



PORGERA LANDOWNERS ASSOCIATION

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BARRICK (NIUGINI) LIMITED

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14 April 2020

The Honorable James Marape, MP
Prime Minister
Parliament House
Waigani National Capitol District
Papua New Guinea

Dear Prime Minister:

As stakeholders in the Porgera gold mine, we write to you jointly in regards to Barrick Niugini Limited's (BNL) application for a 20-year extension of the Porgera Special Mining Lease (SML). As you are aware, BNL submitted its extension application in 2017. Since your election as Prime Minister last May, leaders of Barrick and Zijin, BNL's shareholders, have met with you on multiple occasions to progress discussions that would result in an agreement for SML extension on terms that provide enhanced benefits for Papua New Guinea's stakeholders and see Barrick and Zijin continue their joint operation and investment in Porgera. The BNL team, at your direction, also held two meetings with the State Negotiating Team (SNT) last July at which BNL shared an open life-of-mine model for Porgera and multiple scenarios under which a 52-48 percent sharing in favour of PNG stakeholders of the overall economic benefits from the mine could be achieved.

The purpose of this letter is to convey to you and the National Executive Council (NEC) the joint position of BNL and the Porgera Landowners Association (PLOA), the legitimate representative organization of SML landowners as recognized by the State and PNG courts. PLOA and BNL are unified on calling on the Government to negotiate an SML extension agreement on the basis of the following principles:

- BNL's application for SML extension should be granted and the mine's operations continue under the management of the current operator BNL.
- The SML extension agreement should be based on the general principle of 50-50 total economic benefit sharing as contained in the BNL proposal currently

before the State, which is consistent with what Prime Minister Marape has stated is the policy of his government with regard to resource projects in PNG.

- The 5% free equity offered to the PNG side in the current BNL proposal shall be granted to the broad group of legitimate Porgera landowners and other community stakeholders as defined in PLOA's presentation to the mining and police ministers during their visit to Porgera this January and consistent with Prime Minister Marape's statements that landowners are the most important constituents of any resource project.
- The offer of additional 10% paid equity (in addition to the existing MRE 5% interest) contained in the current BNL proposal before the State shall be divided evenly between the broad group of landowners and stakeholders defined in the PLOA presentation to the mining and police ministers and the Enga provincial government, noting that the State previously held and chose to divest its 20% equity stake in the project and, at the time of acquisition of equity, pledged not to take up any further equity in the future.
- The additional 1% Royalty offered by BNL shall be divided evenly – 50% to the broad group of Porgera landowners and stakeholders as defined in the PLOA presentation to the police and mining ministers and 50% shared among the other districts of Enga Province.
- As proposed in Mark Bristow's meeting with Prime Minister Marape last October, BNL will make a US\$200 million prepayment of corporate tax upon the granting of SML extension.
- BNL will make a one off payment of US\$15 million dollars to the SML and other impacted landowners, the distribution of which will be determined in discussions between PLOA and BNL, for the social license provided in the past 30 years.
- Upon granting of SML extension, BNL will contribute US\$1.5 million each year for up to ten years to a new Porgera Sustainable Development Fund. The funds will be managed by the Porgera Development Committee, which will include BNL, landowner and community representatives, to evaluate, prioritize and allocate funds to development projects benefiting the landowners and wider stakeholders of the Porgera district. A condition for continuation of the fund will be landowner contributions to stopping the ingress of illegal miners onto the mining lease as measured annually according to an index agreed to between BNL and PLOA.

- With the necessary cooperation of the State on essential matters such as land acquisition, the Porgera resettlement project will commence upon granting of SML extension.
- BNL recognizes iPi as a strategic, long-term partner and will continue the catering and transport contracts currently held by iPi for the life of the mine, provided the terms, pricing and quality of service offered by iPi remain commercially competitive.
- All other contracts will be reviewed and awarded according to commercially competitive terms, rates and quality of service with a preference given to entities owned by SML landowners, LMP landowners, Porgera residents, residents of Lagaip-Porgera, Enga Province, and Papua New Guinea, in that order. As a priority, all asset hire, vehicle hire and unskilled labor hire contracts will be placed with entities majority-owned by SML landowners provided rates are commercially competitive and BNL standards are maintained for service provided. BNL will maintain an office staffed with qualified personnel to incubate and provide training and business advice to landowner startup enterprises. A BNL panel will be created, with PLOA representation, to ensure that employment and business contracts follow these principles.
- BNL will become a party to the new Memorandum of Agreement (MOA) governing the extended SML mine life.
- The distribution and apportioning of the landowner benefits described in all the bullet points above will be deliberated and agreed upon between PLOA representing SML landowners and BNL.

Mr. Prime Minister, we believe the present offer represents by far the best chance to ensure the continued successful operation of Porgera and the greatest opportunity for all of Porgera's stakeholders – landowners and local communities, Enga Province, the nation of Papua New Guinea, and Barrick and Zijin, two of the world's leading mining companies – to benefit from Porgera's potential to become a Tier One mine.

We hope that BNL can sit down again with the State Negotiating Team as soon as practicable to forge a written agreement in line with these principles – one that would serve as an example and precedent for PNG's successful partnership with international investors. If the parties are able to reach an accord, Barrick and Zijin provide their assurance that they remain committed to a long-term partnership with Papua New Guinea for many years to come.

Finally, we urge you at the earliest opportunity to visit Porgera and talk to the legitimate landowners who reside in the valley to understand first-hand their views and concerns. We are sure you will agree that no decision of the magnitude of SML extension, which will impact thousands of local families, the province and the nation, should be made by the NEC before the nation's leader has the opportunity to talk to the people of Porgera in the traditional way,

on their own land. We are confident that those interactions will convince you that the great majority of landowners and community members support BNL to remain for another 20 years and operate Porgera for the benefit of all its stakeholders.

We look forward to hearing your reply.

Yours sincerely,



Mark Bristow
CEO
Barrick Gold Corporation



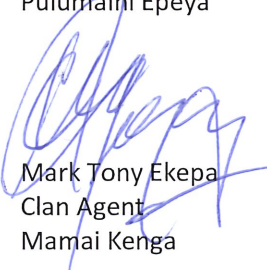
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Honorable Tomait Kapili
Member of Parliament for Lagaip-Porgera

CC:

Honorable Davis Steven, Deputy Prime Minister and Attorney General

Honorable Johnson Tuke, Mining Minister

Honorable Patrick Pruaitch, Foreign Minister

Honorable Ian Ling-Stuckey, Treasurer

Honorable Bryan Kramer, Police Minister

Honorable Sam Basil, Minister of National Planning

Honorable Lino Tom, Minister of Fisheries

Honorable Peter Ipatas, Governor of Enga Province

Ambassador Isaac Lupari, Chief Secretary

Mr. Harry Kore, Secretary, Department of Mineral Policy and Geohazards Management

Mr. Jerry Garry, Managing Director, Mineral Resources Authority