

THE INDEPENDENT STATE OF PAPUA NEW GUINEA

and

MCC RAMU NiCo LIMITED

RAMU NICKEL LIMITED

MINERAL RESOURCES RAMU LIMITED

MINERAL RESOURCES MADANG LIMITED

MINING DEVELOPMENT CONTRACT
AMENDMENT AGREEMENT
RAMU NICKEL PROJECT

Mallesons Stephen Jaques, Sydney
(PKC)
and
Posman Kua Aisi, Port Moresby
(KP)

George Minjihau
Acting State Solicitor
Office of the State Solicitor
Department of Attorney General
P O Box 591 Waigani, NCD
Tel: (675) 325 2209
Ref: [] 05/[]

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THIS MINING DEVELOPMENT CONTRACT AMENDMENT AGREEMENT is dated the *10th* day of *August* 2006 and is made between -

- (1) THE INDEPENDENT STATE OF PAPUA NEW GUINEA (hereinafter called the "State"), the Party of the first part; and
- (2) MCC RAMU NiCo LIMITED, a company incorporated in Papua New Guinea with its registered office at Level 1 Mogoru Moto Building, Champion Parade, Port Moresby, RAMU NICKEL LIMITED, a company incorporated in Papua New Guinea with its registered office at Level 9 Pacific Place, Musgrave Street, Port Moresby, MINERAL RESOURCES RAMU LIMITED a company incorporated in Papua New Guinea with its registered office at Level 1, First Heritage Centre, Waigani, Port Moresby and MINERAL RESOURCES MADANG LIMITED a company incorporated in Papua New Guinea with its registered office at Level 1, First Heritage Centre, Waigani, Port Moresby (the "Joint Venturers"), the Party of the second part.

WHEREAS

- A. Commercial deposits of minerals (nickel and cobalt) have been discovered in the Kurumbukari region and as a result, the State and the Ramu Nickel Limited and Orogen Minerals (Ramu) Limited entered into a Mining Development Contract on 26 July 2000 (the "Contract") and pursuant to the terms of that Contract, the State granted the Special Mining Lease to those companies.
- B. With the consent of Ramu Nickel Limited and the Minister and otherwise in accordance with the terms of the Contract, Mineral Resources Ramu Limited agreed on 17 March 2005 to assume, observe and comply with all of the obligations of Orogen Minerals (Ramu) Limited under the Contract and thereupon Mineral Resources Ramu Limited became party to the Contract instead of Orogen Minerals (Ramu) Limited.
- C. With the consent of the Minister and otherwise in accordance with the terms of the Contract, the Joint Venturers agreed on *10th August* 2006 to assume, observe and comply with all of the obligations of Ramu Nickel Limited and Mineral Resources Ramu Limited under the Contract and thereupon the Joint Venturers became party to the Contract instead of Ramu Nickel Limited and Mineral Resources Ramu Limited.
- D. The Parties wish by this Mining Development Contract Amendment Agreement ("Amending Agreement") to amend the Contract in order to recognise and give effect to certain matters arising as a consequence of the arrangements referred to in Recital C. and in order to further ensure the favourable development of the Project.

E. By entering into this Amending Agreement:

- (a) the Parties recognise and confirm that development of the Project will be of major economic significance to the people of Papua New Guinea;
- (b) the State wishes to ensure that the development of any commercial mineral deposits and associated processing facilities will secure the maximum benefit for, and adequately contribute to the advancement and the social and economic welfare of the people of Papua New Guinea, including the people in the vicinity of the Joint Venturers' operations, in a manner consistent with their needs and the protection of the environment;
- (c) the State wishes to encourage the development of the mining and processing operations and the optimisation of its natural resources upon terms and conditions which, it is anticipated at the time of the execution of this Amending Agreement, will secure maximum benefits for the people of Papua New Guinea and secure to the Joint Venturers and their shareholders an appropriate return on investment commensurate with the risks involved; and
- (d) the State and the Joint Venturers have agreed on a number of matters which are set out in this Amending Agreement and which are to be an enduring arrangement of national interest and which are to be continuing legal and binding obligations of the State and the Joint Venturers (and their respective successors and permitted assigns) subject to alteration or termination only in the circumstances set forth in this Amending Agreement.

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NOW IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

1. Amendments to Contract Effective from date of this Amending Agreement

The amendments to the Contract appearing in this Amending Agreement are effective on and from the date of this Amending Agreement ("Effective Date").

2. Amendments to the Recitals to the Contract

The parties acknowledge and agree that as a consequence to the amendments to the Contract made in Clause 14 of this Amending Agreement, on and from the Effective Date Recitals C, D, E and F to the Contract have no application.

3. Amendments to Clause 1 of the Contract - Definitions

Clause 1 of the Contract is amended as follows:

(a) by inserting the following defined terms:

"Agreed Terms" means:

- (a) the fiscal provisions set out in Clauses 7 and 8, whether they apply by force of existing legislation or otherwise;
- (b) the royalty, taxes, levies and charges applicable to the Project or the Joint Venturers as at the date of the Amending Agreement at the rates in force as at such date; and
- (c) the dividends or interest payable by any of the Joint Venturers, as at the date of the Amending Agreement at the rates in force as at such date;

"Amending Agreement" means the Mining Development Contract Amendment Agreement dated ~~10th August~~ 2006 and made between the State and the Joint Venturers which amended the terms of this Contract;

"Approved Financing Plan" means the plan submitted by the Joint Venturer and approved by the Central Bank in accordance with Clause 9, which upon approval will form part of the Approved Proposals for Development;

"Commencement of the Tax Holiday" means the date which is the earlier in time to occur of:

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- (a) if Notice of Commencement of the Tax Holiday is given by MCC under Clause 8.4(b), the date as provided in that clause; and
- (b) the commencement of the Taxation Year immediately following the Taxation Year in which the aggregate quantity of Intermediate Nickel Sulphide Product exported from the Project first exceeded 90,000 tonnes;

"Consumables" means goods which are placed into stock for consumption on an ongoing basis, but does not include goods which are intended to form part of, or be attached to, any structure, building, fixture or other capital asset;

"Contractors" means any person or corporation engaged, directly or indirectly, by any of the Joint Venturers or by the Manager as third party contractors of whatever tier of contract or subcontract, or any replacements of any of them, to undertake the following functions:

- (a) the planning and design of the Project;
- (b) the construction of the Project or any part of it;
- (c) the operation, maintenance and repair of the Project;
- (d) the supply or provision of all plant, equipment, materials, supplies and services required for the purposes of the construction, commissioning, operation and maintenance of the Project, including, for the avoidance of doubt, explosives and their associated devices; and
- (e) the supply or provision of all works and the provision and performance of all services on or in respect of the Project as are not otherwise specified in this definition,

provided that no such person or corporation shall be a contractor for the purposes of this Contract in respect of any other functions that may be undertaken by it;

