



MINERAL RESOURCES DEVELOPMENT COMPANY LIMITED

MEDIA RELEASE

SUBJECT: MINING & PETROLEUM RESOURCE LANDOWNER CREDITORS

PORT MORESBY: Mineral Resources Development Company Ltd (MRDC) is advising creditors for the Mining and Petroleum Resource landowners (in Kutubu, Gobe, Moran and the Kikori Pipeline areas and other Mining Areas) that MRDC and its subsidiary companies will not entertain requests to settle outstanding landowners' creditors.

MRDC is required by law to prudently manage beneficiaries' equities. The Company has no legal obligation to settle personal debts incurred by the Incorporated Land Group (ILG) Chairman or their members residing in Port Moresby or any other area.

Our decision not to repay ILG Chairmen and others' debts is in line with a Supreme Court ruling of 03rd November 2005 on the Makapa Timber Permit Area (TPA) in the Western Province by (then) Deputy Chief Justice Salamo Injia and Justices Mark Sevua and Nicholas Kirriwom which states clearly that even ILG Chairmen have no authority to commit ILG monies for debt incurred by them. The costs incurred without approval from the members of the ILG is regarded as a personal debt.

The Supreme Court ruling further pronounces that creditors cannot take out garnishee order against organisations like MRDC which are merely trustees of project landowner beneficiaries.

MRDC office receives numerous correspondences and personal appearances by landowner creditors in relation to highly inflated outstanding debts owing by Petroleum Resources ILGs and their members.

MRDC has refused to entertain such claims and will not continue to accept responsibility for any ILG creditors' invoices under these circumstances.

Approved for Release

Authorised by

Mr. AUGUSTINE MANO
Managing Director

11 February 2011