



## NATIONAL EXECUTIVE COUNCIL

(OFFICE OF SECRETARY)

DEPARTMENT OF PRIME MINISTER & NATIONAL EXECUTIVE COUNCIL  
P.O. BOX 639, WAIGANI, NCD, PAPUA NEW GUINEA, TELEPHONE NO: (675) 327 6679 FACSIMILE NO: (675) 325 1769

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*Reference:* NEC06-6

*Date:* 30<sup>th</sup> November 2006

Hon. Sam Akoitai, MP  
Minister  
Minister for Mining  
National Parliament House  
P O Parliament  
WAIGANI

Enclosed herewith are copy/copies of the following NEC Decision(s) for your information and action as necessary.

**MEETING NO:**

**DECISION NO(S):**

52/2006

272/2006

  
Winnie A. Kiap  
SECRETARY



**PAPUA NEW GUINEA GOVERNMENT**

**NATIONAL EXECUTIVE COUNCIL**

Decision No: 272/2006

Meeting No: 52/2006

Subject: **OK TEDI MINE ENVIRONMENTAL MANAGEMENT AND  
COMMUNITY MINE CONTINUATION AGREEMENT (CMCA)  
REGION ASSISTANCE PACKAGE**

On 29<sup>th</sup> November 2006, Council:

1. noted the contents of Policy Submission No. 210/2006;
2. noted the economic significance of the Ok Tedi Mine to the Papua New Guinea economy and the significant financial contribution of OTML to the National Government and the Western Provincial Government, and commended the Board and Management of OTML for the Company's excellent performance since the exit of BHP Billiton;
3. noted the State's legal obligations and the contractual arrangements that have been established for the continuation of the Ok Tedi mine;
4. directed the Minister for Treasury, Minister for Mining and Minister for Environment & Conservation to :-
  - (i) urgently review and facilitate approval of OTML's proposal to process and store pyrite as part of its environmental mitigation strategy;
  - (ii) negotiate with OTML to undertake specific initiatives to investigate and monitor environmental monitoring of the Fly River system beyond mine closure under the Mine Closure Code;

5. re-affirmed the National Government's support of the review of the Ok Tedi Mine Community Mine Continuation Agreement (CMCA) and commended all parties especially the CMCA members in the active and constructive participation in the review process;
6. noted the concerns and proposals which have been presented to the National Government, PNGSDP, INMET and OTML by the CMCA members;
7. approved the following proposal from the State, PNGSDP, INMET and OTML to be provided to the CMCA members as a package: -
  - (i) Establishment of an independent CMCA entity that would give the CMCA Communities a sense of ownership and control over resources and programs which can be supported within the CMCA regions, and that PNGSDP has agreed to fund a consultant to assist with the establishment of the entity;
  - (ii) OTML to issue new shares equivalent to 2.5% of OTML's equity to the new CMCA entity to be financed proportionately by existing shareholders. This would replace the current offer of OTML to CMCA members;
  - (iii) The State agrees that half of the dividends paid to the Western Province People's 10% Dividend Trust be allocated to the new CMCA Entity, including half of the 2006 dividends;

(iv) PNGSDP commitment (through projects funded within the CMCA regions including through PNGSDP subsidiaries) of an average K18 million per year or 2.5% of dividend income received by PNGSDP from OTML per year, whichever is the greater, for the years 2007 to 2013, in the mine affected corridor regions including Tabubil and Kiunga, noting that this commitment is subject to OTML and the PNG Government approvals and agreements for particular investments being given;

8. authorized the Minister for Mining, in consultation with the Minister for Treasury, Minister for Environment and Conservation and the Ministerial Economic Committee, to lead and coordinate the National Government's position in the negotiation with CMCA members, other OTML shareholders and OTML on the proposed new CMCA Benefits Package, and to report to the NEC on the final terms of agreement with CMCA members.

I Certify the above to be a correct record of the  
Decisions reached by the National Executive Council

  
**M T SOMARE** Chairman

  
**WINNIE A. KIAP** Secretary, NEC

Date: 29<sup>th</sup> November 2006

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