

This summary is for explaining at village meetings the final MoA agreed to by the Working Group prior to seeking final endorsement by village leaders at regional meetings in June 2007

Summary of Memorandum of Agreement

Mine Area Villages

- **Environment exceedences:** the MOA recognises that there have been exceedences of environmental predictions and communities have been provided with information on these exceedences and the greater environmental impacts. The MOA includes a statement from the Independent Scientist on environmental impacts.
- **OTML financial offer:** OTML is offering four times the current CMCA funds, shared between the CMCA regions using the current CMCA split.
- **Decisions on allocation:** The amount of CMCA funds going to development projects, cash and investment will be decided by regional leaders.
- **OTML Tax Credit Scheme:** One half of OTML Tax Credit scheme projects will be spent on projects within CMCA regions. Decisions on what should be funded first will be made by the Ok Tedi Fly River Development Foundation.
- **National Government financial offer:** The national government is offering 5% of OTML dividend (1/2 of the money that now goes into the Western Province People's 10% Dividend Trust). The amount of money paid each year will depend on how much money the company makes.
- **PNGSDP financial offer:** PNGSDP is offering 2.5% of PNGSDP's share of OTML dividend, or K21.5 million each year, whichever is more.
- **Ok Tedi Fly River Development Foundation:** A new organisation will be set up to give communities a high level of ownership and decision-making power over these new funds. A Transition Team from the CMCA Working Group is making sure this organisation is set up well.
- **Changes to the CMCA Trust arrangements.** Trust arrangements will be made better to give VPC's more decision-making power, change who appoints Trustees, how long Trustees' positions last and other changes to make CMCA's work better.
- **Recognition of women and children:** At least 10% of CMCA, PNG Government and PNGSDP funds will go to Women and Children's projects. Decisions about how funds are spent will be made by women and children leadership.
- **Health monitoring and education:** there will be more efforts focussed on health monitoring and education.
- **Mine villages:** Mine villages will share the benefits from the non-CMCA development funds. Mine areas won't get any increased CMCA funds because their CMCA's do not allow them to and they don't have any increased environmental impacts.

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Financial information:

- The new package lasts from 2007 until the end of mine life, which is currently mid-2013.
- The total CMCA package for all CMCA regions up to 2013 is guaranteed at 324 million kina.

Non-CMCA development package

- The amount of non-CMCA money that can be spent on development projects each year will depend on how much money the mine earns. The following table shows how much money would be for development projects in a year when gold was sold for \$500 per ounce and copper for \$1.75 per pound. At the present, gold and copper prices are better than this.

	2007 million kina	2008 million kina	2009 million kina	2010 million kina	2011 million kina	2012 million kina	2013 million kina	Total million kina
5% dividend funds	32.80	57.20	63.40	65.00	62.30	64.40	31.30	466.59
Tax credit scheme funds	11.50	12.10	12.70	12.90	12.20	12.40	5.90	79.71
PNGSDP funds	21.50	21.50	21.50	21.50	21.50	21.50	10.75	139.75
Total non-CMCA funds	65.80	90.80	97.60	99.40	96.00	98.20	47.90	686.05

- The Ok Tedi Fly River Development Foundation will spend the development funds on community projects – on advice from CMCA communities. These projects will be shared fairly, as needed, between regions.
- K45 million from the 2006 5% dividend will be spent on projects for south Fly communities. The other K45 million will be shared equally among the remaining regions.

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Summary of Memorandum of Agreement

North Ok Tedi CMCA Region villages

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CMCA funds for North Ok Tedi region

	2007	2008	2009	2010	2011	2012	2013	Total
	million kina	million kina	million kina	million kina	million kina	million kina	million kina	million kina
Old CMCA funds	1.09	1.09	1.09	1.09	1.09	1.09	0.55	7.10
New CMCA funds	3.27	3.27	3.39	3.44	3.44	3.44	1.70	21.94
Total CMCA funds (4 times old)	4.36	4.36	4.48	4.53	4.53	4.53	2.25	29.04

- The allocation of funds to development projects, cash and investment for each region has not yet been agreed and will be decided at a regional level. All communities will be able to get some cash if their leaders decide so.

Non-CMCA development package

- The amount of non-CMCA money that can be spent on development projects each year will depend on how much money the mine earns. The following table shows how much money would be for development projects in a year when gold was sold for \$500 per ounce and copper for \$1.75 per pound. At the present, gold and copper prices are better than this.

