



Project Quarterly Report

August to November, 2009



Ramu NiCo Management (MCC) Limited

December 2009

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1 Engineering

Detailed Engineering Status by the end of November, 2008.

Site	Total Engineering items	Accomplished items till November 30	Accomplished percentage
KBK Mine Site	57	57	100%
Slurry Pipeline System	5	5	100%
Basamuk Processing Plant	112	112	100%
Total	174	174	100%

2 Site work:

a. KBK mine site:

One oil separation tank of power plant lubricant oil station and power plant floor backfilling completed. Electric installation for power plant 10KV power distribution room completed. Concrete pouring for the topping at the height of 4.00 m at chromite removal plant completed, and power distribution room jack box and transformer installed. De-agglomeration plant residue storage foundation completed. Thickening plant residue removal screen and funnel installed. Beneficiation plant area integrated pipe network valve wells and manholes under construction, and foundation for electric works supporting completed. Power plant area road base constructed. De-agglomeration plant run of mine bin completed. Retaining wall body at the elevation height of 20.48m-22.50m constructed. 1 table feeder installed. Integrated pipe network 200 meter PE pipes constructed. Permanent accommodation area B-3 house indoor ground tile and outdoor baluster completed. B-5 house foundation and puncheon completed. B-6 house foundation completed. B-2 house 1st floor framework completed.

b. Basamuk refinery plant:

HPAL 3# equipment and all structural steel installation completed. HPAL 3# thickener foundation rebar completed. Cutting pile and concrete pouring of bedding course for 2# thickener completed. Concrete pouring of HPAL 2# storage tank completed. CCD 6# tamping and concrete pouring of bedding course completed. CCD 1# and 4# welding near completion and CCD 7# bottom slab welding completed. Thickening and separation of Fe& Al removal 3# radial girder adjusted. 1# bed mortar completed and central pillar installed. Installation of 4 non-standard equipment of the washing and filtering of Fe& Al removal residue completed. Leveling of the courtyard of comprehensive office building completed. 2nd floor suspended ceiling and guard fence, and scraping-wall greasy powders completed. 10kv high voltage power distribution room transformer installed. Transformer installation completed. Slurry treatment 3# and 4# bottom slab installed, and concrete pouring of slurry neutralization 4# podium completed. Electric installation of water in-taking purification station completed, and bulge test for water pipe to refinery overhead water tank started. Installation and debugging for black start of power plant completed. Boiler house chimney installation finished. Acid & lime stone quarry area 110m chimney completed. Chemical water treatment & Back-up boiler area Main equipments positioned.

c. Slurry pipeline:

135km slurry pipeline was joined in June. The cable laying completed 113km. Pressure test finished about 60km. The supporting shores basically completed. The geographic disaster treatment nearly completed. 2 inspecting stations were at the final stage.

d. Other facilities:

1. Office building, first-aid center, product warehouse passed the pre-handover.
2. MHP earthwork completed and parts moved into anti-corrosion construction.
3. Filtering packing area fundamental work completed.
4. Wharf customs and quarantine area fundamental work completed.
5. Overhead water storage in accommodation area completed.
6. D-type houses, mess and laundry in accommodation area were at final stage.
7. Pipelines and lines from water easement to plants completed.
8. Comprehensive pipelines and lines in main area completed 70%.
9. All soil block walls and protection-banks completed 90%.
10. All main roads fundamental level completed

Project Activities (by the end of November, 2009)

Item	Area	Total
Earthwork (10,000m³)		293.59
Concrete pouring (m³)		147503
Steel fabrication & construction (t)		21649
Equipment installation (km)		113
Slurry pipeline Cable installation (km)		113
Non-Standard equipment fabrication & construction (t)		17331
External Road (km)		26.21

3 Procurement

By the end of November 2009, the value of the total signed procurement contracts reached 99.22% of the total estimation for all equipments, among which 99% of the Machinery equipments, 99.93% of the Electrical equipments and 99.93% of the Instrument equipments have been purchased. Total 86% equipments and 98% material has been delivered to sites.

4 Corporate & Legal

● MRA Impress with Ramu NiCo Project

The Mineral Resources Authority (MRA) is impressed with the development of Ramu NiCo Project following its last visit to Madang Office Complex Friday August 28, 2009.

MRA Board Chairman Mr. Robin Moaina expressed this on behalf of MRA Board Members and MRA Management Team.

Mr. Gu Yuxiang, Executive Vice President of RNML welcomed the Members. He thanked MRA for the consistent help in the past years and asked for closer working relationship as the Project moves from large scale construction to the commissioning stage.

