



We are Ok Tedi

ANNUAL REVIEW 2020



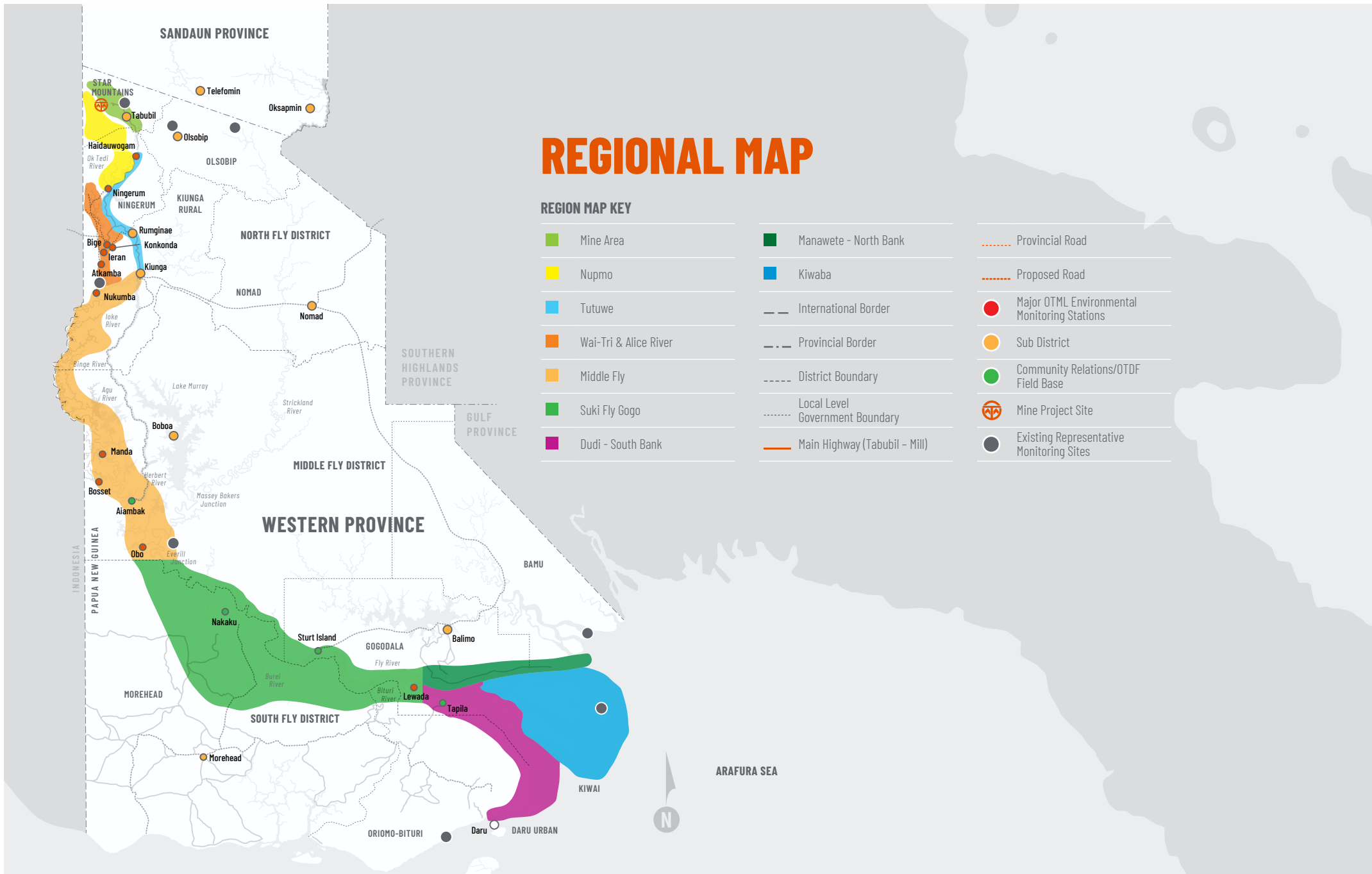
REGIONAL MAP

REGION MAP KEY

- Mine Area
- Nupmo
- Tutuwe
- Wai-Tri & Alice River
- Middle Fly
- Suki Fly Gogo
- Dudi - South Bank

- Manawete - North Bank
- Kiwaba
- International Border
- Provincial Border
- District Boundary
- Local Level Government Boundary
- Main Highway (Tabubil - Mill)

- Provincial Road
- Proposed Road
- Major OTML Environmental Monitoring Stations
- Sub District
- Community Relations/OTDF Field Base
- Mine Project Site
- Existing Representative Monitoring Sites



Our mine is **owned by the nine million people of PNG**, and it is our role to make sure that Ok Tedi is a company PNG can be proud of.