"date of this Contract" means 26 July 2000, being the date of the Original Mining Development Contract;

"Financial Results" means the financial results derived or expected from the Project by a Joint Venturer or the dividends or other payments payable by a Joint Venturer;

"GST" means the Goods and Services Tax under the Goods and Services Tax Act 2003;—

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"Imported Mineral Product" means nickel bearing ores imported from overseas for the purposes of facilitating or enhancing the Processing Operations or the economies thereof;

"Intermediate Nickel Sulphide Product" means the Refinery Product of that description referred to in the Feasibility Study;

"Material Adverse Change" for the purposes of Clause 28 means a change which materially or substantially impairs, erodes or diminishes the Financial Results;

"MCC" means MCC Ramu NiCo Limited;

"Notice of Commencement of the Tax Holiday" has the meaning given to that term in Clause 8.4(b);

"Original Joint Venture Agreement" means the agreement dated 21 January 2000 as subsequently amended, which as a result of various assignments and accessions was finally between Ramu Nickel Limited and Mineral Resources Ramu Limited;

"Original Joint Venturers" means Ramu Nickel Limited and Orogen Minerals (Ramu) Limited;

"Original Mining Development Contract" means this Contract as it appeared immediately prior to the date of the Amending Agreement;

"Refinery Product" means all products from the Refinery, including for the avoidance of doubt, Intermediate Nickel Sulphide Product;

"Tax Holiday" means the term commencing on the Commencement of the Tax Holiday and expiring on the day immediately before the tenth anniversary of that date (inclusive of such start and end days);

"Taxation Year" means, in respect of a Joint Venturer, a year of income for which an assessment of tax can be made under the Income Tax Act or which, but for this Contract, could be so made;

- (b) by deleting the definitions of "Approved Financial Plan" and "Mining Equity Agreements";
- (c) by amending the following definitions to read as follows:

"Approved Finance" means debt financing which is:

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- (a) within the scope of a Joint Venturer's Approved Financing Plan; and
- (b) on terms and conditions which have been approved by the Central Bank in accordance with Clause 9,

but does not include any part of the Equity of the Joint Venturer;

"Approved Proposals for Development" means the proposals for development submitted by the Original Joint Venturers which have been approved by the Minister pursuant to Section 43 of the Mining Act, as such proposals may be modified, varied, amended or altered as permitted under this Contract;

"Contract" means this Contract as varied from time to time in accordance with the terms hereof, including as varied by the Amending Agreement;

"Joint Venture Agreement" means the agreement dated ~~18th November 2005~~ ^{20th October 2005} between the Joint Venturers relating to the way in which exploration, mining and processing operations shall be conducted under this Contract;

"Joint Venturers" means MCC Ramu Nickel Limited, Mineral Resources Ramu Limited and Mineral Resources Madang Limited and includes any permitted assigns or successors of the rights and obligations of any of them and "Joint Venturer" means any one of them;

"Mine Products" means the ores or concentrates or other minerals produced from the area of the Special Mining Lease and all Refinery Product, including product made from Imported Mineral Product;

"Parties" means the persons who are for the time being original parties to this Contract or, in the case of the Joint Venturers, parties added or substituted pursuant to Clause 21 and "Party" means either the State or the Joint Venturers;

"Processing Operations" means those parts of the Project which are not Mining Operations but are a part of Normal Operations, and includes the transporting of the beneficiated ore from the Mining Area to the Refinery through the slurry pipeline and the refining of the ore at the Refinery to produce Refinery Product;

"Refinery" means the refinery to be constructed at Basamuk in the Madang Province for the purposes of the Project;

"Special Mining Lease" means Special Mining Lease 8, Kurumbakari as appearing in Schedule I and granted under the Mining Act to the Joint

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Venturers pursuant to Clause 3, and includes any renewals thereof and substitutions therefor.

4. **Amendments to Clause 2 of the Contract - Interpretation**

Clause 2 of the Contract is amended as follows:

- (a) by adding as a new Clause 2.1(g) the following:
 - (g) the words "including", "for example" or "such as" do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (b) by consequentially renumbering all subsequent paragraphs of Clause 2.1.

5. **Amendments to Clause 3 of the Contract - Leases and other Rights for Mining Development**

Clause 3 of the Contract is amended as follows:

- (a) by amending Clause 3.1 to read as follows:

3.1 **Grants under the Original Mining Development Contract**

It is acknowledged and agreed between the Parties that in accordance with the provisions of Clause 3.1 as it applied under the Original Mining Development Contract, the State, subject to the requirements of law and in compliance with procedures under the Mining Act, the Land Act and other applicable laws, has granted to the Original Joint Venturers as tenants in common:-

- (a) the Special Mining Lease;
- (b) the following as were required for the purpose of carrying out the Project:
 - (i) a mining lease for the mining of limestone near the Special Mining Lease, other mining leases, leases for mining purposes, mining easements, rights, permits, licences and grants pursuant to the Mining Act ;
 - (ii) leases, rights, permits, licences and grants pursuant to the Land Act; and
 - (iii) leases, rights, permits, licence and grants pursuant to legislation other than the Mining Act and the Land Act,

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including in particular the grant of water use permits allowing the extraction of water in sufficient quantities to meet the needs of the Mining Operations and the Processing Operations, and the discharge of tailings from the Processing Operations into the sea,

and such leases, rights, permits, licences and grants pursuant to the Mining Act and the Land Act have, as at the date of the Amending Agreement and with the consent of the Minister, been transferred by the Original Joint Venturers and/or Ramu Nickel Limited and Mineral Resources Ramu Limited (as applicable) to the Joint Venturers as tenants in common.

- (b) by adding a new Clause 3.2 as follows:

3.2 State's Obligations to Grant

Subject to the requirements of law and compliance with procedures under the Mining Act, the Land Act and other applicable laws, the State will within two months or otherwise within a reasonable period after the application by the Joint Venturers, grant to them as tenants in common such further:

- (a) mining leases, leases for mining purposes, mining easements, rights, permits, licences and grants pursuant to the Mining Act, including additional mining leases for the mining of limestone near the Special Mining Lease;
- (b) leases, rights, permits, licences and grants pursuant to the Land Act ; and
- (c) leases, rights, permits, licences and grants pursuant to legislation other than the Mining Act and the Land Act, including in particular the grant of water use permits allowing the extraction of water in sufficient quantities to meet the needs of the Mining Operations and the Processing Operations, and the discharge of tailings from the Processing Operations into the sea,

as they may reasonably require for the purpose of carrying out the Project, including the importation of Imported Mineral Product.