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5% dividend funds	32.80	57.20	63.40	65.00	62.30	64.40	31.30	466.59
Tax credit scheme funds	11.50	12.10	12.70	12.90	12.20	12.40	5.90	79.71
PNGSDP funds	21.50	21.50	21.50	21.50	21.50	21.50	10.75	139.75
Total non-CMCA funds	65.80	90.80	97.60	99.40	96.00	98.20	47.90	686.05

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Summary of Memorandum of Agreement

Highway CMCA Region Villages

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- **OTML Tax Credit Scheme:** One half of OTML Tax Credit scheme projects will be spent on projects within CMCA regions. Decisions on what should be funded first will be made by the Ok Tedi Fly River Development Foundation.
- **National Government financial offer:** The national government is offering 5% of OTML dividend (1/2 of the money that now goes into the Western Province People's 10% Dividend Trust). The amount of money paid each year will depend on how much money the company makes.
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- **Ok Tedi Fly River Development Foundation:** A new organisation will be set up to give communities a high level of ownership and decision-making power over these new funds. A Transition Team from the CMCA Working Group is making sure this organisation is set up well.
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- **Health monitoring and education:** there will be more efforts focussed on health monitoring and education.
- **Mine villages:** mine villages will share the benefits from the non-CMCA development funds. Mine areas won't get any increased CMCA funds because their CMCA's do not allow them to and they don't have any increased environmental impacts.

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CMCA funds for Highway region

	2007	2008	2009	2010	2011	2012	2013	Total
	million kina	million kina	million kina	million kina	million kina	million kina	million kina	million kina
Old CMCA funds	1.53	1.53	1.53	1.53	1.53	1.53	0.76	9.89
New CMCA funds	4.60	4.60	4.77	4.75	4.75	4.75	2.36	30.65
Total CMCA funds (4 times old)	6.13	6.13	6.30	6.28	6.28	6.28	3.12	40.54

- The allocation of funds to development projects, cash and investment for each region has not yet been agreed and will be decided at a regional level. All communities will be able to get some cash if their leaders decide so.

Non-CMCA development package

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Tax credit scheme funds	11.50	12.10	12.70	12.90	12.20	12.40	5.90	79.71
PNGSDP funds	21.50	21.50	21.50	21.50	21.50	21.50	10.75	139.75
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Lower Ok Tedi CMCA Region Villages

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CMCA funds for Lower Ok Tedi region

	2007	2008	2009	2010	2011	2012	2013	Total
	million kina	million kina	million kina	million kina	million kina	million kina	million kina	million kina
Old CMCA funds	2.36	2.36	2.36	2.36	2.36	2.36	1.18	15.35
New CMCA funds	7.08	7.08	7.35	7.44	7.44	7.44	3.7	47.54
Total CMCA funds (4 times old)	9.44	9.44	9.71	9.80	9.80	9.80	4.88	62.89

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Non-CMCA development package

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Tax credit scheme funds	11.50	12.10	12.70	12.90	12.20	12.40	5.90	79.71
PNGSDP funds	21.50	21.50	21.50	21.50	21.50	21.50	10.75	139.75
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Middle Fly CMCA Region Villages

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CMCA funds for Middle Fly region

	2007	2008	2009	2010	2011	2012	2013	Total
	million kina	million kina	million kina	million kina	million kina	million kina	million kina	million kina
Old CMCA funds	3.58	3.58	3.18	3.08	3.08	3.08	1.54	21.09
New CMCA funds	10.72	10.72	9.88	9.69	9.69	9.69	4.81	65.24
Total CMCA funds (4 times old)	14.30	14.30	13.06	12.77	12.77	12.77	6.35	86.33

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Non-CMCA development package

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PNGSDP funds	21.50	21.50	21.50	21.50	21.50	21.50	10.75	139.75
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Summary of Memorandum of Agreement

South Fly: Suki Fly Gogo CMCA Region Villages

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CMCA funds for South Fly – Suki Fly Gogo Development Foundation region

	2007	2008	2009	2010	2011	2012	2013	Total
	million kina	million kina	million kina	million kina	million kina	million kina	million kina	million kina
Old CMCA funds	0.96	0.96	0.96	0.96	0.96	0.96	0.48	6.23
New CMCA funds	2.87	2.87	2.98	3.00	3.00	3.00	1.50	19.30
Total CMCA funds (4 times old)	3.83	3.83	3.94	3.98	3.98	3.98	1.98	25.53

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Non-CMCA development package

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PNGSDP funds	21.50	21.50	21.50	21.50	21.50	21.50	10.75	139.75
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South Fly: Manawete (North Bank) CMCA Region Villages

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CMCA funds for South Fly – Manawete Development Foundation region

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	million kina	million kina	million kina	million kina	million kina	million kina	million kina	million kina
Old CMCA funds	0.97	0.97	0.97	0.97	0.97	0.97	0.48	6.27
New CMCA funds	2.89	2.89	3.00	3.03	3.03	3.03	0.52	19.43
Total CMCA funds (4 times old)	3.86	3.86	3.97	4.00	4.00	4.00	2.00	25.70

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Non-CMCA development package

- The amount of non-CMCA money that can be spent on development projects each year will depend on how much money the mine earns. The following table shows how much money would be for development projects in a year when gold was sold for \$500 per ounce and copper for \$1.75 per pound. At the present, gold and copper prices are better than this.

