

# Ok Tedi

is an open pit copper and gold mine in the Star Mountains region of Papua New Guinea (PNG).



Type of mine	Open pit copper and gold
Ownership	52 percent PNG Sustainable Development Program Ltd (PNGSDPL); 30 percent PNG Government; 18 percent Inmet
Inmet's revenues	30 percent
Opened	1984
Expected closure	2013
Land owned	36,659 hectares
Land disturbed	2,581 hectares
Distance from nearest town	Tabubil to Mine / Mill – 20 km
Main activities in surrounding area	Small traditional PNG villages
Employees	2,100
National employees	2,000
Donations to the local community	In addition to monetary donations including sponsoring sporting teams and community groups, Ok Tedi spends ~US\$2 million per year on medical treatment for local and regional communities, and recently built and sponsored a women's community centre.
Proportion of spending locally	52 percent (within PNG)
Methods of waste disposal	General – Landfill or High temperature incineration. Hazardous – Shipment to specialized waste treatment facility (Australia). Mine waste – riverine tailings disposal. – waste rock disposal areas.
Emergency Preparedness and Response Plan	Updated in 2008 with desktop review undertaken.
Tailings management system	Riverine discharge, sulphur removal with pyrite flotation.
Tailing Operations, Maintenance and Surveillance (OMS) Manual	No
Status of closure plan	2006 draft mining closure plan was submitted to Government in Dec. 2006, and has been accepted. 2009 detailed plan currently being developed for submission in 2009.
Community relations committee	Community Relations Department communicates with approximately 152 villages and handles all community communications and issues, including the community development Foundation. The Ok Tedi Development Foundation assists in community and regional development in the areas of "Economic Programs"; and "Rubber, Rural, Ecotourism, and Community Development Programs".

The benefits of delivery of healthcare, education and employment, as well as dividends to national and local beneficiaries in Papua New Guinea offset the mine's negative environmental and social impacts and provide investment in projects to help achieve a sustainable future for local residents and PNG as a whole.

## Ok Tedi's performance

Ok Tedi invests considerable time and resources to achieve three main objectives:

- Ensure the mine is economically viable
- Ensure the mine uses the best science possible to identify and mitigate the environmental and health impacts of riverine mine waste disposal
- Ensure a sustainable future for local residents living along the Ok Tedi and Fly Rivers

Ok Tedi Mining Limited (OTML) owns and operates the Ok Tedi mine by virtue of the Mining (Ok Tedi Agreement) Act of 1976 (as amended) and under various mining leases under grant from the Government of Papua New Guinea.

OTML has three owners:

- Inmet Mining Corporation (18 percent interest)
- PNG Sustainable Development Program Limited (52 percent interest), which is independent of the Government of Papua New Guinea
- Government of Papua New Guinea (30 percent interest)

The OTML board's structure provides for six directors:

- One nominee representing each shareholder
- Three independent directors (including the Managing Director), each with international mining experience who are appointed by mutual agreement of the shareholders

### Operate safely

Ok Tedi's safety performance was mixed in 2008. Reported LTIs increased from three to eight and as a result LTIF increased nearly 130 percent over the 2008 results. DIF decreased nine percent because of fewer modified work cases. TIF was unchanged from 2008 and severity decreased nine percent. Despite the increase in LTIF, Ok Tedi's rate was 0.1 injuries per 200,000 work hours and remains one of the lowest rates in the industry.

Ok Tedi has established a target of "zero harm" with practical health and safety management solutions that are built into day-to-day operations. It has identified key risk areas as disabling workplace injuries related to hand and finger injuries and light vehicle incidents. Ok Tedi is moving towards achieving AS4801\* certification for its health and safety management system and improving effective leadership at all levels by teaching the psychology of safety to senior leaders. The mine's Safety Action Plan for 2007–2009 includes employee and contractor safety.

\* AS4801 is an internationally recognized occupational health and safety management system developed in Australia.

### Protect the environment

Ok Tedi began commissioning of its sulphur removal process late in 2008. Constructed at a capital cost of more than US\$ 150 million, the sulphur removal system produces a pyrite concentrate from the tailings stream. The pyrite is transported in a 130 kilometre-long pipeline to permanent storage cells adjacent to dredged river sediments storage. Pyrite removal is intended to help reduce the potential for acid drainage in tailings discharged into the Ok Tedi river system. Dredging of sediments from the Ok Tedi River continued in 2008, although at a somewhat reduced rate as the dredge was called into service to help construct the pyrite storage cells.

### Treat people and communities well

PNG Sustainable Development Program Limited is mandated to use future dividend payments from OTML to fund current and long-term sustainable development projects in Papua New Guinea and in particular, the Western Province.

Under its social licence to operate, OTML continued to deliver compensation benefits through the revised Community Mine Continuation Agreement (CMCA) package. The revised CMCA package was valued at 1.1 billion Kina. It entered its second year of its five-year implementation period in 2008.

In 2008, OTML Regional Development Department and Community Relations delivered to the CMCA regions both projects and cash compensation monies which were paid into family accounts. Projects delivered ranged from community infrastructure such as water supply systems to small business activities such as poultry farming. Altogether a total of 209 CMCA projects were delivered in 2008.

Approximately 160 villages along the Ok Tedi and Fly Rivers are parties to the revised CMCA's which consist of three parts:

1. A four-fold increase in direct compensation
2. Funding of development projects within the impacted area by the PNG Sustainable Development Program Company to a minimum of approximately US \$7 million per year over six years
3. A commitment by the PNG National Government to spend one-sixth of its 30 percent dividend on development projects within the impacted areas under a new trust fund arrangement

Initiating the implementation of CMCA's is a positive outcome for Ok Tedi and the people of Papua New Guinea as the process continues to build a culture of sustainable development that will benefit the region after 2013 when the mine is expected to close.