- (c) by consequentially renumbering all subsequent clauses of Clause 3;

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(d) by amending the renumbered Clause 3.5 to read as follows:

3.5 Landowners and Landowner Compensation

- (a) The Original Joint Venturers have, after consultation with the State, negotiated a lands and environment compensation agreement covering the compensation or costs payable to the Landowners as a result of the use of the area of land covered by the Special Mining Lease and other necessary leases, rights, permits, licences, and grants and these compensations and costs shall be borne by the Joint Venturers. During the life of such a compensation agreement:
- (i) the Joint Venturers will, in a timely manner, report to the State any circumstances, happenings or events which might lead to disputes relating to compensation and relocation or the orderly implementation of the agreement; and
 - (ii) the State will use its best endeavours to ensure that the institutions established for the management and resolution of land disputes will be able to carry out their duties so that any such disputes between the Joint Venturers and the landowners, or between the Landowners themselves, are settled in an orderly and expeditious fashion in accordance with such agreements and the applicable law, and will upon request of the Joint Venturers use its good offices to help ensure that the compensation and relocation agreements are respected by the Landowners.
- (b) The State agrees that it will provide the Joint Venturers and the Manager all such assistance in a timely fashion as they may reasonably require for the purpose of dealing with any issues between them and/or the Project on the one hand and the Landowners and/or persons purporting to be Landowners or otherwise claiming rights of financial or other assistance or compensation from them in respect of the Project directly or indirectly because of their involvement with the Project.

(e) by amending the renumbered Clause 3.6 to read as follows:

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3.6 Content, Form and Term of Leases etc.

The leases, rights, permits, licences and grants referred to in Clauses 3.2 and 3.3, shall contain such terms and conditions as are fair and reasonable to the Joint Venturers, which may include, where applicable, provisions that -

- (a) the Joint Venturers shall not, without the consent of the State, which consent shall not be unreasonably withheld, use the land for any purpose other than that for which it was granted;
- (b) the Joint Venturers shall construct or provide improvements substantially as specified in the Approved Proposals for Development or as otherwise agreed between the Joint Venturers and the State;
- (c) the leases, rights, permits, licences and grants will terminate on the earlier of the termination of this Contract and the Special Mining Lease, subject to any need for any of them to continue to permit rehabilitation and the processing on a contract basis of ore from other projects in Papua New Guinea or from overseas after mining on the Special Mining Lease has ceased; and
- (d) the Joint Venturers shall use their best efforts to accommodate traditional land uses to the degree that such uses are consistent with economic, efficient, safe mining practices and do not interfere with the construction and operation of the Project in accordance with the Approved Proposals for Development.

6. Amendments to Clause 4 of the Contract - Project Implementation

Clause 4.1 shall be amended to read as follows:

4.1 Joint Venturer's Obligations

As the Special Mining Lease has been granted, then subject to and following upon MCC's financing plan becoming an Approved Financing Plan, the Joint Venturers, using their best efforts, shall:

- (a) construct, install and provide all such plant, equipment, prepared sites and facilities of the design and capacity specified in the Approved Proposals for Development; and
- (b) commence Normal Operations.

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7. Amendments to Clause 5 of the Contract – Infrastructure Facilities

Clause 5 of the Contract is amended as follows:

(a) by amending Clause 5.2 to read as follows:

5.2 State's Election to provide Works and Facilities

The State acknowledges and agrees with the Joint Venturers that it did not exercise its rights under Clause 5.2 of the Original Mining Development Contract.

(b) by amending Clause 5.7 to read as follows:

5.7 Sale of Electricity

(a) If:

(i) the Approved Proposals for Development provides for the Project electric power supply facilities to generate electric power in excess of the Project's needs in order to meet local rural requirement; or

(ii) subsequent to the Approved Proposals for Development, the Joint Venturers decide that the Project electric power supply capacity exceeds in the opinion of the Joint Venturers the needs of the Project at any time,

then in such circumstances the Joint Venturers shall apply to the Independent Consumer and Competition Commission (ICCC) for an Undertakers Licence under Part IIIB, Division 2 of the Electricity Industry Act permitting the sale of electricity to other users, the Joint Venturers shall sell to the appropriate governmental agency such excess electricity produced by the facilities for resale and distribution to rural electrical loads.

(b) The Joint Venturers shall under no circumstances be required to increase the capacity of their electric power supply facilities or transmission facilities beyond that required by the Approved Proposals for Development to meet the needs of any other user or to construct or maintain any off-site grid or distribution system.

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- (c) The price of electricity to be purchased by the appropriate governmental agency shall be negotiated between the Joint Venturers and such governmental agency. The agreed price and formula for future adjustments will be included in a power purchase agreement (PPA) that the parties will execute. The Joint Venturers acknowledge that PNG Power is the Government's authority and that the Joint Venturers shall ensure PNG Power is given the first right of refusal to purchase and retail excess electricity from the Project power supply facilities.

8. **Amendments to Clause 6 of the Contract - Rates and Duties**

Clause 6 of the Contract is amended as follows:

- (a) by amending Clause 6.1 to read as follows:

6.1 **Right to Import and Export**

Subject to:

- (a) any requirement of defence and the safety of the public and quarantine;
- (b) the obligations of the State pursuant to multilateral international agreements to which the State is a party;
- (c) any general, non-discriminatory determination by the National Executive Council of the State notice of which has been given to the Joint Venturers that the import of goods from a particular place or the export of Mine Products to a particular place is not permitted; and
- (d) Clause 16;

the State shall ensure that the Joint Venturers, or any of them, the Manager and the agents and Contractors of them or any of them shall have the right to acquire, import into and move within Papua New Guinea and use any plant, machinery, equipment, temporary buildings and structures, vehicles, explosives, fuels, reagents, supplies, materials, Imported Mineral Product and any other assets:

- (e) required for the construction, installation, provision, expansion, maintenance or operation of any of the facilities required for the Project; or

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- (f) otherwise required for the purposes of the Project; and to export from Papua New Guinea -
 - (g) subject to Clause 22.1(c), any plant, machinery, equipment, temporary buildings and structures, vehicles, explosives, fu reagents, supplies, and any other asset imported into Papua New Guinea for the construction, installation, provision, expansion, maintenance or operation of any of the facilities required for the Project; and
 - (h) subject to Clause 11.1, the Mine Products resulting from the operation of the Project including from Imported Mineral Product.
- (b) by amending Clause 6.3 to read as follows:

6.3 Import and Excise Duties

- (a) The State shall ensure that:
 - (i) for the life of the Project, all hydrocarbon products to be used or consumed as fuel for the Project's powerhouse including without limitation, heavy fuel oils, bunker C oils, furnace oils and diesel, shall be free of all import and excise duties; and
 - (ii) subject to paragraph (i) and paragraph (b), all goods and Consumables to be used or consumed for or by the Project and which are imported by or on behalf of the Joint Venturers or any of them or by the Manager prior to the end of the fifth anniversary of the Commencement of the Tax Holiday shall be free of import and excise duties.
- (b) The provisions of paragraph (a)(ii) shall:
 - (i) not apply in respect of goods and Consumables specified in Schedule II;
 - (ii) apply and extend to goods and Consumables to be used or consumed for the Project which are imported by the Manager or by any Contractor provided that in respect of Contractors, the requirements of Schedule III are first satisfied whenever the benefit of this provision is

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- (c) If necessary, the State shall promulgate exemptions under the Customs Tariff Act 1990 and the Excise Tariff Act Chapt 107 for this purpose. If at any time the relevant duty exemptions are not in force, the State covenants to reimburse the Joint Venturers for any import or excise duty paid on the goods covered by this clause.

