



**Prime Minister
Papua New Guinea**

NEC OKAYS RAMU PROJECT

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The Prime Minister, Sir Mekere Morauta, said today that National Executive Council had approved in principle the proposed Mining Development Contract for the Ramu nickel project in Madang.

Cabinet also advised the head of state to execute the contract and to grant a Special Mining Lease. The Memorandum of Agreement between the state, the developers, Provincial and Local-Level Government and landowners was also approved by NEC and is to be executed by the state.

The Prime Minister said these were the final steps in the Government approval process. Now the Papua New Guinea companies developing the mine, Highlands Pacific and Orogen Minerals, must finalise their financial arrangements and bring in a substantial international mining house as a partner.

Sir Mekere said: "This is a notable day for Papua New Guinea. It shows that once again the country is regarded by international investors as a safe haven for very large amounts of capital.

"There has not been a resources project of this size and significance for the nation since the Lihir Gold mine SML was approved in 1995. The message for the nation, and especially the people of Madang Province, is that stable, efficient and accountable government brings with it very substantial rewards.

"It is no coincidence that Ramu is going ahead now. The previous incompetent, unstable and corrupt regime had turned reputable international investors away from the country in droves.

"Papua New Guinea needs this investment to promote national growth and development. It needs it to provide jobs and investment opportunities for the national entrepreneurial class.

"The Government has worked extremely hard to ensure that the right environment is created for investment so that the nation can benefit. We have succeeded where others have failed miserably."

The Ramu project is the most significant resources project in the country's history because in reality it is a very long-life minerals processing operation rather than a stand-alone mine.

"Where an average mine might have a life of 10 years, this processing

operation will have a life of 30 to 40 years, possibly more," Sir Mekere said.

Capital expenditure on Ramu is expected to be about \$US850 million. It is being developed by two Papua New Guinean companies, both listed on the stock exchange.

The benefits to Papua New Guinea will be substantial. Capital expenditure is expected to be \$US850 million. Average tax revenue over the life of the mine is calculated at K280 million a year. Ramu will generate foreign revenue of about K1 billion a year.

Ramu will contribute about 5 per cent to gross domestic product over the life of the operation. During the construction phase, about 2500 jobs will be created, and long-term employment is expected to be about 1000.

Four landowner groups, which strongly support the project, will benefit directly and the economic boost for the Madang region will be significant.

Sir Mekere said Ramu would be the first resources project to receive a guarantee of stability of fiscal terms under the Government's new fiscal stability policy announced in Parliament recently.

"Previous fiscal stability arrangements have been legislated as part of project agreements," he said. "This will not be necessary in Ramu's case because of the great strides the Government has made in the past 11 months to restore stability, transparency and accountability to national politics and economics."

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