

Thursday, 18 January 2007

Honourable Sam Akoitai, MP  
Minister for Mining

**Re: LOWER OK TEDI Position on the CMCA Review**

Dear Minister,

We also thank you for your participation in the CMCA review to date and for tabling the Shareholders offer at Working Group 4 in November 2006. The other delegates of the Core Group have submitted their letter and proposals. With great respect to our colleagues, we disagree on the approach that is being taken and wish to offer a different proposal that is in accordance with the wishes of the people of Lower Ok Tedi. Our approach to compensation and resolution is based on a full and meaningful assessment of the past, current, and projected environmental, social, and financial damages that have been incurred in the Lower Ok Tedi region.

Our claim for compensation is based on the need to sustain our livelihoods for the rest of the mine life and up to 200 years post-closure which is how long we believe the effects may last. Compensation should be based on:

- Being deprived of the possession of the natural surface of the Lower Ok Tedi area;
- Damage to or contamination of the natural surfaces of the Lower Ok Tedi land areas;
- Severance of the land, or parts of it;
- Loss of land due to erosion;
- Loss or restrictions to rights of way, easements, or other rights;
- Loss of wild life;
- Loss of fish stock;
- Loss of mill-able trees (sawmill trees)
- Loss of the beauty of the environment;
- Loss of sacred and historical sites;
- Loss of sago swamps;
- Loss or damage to human improvements made by our people;

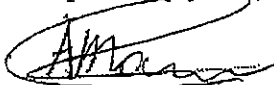
- Loss of earnings from lands under cultivation;
- Disruption of agricultural activities;
- Social disruptions;
- Garden damage and loss of economic trees;
- Loss or damage to flora and fauna on the land or in the water;
- Loss of use or contamination of potable water;
- Loss of other forest resources;
- Many unknowns;
- Storage of waste;
- Storage of new waste containing ARD;
- Security for risk of unforeseen disasters caused by the environmental damages.

We contend that previous CMCA payments were not adequate in the short and long term, and are not enough to sustain survival of the people of Lower Ok Tedi, now and for the future. Our proposal is to have a credible and fair evaluation done of the past and projected losses and for compensation to be based on that valuation. We have tried in the past to settle the issues through negotiation but the proposed compensations are not adequate or based on a real assessment of damages.

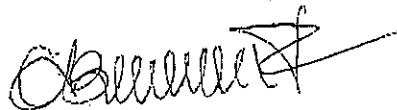
All of us have been working together in the CMCA review process but our important differences of opinions remain genuine and we feel duty-bound to provide this alternative view and a request for a different approach to compensation.

We anticipate that you will respond to this proposal before our next Working Group-5 meeting in February, 2007.

Respectfully yours,



Alex Maun, Lower Ok Tedi CMCA  
Delegate



Keru Nuri, Lower Ok Tedi CMCA  
Delegate

CC: Robert Igara, CEO PNG Sustainable Development Program Limited  
Keith Faulkner, Managing Director - OTML  
Sir Arnold Arnet, Special/Legal Advisor to the CMCA Delegates  
Peter Adler (Keystone) and Martin Brash (Tanorama), Independent Facilitators

John Kawi and Dr. Beno Boeha, Independent Observers  
All Delegates – CMCA Review Working Group