The Mine **distributes benefits** amongst local Western Province communities.

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our Mine our Pride our Future

100% Papua New
Guinean, owned
by the State, the people
of Western Province,
and Mine Associated
Communities.

Committed to safety:
Nobody Gets Hurt.

Launched new goal:
To be the leading
PNG Mining Company.

2020 HIGHLIGHTS

ECONOMIC

- Contributed **4.1%** of PNG's Gross Domestic Product (GDP)
- **PGK 725 M** (USD 206 M) profit after tax
- **PGK 550 M** (USD 157 M) dividend paid
- Provided **USD 552 M** foreign currency into PNG market

ENVIRONMENTAL

- The Mine was compliant with its corporate environmental obligations

PEOPLE

- **97%** of the workforce was of PNG origin
- **39%** from the Western Province and preferred area
- **11%** female workforce
- The total workforce was **1,781**, including 143 trainees
- Invested **PGK 17.2 M** on education and training

SAFETY AND OCCUPATIONAL HEALTH

- The Total Recordable Injury Frequency Rate (TRIFR) was **0.63**
- Lost time injuries (LTI) were **zero**
- Managed COVID-19 outbreak with no deaths

SOCIAL

- Value of contracts to PNG companies was **PGK 1 billion** to the Province and PNG economy
- Contributed **PGK 40 M** to Tax Credit Scheme (TCS) infrastructure projects
- Procured **41%** of the total value of goods and **49%** of service contracts from PNG businesses

To learn more about OTML and this annual review, visit: www.oktedi.com or contact: corporate-socialresponsibility@oktedi.com

SINCE THE START OF MINING OPERATIONS IN 1984, OTML HAS PRODUCED:

5.01 MILLION
TONNES
COPPER

15.4 MILLION
OUNCES
GOLD

35.4 MILLION
OUNCES
SILVER

PKG **4.3** BILLION
ROYALTIES

PKG **9.7** BILLION
TAXES/DUTIES

PKG **12.2** BILLION
DIVIDENDS
TO PNG SHAREHOLDERS

PKG **1.3** BILLION
COMPENSATION

PKG **811** MILLION
CMCA PAYMENT
(2001-2020)

PKG **415** MILLION
TAX CREDIT SCHEME
(1997-2020)

The mine generates significant wealth for PNG, Western Province, and the Mine Associated Communities

Ok Tedi Mining Ltd is a proudly 100% Papua New Guinean owned company operating in a remote area of Western Province. The Company has been mining copper, gold, and silver at Mt Fubilan Open Pit Operations for 37 years.

COMPANY PROFILE

OTML's registered office and senior management team are located in Tabubil, with support operations based in Tabubil, Kiunga Port and Bige. OTML also have a representative office in Port Moresby, and a marketing logistics office in Brisbane, Australia.

The Company aims to generate and distribute benefits amongst local Western Province communities, specifically the Mine Villages, Community Mine Continuation Agreement (CMCA) communities, the Fly River Provincial Government (FRPG) and the Independent State of PNG. The success of the project is primarily measured by its safety performance, financial performance, social development indicators, and the management and mitigation of environmental impacts.

The 2020 Annual Review presents and discusses an integrated financial and non-financial overview of OTML operations. All financial statements included in this review have been prepared in accordance with the *PNG Companies Act of 1997*, the International Financial Reporting Standards (IFRS), and generally accepted PNG accounting practices. Financial statements included in this report have also been verified by an external auditor, PriceWaterhouseCoopers (PwC).

The Global Reporting Initiative's (GRI) Standards have been used to guide the disclosure of non-financial information. The GRI reporting has been selectively verified externally by Materiality Counts Pty Ltd and the verification statement is included in this report.