Dr. James Wang, Chief Technical Director of Ramu NiCo gave a power point presentation on the Project to the MRA Board Members and further commented that Ramu NiCo would like to work closely with MRA and make the project a success for all stakeholders.

On Saturday August 29, 2009, MRA Board members and management team including Robin Moaina, Kepas Wali, Juliana Kubak, Greg Anderson, Steven Maken, and Philip Samar visited Basamuk Refinery Site, accompanied by Dr. James Wang.

Chairman Robin Moaina commended on the significant progress at the Project construction while Dr. Greg Anderson asked Ramu NiCo to carry out wider publicity about the impressive development on the Project.

- **PNG Prime Minister Somare visited Ramu NiCo Office Complex**

Papua New Guinea Prime Minister, Grand Chief Sir Michael Somare visited the Ramu NiCo Office Complex in Madang on September 17, 2009, after attending the ceremony for PNG's 34th Independence Anniversary in Madang on September 16 2009. On September 16, the Prime Minister also briefly visited the Project Basamuk Refinery site.

Fisheries Minister Ben Semri and Governor of Madang Province Sir Arnold Amet and Madang Provincial Government officials accompanied the Prime Minister.

President of Ramu NiCo Management (MCC) Limited, Madam Luo Shu, Executive Vice President, Mr. Gu Yuxiang and Chief Technical Director Dr. James Wang with all the national and expatriate employees warmly welcomed the delegation.

- **Ramu NiCo sponsors 2009 Madang Festival**

Ramu NiCo Management (MCC) Limited donated K20, 000.00 towards the Madang Provincial Event Council on September 2, 2009 for the Madang Festival Show to be staged from September 16 to 19.

Chief Technical Director of Ramu NiCo Dr. James Wang presented the cheque on behalf of Ramu NiCo to Stotick Kamyra, Chairman of the Madang Provincial Event Council at the Ramu NiCo Madang Office Complex.

Governor of Madang Province Hon. Sir Arnold Amet and Mr. Gu Yuxiang, Executive Vice President of Ramu NiCo were present to witness the ceremony. Others included officials from governor's office, board members of the Madang Provincial Event Council and officials from Ramu NiCo.

- **Consultation Meeting Held with the PNG Government**

On September 21, Ramu NiCo Management (MCC) Limited held a consultation meeting with the PNG government agencies in Port Moresby. Around 50 representatives from relevant PNG national and Madang government attended the meeting. The Company used this occasion to brief the progress to the stakeholders and express the five key concerns that require the urgent attention and assistance from the Government.

- **Close Interaction with Madang Community**

In October, Ramu NiCo President Madam Luo Shu paid a number of visits and held meetings with Madang Provincial Government, Divine Word University, RD TUNA Limited, Madang Chamber of Commerce, Madang Catholic Church and PNG Maritime College.

Through these activities, general consensus were reached that Ramu NiCo and other important members of Madang community will work together to pursue local society economic sustainable development.

Mr. Gu Yuxiang, Executive Vice President of RNML, Mr. Pan Hengli, Vice President of RNML, Mr. Duan Jiubin, Assistant President of RNML, Mr. Gu Jianping, General Manager of RNML Human Resource Department and Mr. Yuan Zhi, Deputy General Manager of RNML Community Affairs Department accompanied Madam Luo in these meetings.

● **Ramu NiCo Attended 2009 Mines and Petroleum Seminar**

Chief Technical Director of Ramu NiCo, Dr. James Wang attended the 2009 PNG Chamber of Mines and Petroleum Seminar held in Port Moresby Oct 29 on behalf of Ramu NiCo.

Dr. Wang gave a presentation on the progress of the Project construction by introducing the Project while highlighting the latest construction progress at KBK Mine site, Basamuk Processing site and slurry pipeline. He also briefed on

Ramu NiCo's achievements regarding sustainable development, community relations and HSE.

Delegates from all walks of life commended the Project progress and sincerely wish the Project's successful production and make its contribution in boosting PNGs' economy.

PNG's Deputy Prime Minister Dr. Puka Temu delivered the opening remarks for the seminar.

- **Ramu NiCo held Milestone Celebration**

Ramu NiCo Management (MCC) Ltd held its Ramu NiCo Milestone Celebration at Port Moresby on November 4, 2009.

Mr. Li Keqiang, Vice Premier of China who was in Port Moresby on his Pacific tour after New Zealand and Australia also joined. Other guests included Deputy Prime Minister and Minister for mining Dr. Puka Temu, Governor of Madang Sir Arnold Amet, Relevant Ministers, members of parliament, landowner chairmen, invited guests and national and expatriate staff of Ramu NiCo.