	2007 million kina	2008 million kina	2009 million kina	2010 million kina	2011 million kina	2012 million kina	2013 million kina	Total million kina
5% dividend funds	32.80	57.20	63.40	65.00	62.30	64.40	31.30	466.59
Tax credit scheme funds	11.50	12.10	12.70	12.90	12.20	12.40	5.90	79.71
PNGSDP funds	21.50	21.50	21.50	21.50	21.50	21.50	10.75	139.75
Total non-CMCA funds	65.80	90.80	97.60	99.40	96.00	98.20	47.90	686.05

- The Ok Tedi Fly River Development Foundation will spend the development funds on community projects – on advice from CMCA communities. These projects will be shared fairly, as needed, between regions.
- K45 million from the 2006 5% dividend will be spent on projects for south Fly communities. The other K45 million will be shared equally among the remaining regions.

This summary is for explaining at village meetings the final MoA agreed to by the Working Group prior to seeking final endorsement by village leaders at regional meetings in June 2007

Summary of Memorandum of Agreement

South Fly: Dudi (South Bank) CMCA Region Villages

- **Environment exceedences:** the MOA recognises that there have been exceedences of environmental predictions and communities have been provided with information on these exceedences and the greater environmental impacts. The MOA includes a statement from the Independent Scientist on environmental impacts.
- **OTML financial offer:** OTML is offering four times the current CMCA funds, shared between the CMCA regions using the current CMCA split.
- **Decisions on allocation:** The amount of CMCA funds going to development projects, cash and investment will be decided by regional leaders.
- **OTML Tax Credit Scheme:** One half of OTML Tax Credit scheme projects will be spent on projects within CMCA regions. Decisions on what should be funded first will be made by the Ok Tedi Fly River Development Foundation.
- **National Government financial offer:** The national government is offering 5% of OTML dividend (1/2 of the money that now goes into the Western Province People's 10% Dividend Trust). The amount of money paid each year will depend on how much money the company makes.
- **PNGSDP financial offer:** PNGSDP is offering 2.5% of PNGSDP's share of OTML dividend, or K21.5 million each year, whichever is more.
- **Ok Tedi Fly River Development Foundation:** A new organisation will be set up to give communities a high level of ownership and decision-making power over these new funds. A Transition Team from the CMCA Working Group is making sure this organisation is set up well.
- **Changes to the CMCA Trust arrangements.** Trust arrangements will be made better to give VPC's more decision-making power, change who appoints Trustees, how long Trustees' positions last and other changes to make CMCA's work better.
- **Recognition of women and children:** At least 10% of CMCA, PNG Government and PNGSDP funds will go to Women and Children's projects. Decisions about how funds are spent will be made by women and children leadership.
- **Health monitoring and education:** there will be more efforts focussed on health monitoring and education.
- **Mine villages:** Mine villages will share the benefits from the non-CMCA development funds. Mine areas won't get any increased CMCA funds because their CMCA's do not allow them to and they don't have any increased environmental impacts.

This summary is for explaining at village meetings the final MoA agreed to by the Working Group prior to seeking final endorsement by village leaders at regional meetings in June 2007

Financial information:

- The new package lasts from 2007 until the end of mine life, which is currently mid-2013.
- The total CMCA package for all CMCA regions up to 2013 is guaranteed at 324 million kina.

CMCA funds for South Fly - Dudi Development Trust region

	2007	2008	2009	2010	2011	2012	2013	Total
	million kina	million kina	million kina	million kina	million kina	million kina	million kina	million kina
Old CMCA funds	0.93	0.93	0.93	0.93	0.93	0.93	0.47	6.07
New CMCA funds	2.81	2.81	2.91	2.95	2.95	2.95	1.46	18.80
Total CMCA funds (4 times old)	3.74	3.74	3.84	3.88	3.88	3.88	1.93	24.87

- The allocation of funds to development projects, cash and investment for each region has not yet been agreed and will be decided at a regional level. All communities will be able to get some cash if their leaders decide so.

Non-CMCA development package

- The amount of non-CMCA money that can be spent on development projects each year will depend on how much money the mine earns. The following table shows how much money would be for development projects in a year when gold was sold for \$500 per ounce and copper for \$1.75 per pound. At the present, gold and copper prices are better than this.