REPORT BOUNDARY

This Annual Review relates to the material activities of Ok Tedi Mining Operations comprising the mining and processing of ore from the Mt Fubilan deposit, the transportation of slurry concentrates to Kiunga, and shipment to the silo vessel in Port Moresby. This report does not address the copper concentrate product after transfer from the silo vessel onto export vessels.

This report discusses the 2020 calendar year with comparisons to 2019 where available, and forward-looking predictions for 2021. Historical data can be found on the Ok Tedi website, and in previous Annual Reviews.

OTML's performance data is presented in the metric system. All monetary amounts are quoted in PGK (Papua New Guinea Kina) and/or USD (United States Dollars), unless otherwise stated.

The 2020 Annual Review has been split into two volumes, the Main Report and Financial Statements including assurance and GRI reporting. Both e-copies are available on the OTML website and printed copies are available from the Company directly.

CHANGES AND/OR RESTATEMENTS FOR THE 2019 ANNUAL REVIEW

If erroneous data or information was published in the 2019 Annual Review, then acknowledgement of the error/s is mentioned and rectified in the current Annual Review. The royalty payment for landowners was reported as PGK 32.3 M (USD 9.5 M) on Page 65. The correct amounts were PGK 30.7 M (USD 9.0 M). The subtotals reported as PGK 63.0 M (USD 18.5 M) on Page 65. The correct amounts were PGK 61.4 M (USD 18.1 M).

Inside Ok Tedi's newly commissioned Nurumi Crusher.

our Vision our Values



The Ok Tedi Vision:

*To be the leading
PNG Mining company,
setting the benchmark
across all aspects of
business in PNG.*

Yvonne Walo at the Port of Port Moresby.

Our Vision centres around the principle that “nobody gets hurt, operating as one integrated team from pit to port: a high-performance organisation with employees proud to be part of a successful PNG-owned company”.

The Ok Tedi Values that guide expected behaviours of all people in our Company are:



SAFETY, ENVIRONMENT

we care about our employees, business partners and our communities' well-being.



INTEGRITY

we expect honesty, trust, fairness, and respect.



ACCOUNTABILITY

we own our jobs; we meet our commitments.



PERFORMANCE

we give our best every day and seek to continuously improve.



TEAMWORK

our goals are common, our successes shared.