- (c) by inserting a new Clause 6.6 to read as follows:

6.6 Stamp Duty Exemption

- (a) The State shall ensure that stamp duty will not be imposed in respect of:
- (i) the transfer of any interest in the Exploration Licences (or related mining information), the Special Mining Lease or any mining lease, lease for mining purposes, or mining easement arising from the entering into of the Joint Venture Agreement;
 - (ii) the subsequent transfer or issue of shares to any Chinese party who, on or before the date that is one (1) year from the date of the Amending Agreement, becomes a shareholder, directly or indirectly, in MCC; or
 - (iii) the transfer of any interest in the Exploration Licences (or related mining information), the Special Mining Lease or any mining lease, lease for mining purposes, or mining easement arising from any Chinese party that is owned by the Chinese Government directly or indirectly on becoming a Joint Venturer.
- (b) If necessary, the State shall procure amendments to the Stamp Duties Act to provide for the exemptions contemplated by this clause. If at any time, the relevant stamp duty exemptions are not in force, and stamp duty is required to be paid, the State covenants to reimburse the relevant party upon whom the liability has been imposed for such stamp duty.

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9. Amendments to Clause 7 of the Contract – Value Added Tax

Clause 7 of the Contract is amended as follows:

- (a) by amending the heading to read as follows:

7 GOODS AND SERVICES TAX

- (b) by amending Clause 7.1 to read as follows:

7.1 Application of GST

For purposes of the Goods and Services Tax Act 2003, the State shall ensure that:

- (a) the export of Mine Products from the Project is zero-rated; and
- (b) until the Commencement of Commercial Production, the importation or purchase of any services, plant, machinery, equipment, temporary buildings and structures, vehicles, explosives, fuels, reagents, supplies, materials and other assets which are imported into Papua New Guinea by or on behalf of the Joint Venturers or any of them, the Manager or any Contractor solely for the purpose of the Project is zero-rated.

- (c) by amending Clause 7.2 to read as follows:

7.2 Recovery of GST

Where as a result of the Goods and Services Tax Act 2003 an amount is due to the Joint Venturers or any of them, the Manager or any Contractor as a refund of GST paid or borne, that amount may be recovered by such Joint Venturers, the Manager or Contractor (as the case may be) by way of:

- (a) monthly refund from the Commissioner General of Internal Revenue; or
- (b) credit against other taxes or duties due and payable to the Commissioner General of Internal Revenue.

10. Amendments to Clause 8 of the Contract - Fiscal Provisions

Clause 8 of the Contract is amended as follows:

- (a) by amending Clause 8.1 by:

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- (i) deleting paragraph (d);
- (ii) consequentially renumbering all subsequent paragraphs of Clause 8.1 and amending the paragraph reference in newly renumbered paragraph (e) as (d); and
- (iii) amending the newly renumbered Clause 8.1(f) to read as follows:
 - (f) without limiting the application or generality of provisions in the Income Tax Act, expenditure on:
 - (i) facilities for carrying on the Mining Operations;
 - (ii) the beneficiation plant to be constructed adjacent to the Mining Operations;
 - (iii) the housing and related infrastructure to be provided in Madang for persons employed in the Mining Operations; and
 - (iv) the access roads, bridges and transport infrastructure 'necessary for or associated with the Mining Operations,

will be accepted and treated as allowable capital expenditure and be deductible as such, or, in the event that an election is exercised under Section 155 of the Income Tax Act, will be deductible as depreciation against assessable income from the Mining Operations;

- (b) by amending Clause 8.3 to read as follows:

8.3 Income Tax

Subject to and in accordance with Clauses 8.1 and 8.2, each of the Joint Venturers shall lodge income tax returns in accordance with the Income Tax Act and will be subject to separate assessment of its income from the Project, and shall submit separate tax returns, in respect of:

- (a) its taxable income from Mining Operations on the Special Mining Lease; and
- (b) its other taxable income derived from the Project.

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(c) by amending Clause 8.4 to read as follows:

8.4 Income Tax Holiday

- (a) Notwithstanding the obligations of each of the Joint Venturers under Clause 8.3, the State agrees that the income tax rate applicable to each of the Joint Venturers in respect of its taxable income shall be zero percent (0%) for the period of ten (10) years from the Commencement of the Tax Holiday.
- (b) If the Tax Holiday has not then commenced, MCC on behalf of each of the Joint Venturers may give the State a notice (referred to in Clause 1.1 as "Notice of Commencement of the Tax Holiday") at any time that the Tax Holiday is to commence whereupon the Tax Holiday shall then commence and apply from the commencement of the Taxation Year in which that notice is given.

(d) by adding a new Clause 8.6 to read as follows:

8.6 Carry Forward Expenditure

For the avoidance of doubt, in the lodgement of income tax returns by the Joint Venturers in the first Taxation Year immediately after the last Taxation Year of the Tax Holiday period all income tax deductions for residual exploration expenditure, allowable capital expenditure and depreciation or otherwise will be calculated as if no Tax Holiday period had been granted under Clause 8.4.

(e) by re-numbering Clause 8.6 to 8.7 and amending it so it reads as follows:

8.7 Tax Remittance

The Manager on behalf of the Joint Venturers shall maintain the accounting books and records for the Project in accordance with the PNG Accounting Standards, and on the basis of these, each Joint Venturer will prepare its tax returns in relation to the Project in US dollars. The State shall ensure that the Commissioner General of Internal Revenue assesses the income tax for each Joint Venturer in the currency US dollars its tax return and payment of such tax will be made in US dollars or in Kina.

11 Amendments to Clause 9 of the Contract- Financing of the Project

Clause 9 of the Contract is amended as follows:

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9.1 Submission of Financing Plan

Each Joint Venturer shall submit to the Central Bank its financing plan for financing its participation in the Project. A Joint Venturer's financing plan will:

- (a) set out separately in full detail the manner in which it intends to finance the costs of Mining Operations and Processing Operations, including a reasonable provision for working capital to maintain Normal Operations;
- (b) identify separately debt and equity capital to be used for Mining Operations and for Processing Operations, and in neither case shall the 3:1 debt-to-equity ratio for Mining Operations and the 5:1 debt-to-equity ratio for Processing Operations be exceeded at any time whether before or after the final repayment of Approved Finance;
- (c) identify separately for the Mining Operations and Processing Operations the sources of the proposed debt finance for the Project and the terms and conditions of such debt finance, including in particular the costs of funds (all fees, charges and commissions, as well as interest rates and/or interest margins);
- (d) describe separately the security for Mining Operations and Processing Operations, if any, to be provided for debt finance; and
- (e) identify the need for foreign currency accounts.

