-09	07-Dec-24
PL 10	Horizon Oil (Papua) Ltd	30-May-14	29-May-39
PL 01	Oil Search (Tumbudu) Pty Ltd	27-Sep-90	
APPLICATIONS FOR A PIPELINE LICENCES (APL)			
Licence	Licencee	Lodged date	
APL 14	Pacific Energy (PNG) Aviation Ltd	14-Dec-17	

## Licence Transfers

LICENCE TRANSFERS 2019			
Licence	Licencee	Date Transferred	
PPL528	[1]PPL528, Deutsche Group Ltd ( <b>Transferor</b> ) and Valkyrio No.94 Ltd ( <b>Transferee</b> ),	15t Nov 18	
PRL28	[1] Eaglewood Energy (BVI) Ltd; [2] Repsol Oil & Gas Niugini Ltd, [3] Mega Fortune International ( <b>collectively the TRANSFERORS</b> ) and [1] Eaglewood Energy (BVI) Ltd [2] Repsol Oil & Gas Niugini Ltd, [3] Mega Fortune International; Kumul Gas Niugini B.V. ( <b>the TRANSFEREES</b> )	31 Jul 18	
PRL40	[1] Foreland Oil Ltd ("Repsol") ; [2] Diamond Gas Niugini B.V ("Kumul") ; ( <b>collectively the "TRANSFERORS"</b> ) and [1] Repsol [2] Kumul [3] Eaglewood Energy (BVI) Ltd ( <b>the TRANSFEREES</b> )	31 Jul 18	



# Appendix E Map of Petroleum Tenements



## EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

© 2020 Ernst & Young, Papua New Guinea  
All Rights Reserved.

ED None

The information in this document and in any oral presentations made by EY is confidential to EY and should not be disclosed, used, or duplicated in whole or in part for any purpose other than the evaluation by PNG EITI Secretariat of EY for the purposes of this proposal. If an engagement is awarded to EY, the right of PNG EITI Secretariat to duplicate, use, or disclose such information will be such as may be agreed in the resulting engagement contract. If an engagement is not awarded to EY, this document and any duplicate copy thereof must be returned to EY or destroyed.

[ey.com](https://ey.com)