	2007 million kina	2008 million kina	2009 million kina	2010 million kina	2011 million kina	2012 million kina	2013 million kina	Total million kina
5% dividend funds	32.80	57.20	63.40	65.00	62.30	64.40	31.30	466.59
Tax credit scheme funds	11.50	12.10	12.70	12.90	12.20	12.40	5.90	79.71
PNGSDP funds	21.50	21.50	21.50	21.50	21.50	21.50	10.75	139.75
Total non-CMCA funds	65.80	90.80	97.60	99.40	96.00	98.20	47.90	686.05

- The Ok Tedi Fly River Development Foundation will spend the development funds on community projects – on advice from CMCA communities. These projects will be shared fairly, as needed, between regions.
- K45 million from the 2006 5% dividend will be spent on projects for south Fly communities. The other K45 million will be shared equally among the remaining regions.

This summary is for explaining at village meetings the final MoA agreed to by the Working Group prior to seeking final endorsement by village leaders at regional meetings in June 2007

Summary of Memorandum of Agreement

Kiwaba (Kiwai Islands) CMCA Region Villages

- **Environment exceedences:** the MOA recognises that there have been exceedences of environmental predictions and communities have been provided with information on these exceedences and the greater environmental impacts. The MOA includes a statement from the Independent Scientist on environmental impacts.
- **OTML financial offer:** OTML is offering four times the current CMCA funds, shared between the CMCA regions using the current CMCA split.
- **Decisions on allocation:** The amount of CMCA funds going to development projects, cash and investment will be decided by regional leaders.
- **OTML Tax Credit Scheme:** One half of OTML Tax Credit scheme projects will be spent on projects within CMCA regions. Decisions on what should be funded first will be made by the Ok Tedi Fly River Development Foundation.
- **National Government financial offer:** The national government is offering 5% of OTML dividend (1/2 of the money that now goes into the Western Province People's 10% Dividend Trust). The amount of money paid each year will depend on how much money the company makes.
- **PNGSDP financial offer:** PNGSDP is offering 2.5% of PNGSDP's share of OTML dividend, or K21.5 million each year, whichever is more.
- **Ok Tedi Fly River Development Foundation:** A new organisation will be set up to give communities a high level of ownership and decision-making power over these new funds. A Transition Team from the CMCA Working Group is making sure this organisation is set up well.
- **Changes to the CMCA Trust arrangements.** Trust arrangements will be made better to give VPC's more decision-making power, change who appoints Trustees, how long Trustees' positions last and other changes to make CMCA's work better.
- **Recognition of women and children:** At least 10% of CMCA, PNG Government and PNGSDP funds will go to Women and Children's projects. Decisions about how funds are spent will be made by women and children leadership.
- **Health monitoring and education:** there will be more efforts focussed on health monitoring and education.
- **Mine villages:** Mine villages will share the benefits from the non-CMCA development funds. Mine areas won't get any increased CMCA funds because their CMCA's do not allow them to and they don't have any increased environmental impacts.

This summary is for explaining at village meetings the final MoA agreed to by the Working Group prior to seeking final endorsement by village leaders at regional meetings in June 2007

Financial information:

- The new package lasts from 2007 until the end of mine life, which is currently mid-2013.
- The total CMCA package for all CMCA regions up to 2013 is guaranteed at 324 million kina.

CMCA funds for South Fly – Kiwaba Development Trust region

	2007	2008	2009	2010	2011	2012	2013	Total
	million kina	million kina	million kina	million kina	million kina	million kina	million kina	million kina
Old CMCA funds	0.97	0.97	0.97	0.97	0.97	0.97	0.48	6.27
New CMCA funds	2.89	2.89	3.00	3.04	3.04	3.04	1.51	18.60
Total CMCA funds (4 times old)	3.86	3.86	3.97	4.01	4.01	4.01	1.99	24.87

- The allocation of funds to development projects, cash and investment for each region has not yet been agreed and will be decided at a regional level. All communities will be able to get some cash if their leaders decide so.

Non-CMCA development package

- The amount of non-CMCA money that can be spent on development projects each year will depend on how much money the mine earns. The following table shows how much money would be for development projects in a year when gold was sold for \$500 per ounce and copper for \$1.75 per pound. At the present, gold and copper prices are better than this.

	2007 million kina	2008 million kina	2009 million kina	2010 million kina	2011 million kina	2012 million kina	2013 million kina	Total million kina
5% dividend funds	32.80	57.20	63.40	65.00	62.30	64.40	31.30	466.59
Tax credit scheme funds	11.50	12.10	12.70	12.90	12.20	12.40	5.90	79.71
PNGSDP funds	21.50	21.50	21.50	21.50	21.50	21.50	10.75	139.75
Total non-CMCA funds	65.80	90.80	97.60	99.40	96.00	98.20	47.90	686.05

- The Ok Tedi Fly River Development Foundation will spend the development funds on community projects – on advice from CMCA communities. These projects will be shared fairly, as needed, between regions.
- K45 million from the 2006 5% dividend will be spent on projects for south Fly communities. The other K45 million will be shared equally among the remaining regions.