9.2 Consideration and Approval of Financing Plan

The Central Bank will give expeditious consideration to the financing plan and requests for any further information from the Joint Venturer. The Central Bank may by a written notice to the Joint Venturer request a revised financing plan if the one submitted by the Joint Venturer does not comply with this Contract. Within a reasonable period of time after the receipt of the financing plan or the revised financing plan and such other information as may have been reasonably requested, the Central Bank will either:

- (a) approve the financing plan, or
- (b) reject the financing plan, giving detailed particulars of the reasons for the rejection and proposing terms and changes that would be acceptable to the Central Bank.

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If the financing plan is rejected by the Central Bank, the Joint Venturer and the Central Bank will undertake a cooperative and consultative process to resolve any outstanding issues as soon as practicable.

9.3 Maintenance of Debt-to-Equity Ratios

Each Joint Venturer shall ensure that, on each successive Test Date in respect of:

- (a) Mining Operations, the outstanding balance of its Approved Finance (converted into Kina from the currency of the drawdown at a rate which is the average of the buying and selling rates quoted for the currency by Australia and New Zealand Banking Group (PNG) Limited at 11:00 am on the date of each drawdown) does not exceed seventy-five percent (75%) of the Joint Venturer's share of the sum of:
- (i) allowable exploration expenditure, allowable capital expenditure and expenditure on any plant or article in respect of which an election has been made under Section 155F of the Income Tax Act incurred by the Joint Venturer on Mining Operations;
 - (ii) expenditure on transportation and processing and associated facilities comprising Mining Operations;
 - (iii) any net trade debt owing to the Joint Venturer in the ordinary course of business in respect of Mining Operations; and
 - (iv) the value of uninvoiced inventory of the Joint Venturer held in the ordinary course of business in respect of Mining Operations; and
- (b) Processing Operations, the outstanding balance of its Approved Finance (converted into Kina from the currency of the drawdown at a rate which is the average of the buying and selling rates quoted for the currency by Australia and New Zealand Banking Group (PNG) Limited at 11:00 am on the date of each drawdown) does not exceed eighty three point three three percent (83.33%) of the Joint Venturer's share of the sum of:
- (i) expenditure on Processing Operations including on the slurry pipeline.

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- (ii) any net trade debt owing to the Joint Venturer in the ordinary course of business in respect of Processing Operations; and
 - (iii) the value of uninvoiced inventory of the Joint Venturer held in the ordinary course of business in respect of Processing Operations.
- (c) Expenditure by the Joint Venturer on the Project, that falls outside the Approved Finance for Mining Operations or Processing Operations as permitted by this subclause, will be financed by Equity.

12. Amendments to Clause 10 of the Contract - Currency and Exchange Control

Clause 10 of the Contract is amended as follows:

(a) Clause 10.1 is amended as follows:

(i) the definition "Accounting Profits" is amended to read as follows:

"Accounting Profits" means the Joint Venturer's book profits, calculated in accordance with generally accepted accounting principles and arrived at after deducting:

(a) separately the costs of Mining Operations and Processing Operations; and

(b) in relation to:

(i) each year of income, the Income Tax which have been paid or will be payable by the Joint Venturer on its income from the Project for that year; or

(ii) an interim period prior to the finalisation of the annual accounts, the Income Tax which would be payable by the Joint Venturer in respect of income from the Project derived by the Joint Venturer during that period on the basis that the Joint Venturer continued to derive income during the whole of the year of income of which the period forms a part, at the same daily average rate as in that period.

(b) Clause 10.3 is amended to read as follows:

10.3 Approved Finance

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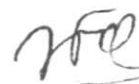




- (a) Within the scope of the Approved Financing Plan and the required 3:1 debt-to-equity ratio, or 5:1 debt-to-equity ratio, respectively for Mining Operations and Processing Operations, the Central Bank shall procure all necessary authorities for the following to be treated as Approved Finance:
- (i) loans (including loans from Affiliates and unrelated parties but excluding instruments defined to constitute Equity) to be used by the Joint Venturer exclusively for the purpose of financing or re-financing Mining Operations and/or Processing Operations of the Project, which are on terms no less favourable to the borrower and acceptable to the Central Bank than those generally available from international banks and financial institutions lending to companies for comparable projects; and
 - (ii) redeemable preference shares in the Joint Venturer and the subscription money in respect of those shares which are to be used by the Joint Venturer for the purpose of financing or re-financing Mining Operations and/or Processing Operations of the Project, which is subject to a redemption schedule commencing no earlier than full repayment of Approved Finance, excluding redeemable preference shares which have been designated as Equity in a notice to the Central Bank.
- (b) The Joint Venturer shall not at any time give notice to the Central Bank designating the redeemable preference shares of (a) above as Equity.
- (c) Equity for Mining Operations or Processing Operations of the Joint Venturer once designated as such shall not at any time thereafter be converted into, or deemed to be, Approved Finance.
- (d) Within thirty (30) days of each Test Date the Joint Venturer shall submit to the Central Bank:
- (i) a statement showing separately the balance of the Approved Finance for Mining Operations and

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Processing Operations as of the preceding Test Date (if any) expressed in US dollars;

- (ii) a schedule of drawdowns and repayments of Approved Finance, separately for Mining Operations and Processing Operations, made prior to the Test Date and after the preceding Test Date (if any), detailing the foreign currency (and if necessary the US dollar equivalent amount) and the date of each drawdown and repayment; and
- (iii) cumulative figures expressed in US dollars for each of the categories of expenditures described in Clause 9(3)(a) and (b), certified by a duly authorised officer of the Joint Venturer as having been derived in accordance with the last audited profit and loss statement.

(c) Clause 10.4 is amended to read as follows:

10.4 Distributable Profits

- (a) Before paying any dividend to a shareholder outside Papua New Guinea, the Joint Venturer shall present to the Central Bank an original taxation clearance certificate (where required) and a full set of audited profit and loss statements and balance sheet with accompanying notes which:
 - (i) have been certified by a duly authorised officer of the Joint Venturer as having been prepared in accordance with generally accepted accounting principles;
 - (ii) show that there are Distributable Profits in respect of which, or in respect of part of which, the dividends are to be declared, after deducting and showing separately the costs of Mining Operations and Processing Operations; and
 - (iii) in the balance sheet show separately the outstanding balance of the Approved Finance in respect of Mining Operations and Processing Operations of the Joint Venturer.
- (b) Within a period of two (2) weeks from the date of receipt of the application to pay dividend, the Central Bank may if on

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reasonable grounds it is not satisfied that there are Distributable Profits out of which the dividend is to be paid, require the Joint Venturer to submit additional information showing that there are sufficient Distributable Profits.