Madam Luo Shu on behalf of Ramu NiCo extended warm welcome to Vice Premier Li, Dr. Temu and other guests for attending the ceremony. She thanked the two governments, the relevant government agencies, individuals, landowners and other organizations for supporting the Project.

Madam Luo also wishes to see the Project strengthen China-PNG economies and cultures and develop cultural exchanges.

Dr. Puka Temu thanked the Chinese government for investing in PNG and thanked Ramu NiCo for proving success during its construction phase.

He said Somare/Temu government value the Ramu NiCo project as one of the largest from China and supports it.

Meanwhile, Vice Premier Li said his delegation was pleased to join in the celebration and stressed that Ramu NiCo is the largest China investment in the South Pacific.

Li said the Project progress depicts the cooperation between PNG and China, a landmark for PNG and China to cooperate in economy, trade, mining and other areas where both countries stand to benefit. Vice Premier also regarded highly of the sustainable development strategies and efforts that Ramu NiCo has made in terms of the fostering of local business development ,the assistance in local social and economic development, local employment and skill building, environmental protection and other areas.

He assured that PNG and China are committed towards economic cooperation and China will be committed to encouraging Chinese companies to invest in PNG.

5 Community Affairs

- **Relocation:** In September, the awareness work of relocation in Basamuk and pipeline coastal area was proceeding. In October, the first 10 house building construction was completed 95%; the next 20 house building training was arranged for Enekuai. In October, the first 5 house building construction was nearly completed; the leveling work commenced in Enekuai; the negotiation with government about the road maintenance started. Attended the DWU University Festival and sponsored the Singing Competition.
- **Agricultural Development:** Drafted the vegetable planting plan for the KBK region. Progressing the vegetable cultivation model farm and providing training to relocation people. Donation Coconut seed to landowners and family who had been received planting training. In October, Basamuk sample base got vegetable harvest twice; in November the sample base implant more than 400 papaya trees. Conducted the survey of Women Association and school of Basamuk Community.
- **Public:** reception 100 twelve grade students to visit RNML complex; Donation Ramu T-shirts to local Women organization; Donation cleaner to youth for cleaning street.
- **Spin-off business:** the opportunity was listed and in the last approval procedure.

- **Social economic development:** the water and power supply technical plan in Basamuk was prepared; the ongoing inland and pipeline coastal area LoA office construction has completed 95%. Basamuk LoA office construction was started in November.
- **Land compensation:** the impact survey in Mine site was completed and the data was under transferring into detailed drawing; the Basamuk cemetery was successfully relocated. The registration and compensation for Basamuk and pipeline coastal area construction was continuing.

6 Environment

- The safety inspections were conducted at least 3 times per week at all sites.
- PPE was distributed to all site employees.
- Monday-HSE training was strengthened as well as the on-sites supervision.

August

- Upgrading the safety precautions on potential dangerous points on sites.
- Continue drafting of the HSE management policies.
- Part of the rehabilitation work at water source road was completed.
- The waste and rain water system was completed.

September

- Upgrading the safety precautions on potential dangerous points on sites.
- Facilitating the medical care management
- Reviewing and updating the HSE database.
- Drafting and updating the HSE brochure, emergence reaction procedure, training documents and plans.
- Drafting the rehabilitation control plan for the construction areas.

- Facilitating the permanent rehabilitation base in beneficiation plant.

October

- Reviewing and updating the HSE database completed.
- Continuing drafting HSE brochure, job safety analysis documents and plans.
- The safety training plan till the end of this year in KBK and Basamuk completed.
- Enhancing the safety to the fundamental working groups.
- 3000 safety tags were manufactured and brought to sites.
- Enhancing the pre-protection of cholera and other risks related to water.
- Continuing drafting the rehabilitation and land anti-erosion control plan for the construction areas.
- Continuing facilitating the permanent rehabilitation base in beneficiation plant.
- Launching the community medical service survey for the next stage model identification.

November

- The primary drafting of HSE brochure, job safety analysis documents and plans were completed.

- Drafting and updating project commissioning and operation phase HSE management plan and procedure.
- The Second Project Safety Operation Conference was held.