- (d) Clause 10.14 is amended by amending the definition "Accounting Profits" to read as follows:

"Accounting Profits" means the Joint Venturer's Branch book profits, calculated in accordance with generally accepted accounting principles and arrived at after deducting:

- (a) separately the costs of Mining Operations and Processing Operations; and
 - (b) in relation to:
 - (i) each year of income, the Income Tax which have been paid or will be payable by the Joint Venturer on its income from the Project for that year; or
 - (ii) an interim period prior to the finalisation of the annual accounts, the Income Tax which would be payable by the Joint Venturer in respect of income from the Project derived by the Joint Venturer during that period on the basis that the Joint Venturer continued to derive income during the whole of the year of income of which the period forms a part, at the same daily average rate as in that period.
- (e) by amending Clause 10.16 to read as follows:

10.16 Approved Finance and Test Dates

- (a) Within the scope of the Approved Financing Plan and the required 3:1 debt-to-equity ratio, or 5:1 debt-to-equity ratio, respectively for Mining Operations and/or Processing Operations, the Central Bank shall procure all necessary authorities for advances from the head office to the Papua New Guinea Branch (other than Branch Capital), which are to be used exclusively for the purpose of financing or refinancing Mining Operations or Processing Operations and are on terms no less favourable to the Branch and acceptable to the Central Bank than those generally available from international banks

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and financial institutions lending to companies for comparable projects, to be treated as Approved Finance.

- (b) Within thirty (30) days of each Test Date the Joint Venturer shall submit to the Central Bank:
- (i) a statement showing separately the balance of the Approved Finance for Mining Operations and/or Processing Operations as of the preceding Test Date (if any) expressed in US dollars;
 - (ii) a schedule of advances entered in the Branch Accounts in respect of the Approved Finance, and debits made in the Branch Accounts in respect of payments thereof, separately for Mining Operations and Processing Operations, made prior to the Test Date and after the preceding Test Date (if any), detailing the foreign currency (and if necessary the US dollar equivalent amount) and the date of each advance and debit; and
 - (iii) cumulative figures expressed in US dollars for each of the categories of expenditures described in Clause 9(3)(a) and (b), certified by a duly authorised officer of the Joint Venturer as having been derived in accordance with the last audited profit and loss statement for the Branch.
- (f) by amending Clause 10.17 to read as follows:

10.17 Branch Profits and Distributable Profits

- (a) If the Joint Venturer wishes to make a debit in the Branch Accounts against the Branch Profits it shall present to the Central Bank an original taxation clearance certificate (where required) and profit and loss statements for the Branch which:
- (i) have been certified by a duly authorised officer of the Joint Venturer as having been prepared in accordance with generally accepted accounting principles;
 - (ii) show that there are Branch Profits in respect of which, or in respect of part of which, the debit is to be made; and

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- (iii) show the Branch Profits after deducting and showing separately the costs of Mining Operations and Processing Operations.
- (b) The Joint Venturer may make a debit in the Branch Accounts, against the Branch Profits, of amount no greater than that Branch Profits as shown in the profit and loss statements under (a) above.
- (c) Before paying any dividend in respect of Branch Profits to a shareholder outside Papua New Guinea, the Joint Venturer shall present to the Central Bank an original taxation clearance certificate (where required) and profit and loss statements which:
 - (i) have been certified by a duly authorised officer of the Joint Venturer as having been prepared in accordance with the generally accepted accounting principles; and
 - (ii) show that there are Distributable Profits in respect of , which, or in respect of part of which, the dividends are to be declared, after deducting and showing separately the costs of Mining Operations and Processing Operations.
- (d) Within a period of two (2) weeks the Central Bank may, if on reasonable grounds it is not satisfied that there are Branch Profits or Distributable Profits out of which the dividend is to be paid, require the Joint Venturer to submit an audited profit and loss statements for the Branch and the Joint Venturer showing that there are sufficient Branch and Distributable Profits, after deducting and showing separately the costs of Mining Operations and Processing Operations.

13. Amendments to Clause 11 of the Contract - Marketing and Other Contracts

Clause 11 of the Contract is amended by amending Clause 11.4 to read as follows:

11.4 MCC dealings with Related Corporation of MCC

Notwithstanding the preceding provisions of this Clause 11, it is acknowledged and agreed by the Parties that MCC intends selling some or all of its share of Mine Products into the Chinese domestic market to companies which may be Related Corporations of MCC and in any event on

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terms that are applicable in the market for the Mine Product concerned having regard to the particular quantities on sale, delivery arrangements, term of supply and commitments to both supply and take that Mine Product.

14. **Amendments to Clause 12 of the Contract**

Clause 12 of the Contract is amended to read as follows:

12 STATE'S OPTION NOT TO BE EXERCISED

The State acknowledges and agrees with the Joint Venturers that:

- (a) as a consequence of National Executive Council Decision No. 58/2005 (Special meeting No 13/2005), the State has decided not to exercise the State's equity option referred to in Clause 12 of the Original Mining Development Contract; and
- (b) Orogen Minerals (Ramu) Limited no longer has rights under the Option Agreement to acquire a 25% interest from the State or from Mineral Resources Development Company Limited.

15. **Amendments to Clause 19 of the Contract - Patent and Technology Rights**

Clause 19 of the Contract is amended to read as follows:

All know-how within the meaning of section 163N of the Income Tax Act developed within the Project shall remain the property of the Joint Venturers.

16. **Amendments to Clause 21 of the Contract - Termination**

Clause 21.1 of the Contract is amended to read as follows:

21.1 Joint Venturers' Right to Terminate

The Joint Venturers together may terminate this Contract at any time after the Commencement of Commercial Production by giving twelve (12) months' notice to the State.

17. **Amendments to Clause 22 of the Contract - Consequences of Termination**

Clause 22 of the Contract is amended as follows:

- (a) Clause 22.1(d) is amended by deleting the reference to one (1) year and substituting a reference to two (2) years; and

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- (b) Clause 22.2 of the Contract is amended to read as follows:

22.2 Reversion of Property to State

Upon expiry of the two (2) year period referred to in Clause 22.1 (d), all Project Assets which remain on the Mining Area shall become the property of the State without any cost to the State or any liability for the State to pay compensation therefor.

18. Amendments to Clause 27 of the Contract - Stability of Terms

Clause 27 of the Contract is amended as follows:

- (a) by amending Clause 27.1 to read as follows:

27.1 Agreed Terms and Material Adverse Change

The State is committed to maintaining the long term stability of the Agreed Terms.

- (b) by amending Clause 27.2 to read as follows:

27.2 Stabilisation

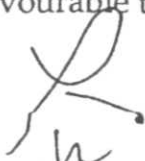
If at any time during the period commencing on the date of this Contract and ending on the date which is ten (10) years after the Commencement of Commercial Production, the Agreed Terms are altered or affected by any legislative or administrative action of the National Government, any provincial or local-level government or any government agency in such a way as to cause a Material Adverse Change for any Joint Venturer, the State shall indemnify the Joint Venturer, but only to the extent of the financial loss to the Joint Venturer or the reduction in dividends or other payments payable by it caused by the Material Adverse Change and when assessed on its own and not in concert with factors which do not form part of the Agreed Terms.

- (c) by amending Clause 27.7 to read as follows:

27.7 Most Favoured Investor

If at any time, whether before or after the date of this Contract, an investor in a development project in Papua New Guinea has been or is accorded by a contract or agreement with the State or otherwise more favourable treatment in respect of the stability of fiscal and

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other terms than has been given to the Joint Venturers under this Clause 27, then that more favourable treatment (including, if appropriate, those fiscal and other terms) will be offered by the State to each of the Joint Venturers and if a Joint Venturer accepts that offer:

- (a) that more favourable treatment shall be deemed to apply to it by force of this provision from the later in time of the date on which that Joint Venturer became party to this Contract and the date on which those terms are so first accorded to such other investor; and
- (b) the Parties shall amend this Contract to give effect to that more favourable treatment in respect of such Joint Venturer and if the Parties are unable to agree on those terms, either Party may refer the dispute, within thirty (30) days, to a Sole Expert for a determination as to what are the amendments required to this Contract in the circumstances and on such determination the Parties shall amend this Contract in accordance with the provisions of Clause 31.

19. Amendments to Clause 33 of the Contract - Notices

Clause 33 of the Contract is amended by amending Clause 33.1(b) to read as follows:

- (b) Each such Notice shall, as elected by the Party giving such notice, be personally delivered or transmitted by telex or facsimile to the other Party at the address in Papua New Guinea as given below.

Notice to the State -

The Secretary
 Department of Mining,
 Konedobu, PNG
 Telex No. NE22211
 Answerback: WABRO
 Fax No: (675) 321-3701

Notice to the Joint Venturers -

The Manager
 Ramu NiCo Management (MCC) Limited
 care of:

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 [Signature]

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Level 1, Mogoru Moto Building
Champion Parade
Port Moresby, PNG
Fax No: (675) 320-0361

with copies to –

MCC Ramu NiCo Limited
care of:
MCC Global Resources Development
No 11 GaoliangqiaoXieJie
Haidan District
Beijing, China
Fax No: (86-10) 8216-9643/9988

Ramu Nickel Limited
9th Floor, Pacific Place
Musgrave Street
Port Moresby, PNG
Fax No: (675) 321-7633

Mineral Resources Development Company Limited
Level 1, First Heritage Centre
Waigani,
Port Moresby, PNG
Fax No: (675) 321-5164.

20 Amendments to Schedule I of the Contract - the Special Mining Lease

Schedule I shall be amended as follows:

SCHEDULE I

FORM OF SPECIAL MINING LEASE No. 8

INDEPENDENT STATE OF PAPUA NEW GUINEA

Mining Act 1992

Mining Regulation 1992

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Act, sec. 33, 36

Reg. Sec. 2

FORM 3

SPECIAL MINING LEASE No. 8

I, SILAS ATOPARE, G.C.M.G, K.St.J, Governor General of the Independent State of Papua New Guinea (the State) by virtue of the powers conferred by the Mining Act 1992 (the "Act") and all powers me enabling, and in accordance with the Mining Development Contract dated 26 July 2000 (the "Mining Development Contract") acting with and in accordance with the advice of the National Executive Council, HEREBY GRANT to Ramu Nickel Limited, a company incorporated in Papua New Guinea with its registered office at Level 9, Pacific Place, Musgrave Street, Port Moresby, and Orogen Minerals (Ramu) Limited, a company incorporated in Papua New Guinea with its registered office at Level 2, Ela Beach Tower, Musgrave Street, Port Moresby, (collectively referred to as the "Lessee") Special Mining Lease No. 8 (the "Lease") over land situated at Kurumbukari in the District of Usino-Bundi in the Madang Province and more particularly described in Appendix 1 (the "Land"), as may be varied from time to time, for a term of Forty (40) years from the date hereof, and such extensions of the term as may be endorsed hereon for the purpose of mining minerals in accordance with the Act and subject to the following conditions:-

- (1) The Lessee shall comply with the Approved Proposals for Development attached hereto as Appendix 2, as may be varied from time to time;
- (2) The Lessee shall adhere to the Conditions of the Mining Development Contract;
- (3) The Lessee shall commence construction of the Mine within 36 Months of the grant of the Special Mining Lease or from the date of financing being secured whichever first occurs;
- (4) Without limiting the obligations imposed on the Lessee, the Lessee shall compensate the owners of land which is located within the boundaries of this Special Mining Lease in accordance with the Act and the Approved Proposals for Development;
- (5) The Lessee shall provide the Department of Mining six monthly reports on any exploration activity carried out on the Land;
- (6) The Lessee shall construct or provide improvements on the Land, substantially as specified in the Approved Proposals for Development, or as otherwise agreed from time to time between the Lessee and the State;
- (7) The Lessee shall not, without the consent of the State, which consent shall not be unreasonably withheld, use the Land for any purpose other than for which it was granted pursuant to the Act, the Mining Development Contract and the Approved Proposals for Development;
- (8) The Lessee shall use its best efforts to accommodate traditional land uses to the degree that such uses are consistent with efficient and safe mining practices and are compatible with the performance of the Lessee's obligations under the Mining Development Contract;

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- (9) This Special Mining Lease, or any renewal thereof, may not be cancelled under the Mining Act unless the Mining Development Contract has been terminated and therefore this Special Mining Lease shall only terminate:
- (a) if the Mining Development Contract is properly terminated in accordance with its terms or by the agreement of all the parties to the Mining Development Contract for the time being; or
 - (b) on the expiry of its term including any extension thereof,
- whichever occurs first.

Dated at Port Moresby this 26th day of July 2000.

Signed for and on behalf of the)
 INDEPENDENT STATE OF PAPUA)
 NEW GUINEA by the Governor -)
 General Sir Silas Atopare, G.C.M.G,)
 K.St.J acting with and in accordance with) Governor General
 the advice of the National Executive)
 Council in the presence of:)

.....