7 Safety Performance

Safety Statistics (KBK and Basamuk, October, 2009)

Statistics of November will be sent later

Classification	Number
Fatality	0
Lost Time Incident (LTI)	0
Restricted Duty Incident (RDI)	0
Medical Treatment Incident (MTI)	0
Total Reported Incidents (TRI = Fatality + LTI + RDI + MTI)	0
Minor Incident (MI)	50

OHS Course	Total Attendees	Total Training Man Hours
General Safety Induction	2606	2122.5
Basic First Aid	20	10
Load Shifting	252	126
Hazard Identification	600	300
Traffic Safety Training	389	323
PNG Mining Safety Act	18	36

for Supervisors		
JSA for Supervisors	20	60
Safety Briefs	1270	1270
Site Entry Safety Induction	67	67
General HSE Training	35	70
Electrical Safety Training	42	633
TOTAL	5319	5017.5

8 Financial Sector

- By the end of November, the total capital expenditure amounts to 9,794,583,646.73 RMB.

**Expenditures for Ramu Project
in US dollar
to date November 30,2009**

		November 30,2009		Beginning of the Year	
		RMB	USD	RMB	USD
Current Assets:					
<i>where</i>	Cash and Cash Equivalents	2,684,115,799.61	393,150,310.47	281,185,747.51	41,186,100.82
	Prepayments	2,043,745,579.95	299,353,406.95	1,330,823,130.24	194,929,565.60
	Other	67,562,296.27	9,896,047.61	211,713,575.70	31,010,308.14
	Total Current Assets:	4,795,423,675.83	702,399,765.03	1,825,341,117.45	267,363,065.01
	PP&E	121,457,099.81	17,790,177.50	76,479,151.77	11,202,125.58
	Construction-in-Progress	4,789,344,991.47	701,509,402.31	2,303,084,318.73	337,339,512.35
	Total Assets:	9,794,583,646.73	1,434,641,382.52	4,196,470,020.23	614,669,267.08
Current					
<i>where</i>	Short-term Debt	2,505,689,954.22	367,015,753.78	1,744,555,658.60	255,530,182.01
	Accounts Payable	28,888,433.02	4,231,373.48	32,443,808.14	4,752,139.70
	Other Accounts Payable	475,236.79	69,609.33	587,979.70	86,123.11
	Total Current Liabilities:	2,699,003,041.66	395,330,888.46	1,854,287,369.52	271,602,907.42
	Long-term Debt	4,558,560,000.00	667,705,648.00	680,000,000.00	99,601,593.63
	Total Liabilities:	7,257,563,041.66	1,063,036,536.45	2,534,287,369.52	371,204,501.04
Shareholder's Equity:					
<i>where</i>	State-owned Incorporated Capital	1,662,002,600.00	243,438,393.48	1,662,002,600.00	243,438,393.48
	Surplus Reserves	18,005.07	2,637.26	18,005.07	2,637.26
	Retained	0.00	0.00	162,045.64	23,735.30
	Total Shareholder's Equity	2,537,020,605.07	371,604,846.07	1,662,182,650.71	243,464,766.04
	Total Liabilities and Shareholder's	9,794,583,646.73	1,434,641,382.52	4,196,470,020.23	614,669,267.08

P.S. the actual transaction currency is RMB to change the RMB to USD, the exchange rate is

6.8272 exchange rate on November 30, 2009

9 Human Resources and Commissioning Preparation

Human Resources

- By the end of October 2009, 573 employees work for RNML, among which 146 are PNG nationals.
- The organization chart of commissioning phase was identified.
- The intercultural management and training plan was started planning.
- The local market survey of welfare system was launched.
- *Ten Dos & Ten Don'ts* brochures were distributed to employees.
- Unqualified national employees were made redundancy.
- Enhancing the working attendance management.
- Recruitment was continuing mainly on national operators for limestone quarry.
- The first stage English language and cultural training by DWU was completed.
- The recruitment policy and plan was introduced to landowner associations and the chairmen of LoAs.
- Recruitment was continuing such as operator for the northern road and other positions.
- The human resource plan of 2010 campus recruitment was completed.
- The Chinese language training materials were drafted.

Commission Preparation

- Continuing enhancing the communication with worldwide laterite projects and experts.
- Optimized the position number to 1120, among which 644 for Basamuk plant and 476 for KBK Mine site
- 394 operators have already been employed.
- The following recruitment will be carried out gradually according to the construction progress.
- Operation training for project employee in related industries in China and other countries
- Specific skill training and on-sites training aimed to nationals in construction phase
- Further skill training plan has been drafted and will be carried out in operational phase for nationals
- Language training aimed to Chinese employees both in China and PNG
- All operation and production rules and regulations have been drafted and translated to English.
- The rules and regulations are under reviewing and optimizing by industrial experts.
- EL1178 and EL193 exploration report to MRA was completed. The translation reviewing was completed and under adjusting.