Witness
Name (printed)

21. Amendments to Schedule II of the Contract - Duties on Imported Goods

Schedule II shall be amended as follows:

SCHEDULE II

Goods and Consumables excluded from the Exemptions in Clause 6.3(a)(ii)

Import Duties		
	2501.00.10	Salt Packages in containers/bags less than 25kg

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	Chapter 34	Soaps, Detergent, Cleaning agents for use as Consumables (but not for use in production areas)
	3917.21.00	Tubes, pipes, hoses of polymers of ethylene for use as Consumables (but not for use in production areas)
	3917.29.00	Tubes, pipes, hoses of other plastics for use as Consumables (but not for use in production areas)
	3917.32.00	Other flexible tubes, pipes, hoses reinforced for use as Consumables (but not for use in production areas)
	3917.33.00	Others for use as Consumables (but not for use in production areas)
	3920.20.10	Other plates, sheets, film of plastic- printed for use as Consumables (but not for use in production areas)
	3923.10.20	Foam trays
	4421.	Other articles of wood for use as Consumables (but not for use in production areas)
	Chapter 69	For use as Consumables (but not for use in production areas) - Replacements only
	7317.00.00	Nails, tacks ,drawing pins, corrugated nails, staples, (other than those of heading 83.05) and similar articles, of iron or steel, whether or not with heads of other material , but excluding such

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		articles with heads of copper for use as Consumables after completion of construction (but not for use in production areas)
Excise Duties		
	Chapter 22	Alcohol Products
	Chapter 24	Tobacco Products
	Cars, as defined in the Goods and Services Tax Act 2003	

22. Insertion of a new Schedule III of the Contract

A new Schedule III shall be inserted as follows:

Schedule III

Provisions Applying to Contractors

- (a) The State agrees that:
- (i) if MCC and/or the Manager has, within twenty-one (21) days of entering a contract or other arrangement with a party who will claim status as a Contractor under this Contract, provided to the Internal Revenue Commission of the Papua New Guinea:
- (A) up to date details of that Contractor's:
- (1) name;
 - (2) place of principal residence;
 - (3) place of residence in Papua New Guinea, if any;
 - (4) duration of any applicable residency or stay in Papua New Guinea; and

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- (B) the basis on which it is claimed that the Contractor concerned is entitled to claim the benefits expressed by this Contract as being available to Contractors, including details of any relevant contract or other arrangement to which that Contractor is party or under or through which it will claim its status as a Contractor,

then the Commissioner General of Internal Revenue for Papua New Guinea will forthwith issue that Contractor with a registration number (for the purposes of this Schedule, called the "Registration Number") for the purposes of permitting such claims to be made;

- (ii) a Contractor shall be entitled to claim the benefit of exemptions from excise and duties on imported goods under Clause 6.3(b)(ii) if, at the time of the importation into Papua New Guinea of the goods or Consumables concerned, the Contractor lodges a declaration signed by the Contractor with the Internal Revenue Commission containing the following:
- (A) the Registration Number;
 - (B) if the Contractor is a company, a company stamp;
 - (C) an inventory of the goods and Consumables concerned and the point of home entry into Papua New Guinea;
 - (D) a statement that the relevant goods and Consumables are to be used exclusively for the purposes of the Project; and
 - (E) a commitment by the Contractor to account to the Internal Revenue Commission for duty for goods and Consumables not used for the purposes of the Project; and
- (iii) MCC and the Manager shall each have sufficient interest and standing to enforce the provisions of this Contract relating to Contractors and may claim as its loss the loss suffered by any Contractor as result of the State's failure to comply with such provisions.
- (b) The Joint Venturers acknowledge and agree that:
- (i) unless a Contractor has been issued with a Registration Number and complies with paragraph (a)(ii), it will not be

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entitled to enjoy the benefits expressed by this Contract as being available to Contractors; and

- (ii) no Contractor shall have power or standing to enforce the provisions of this Contract directly against the State.

23. Effect of this Amending Agreement

The Parties:

- (a) agree that:

- (i) neither this Amending Agreement nor anything done or intended to be done by it affects any acts or things undertaken by either Party in accordance with the Contract terms prior to the date of this Amending Agreement and without limitation, this Amending Agreement does not serve to release either Party from any liability to the other party for breach of any Contract term occasioned prior to the date of this Amending Agreement; and
- (ii) the Contract as amended by this Amending Agreement applies on and from the Effective Date for all purposes as the Contract and subject thereto, agree that the validity of Contract is hereby ratified and confirmed; and

- (b) confirm, without limitation, that:

- (i) the leases, rights, permits, licences and grants pursuant to the Mining Act and the Land Act, issued as contemplated by Clauses 3.1 and 3.2 of the Contract, including the Special Mining Lease, have been validly and effectively issued and continue to apply to the Project and the Parties; and
- (ii) the rights and obligations of the Original Joint Venturers (as that term is defined in the Contract as amended by this Amending Agreement) and/or Ramu Nickel Limited and Mineral Resources Ramu Limited (as applicable) under the compensation agreements entered into under Clause 3.4 of the Contract have been assigned to and assumed by the Joint Venturers as tenants in common.

24. Incorporation of terms into this Amending Agreement

Clause 2 (Interpretation), 25 (Arbitration) and 26 (Law Applicable) of the Contract as amended by this Amending Agreement shall apply to this Amending Agreement as

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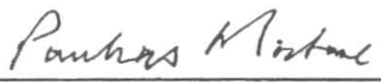
if they were each set forth in this Amending Agreement in full with only such adjustments as are necessary to give them proper effect in the circumstances.

IN WITNESS WHEREOF this Amending Agreement has been duly executed as a Deed by the Parties on the date first aforesaid

SIGNED for and on behalf of the
INDEPENDENT STATE OF PAPUA NEW
GUINEA by the Governor General acting
With and in accordance with the advice of
the National Executive Council in the
presence of:



Signature of witness




His Excellency, Grand Chief Sir
Paulias Matane, GCL, GCMG, K.St.J
Governor General of Papua New
Guinea




Name of witness

THE COMMON SEAL of MCC RAMU
NiCo LIMITED was affixed by authority of
the Board of Directors in the presence of, and
the sealing is attested by



Signature of director



Name of director



Signature of director

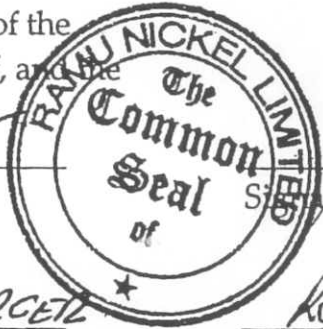


Name of director

THE COMMON SEAL of RAMU NICKEL LIMITED was affixed by authority of the Board of Directors in the presence of, and the sealing is attested by:

Signature of Secretary

Ian R Holzberg
Director



Signature of director

Rosney Ian Mitchell

Name of Secretary

Ian R Holzberg
Director

Name of director

THE COMMON SEAL of MINERAL RESOURCES RAMU LIMITED was affixed by authority of the Board of Directors in the presence of, and the sealing is attested by:

Signature of Secretary

John J Baum
Director



Signature of director

J.F. Kaupa

Name of Secretary

John J Baum
Director

Name of director

J.F. Kaupa

THE COMMON SEAL of MINERAL RESOURCES MADANG LIMITED was affixed by authority of the Board of Directors in the presence of, and the sealing is attested by:

Signature of Secretary

David Tigam
Director



Signature of director

J.F. Kaupa

Name of Secretary

David Tigam
Director

Name of director

J.F. Kaupa