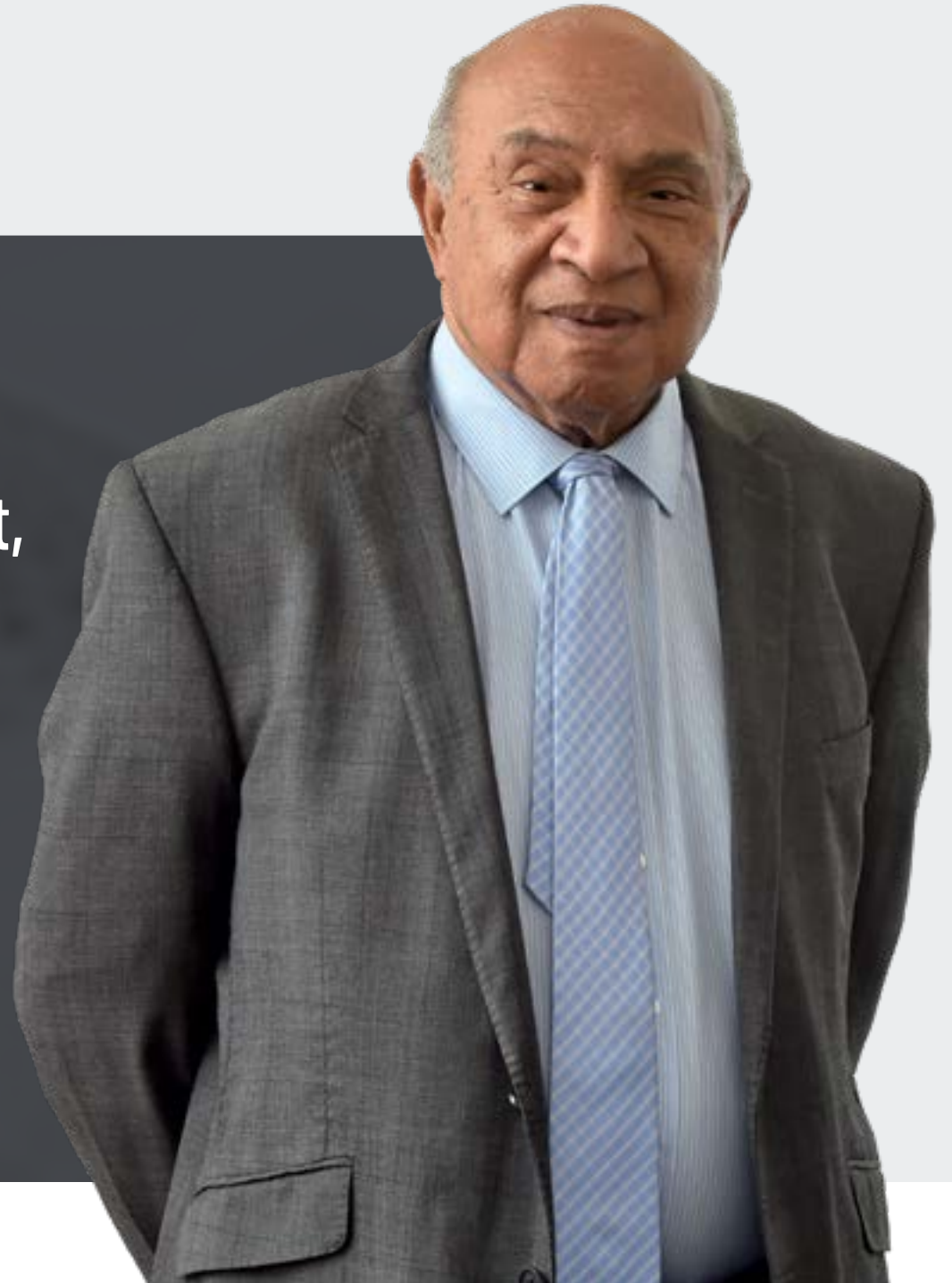


SUSTAINABILITY

we use what we need and conserve what we can.

The Board extends its appreciation to management, our employees, business partners, and communities for their ongoing efforts and contribution.

Sir Moi Awei KBE
Chairman



CHAIRMAN'S REPORT

I am pleased to report that during the 2020 year the Company made substantial progress in achieving its safety vision of “Nobody Gets Hurt” with no lost time injuries recorded and the total recordable injury frequency rate improving by 42%.

This excellent result reflects the Company's focus on strengthening safety systems and awareness, and improving personal behaviours. Continuing this improvement remains a priority in 2021 so our workforce can work and go home injury free.

The Company had another strong year despite suspending operations for nearly six weeks to address cases of COVID-19 at the mine site. The Company generated an after-tax profit of PGK 725 million (M). As a result, the Board declared and paid PGK 550 M in dividends, while completing the investment in the critically important Crusher Replacement Project (CRP) which was successfully commissioned in late 2020.

At the end of the year the Company retained a strong and healthy balance sheet being debt free and holding PGK 335 M in cash. The value of this was demonstrated when a fire occurred at the processing facility on 20 December 2020. The damage caused a total plant outage of 17 days and a further 25 days when the plant operated at half capacity. Cash held by the Company ensured that the impact of this event could be absorbed without a need to borrow money.

Another key achievement in 2020 occurred in August when the Board approved an updated strategic business plan that included an extension of mine life from 2026 to 2029. This extension represents the culmination of many years of detailed strategic planning work and will see the Company generate an additional PGK 10 billion of revenue to the benefit of stakeholders. The Company will continue to invest in near-mine exploration to extend mine life beyond 2029.

Adding to mine life, delivering strong operating results, and doing so safely, is a team effort. The Board extends its appreciation to management, our employees, business partners, and communities for their ongoing efforts and contribution.

The Board also wishes to acknowledge the significant contribution made by former Managing Director and CEO Mr Peter Graham. After joining OTML in May 2015, Peter oversaw a revision of strategy that added significant value to Ok Tedi. He instilled an operating and commercial discipline that allows the Company to be consistently profitable and maintain strong financial health despite a range of challenges encountered.

On 1 June 2020, Mr Musje Werror, Deputy CEO from 2015 to 2020, took over as Managing Director and CEO. The success of this smooth transition is reflected in the 2020 results which have been achieved in particularly difficult circumstances.

Over the past year we have continued to enjoy support from our communities and the Province. A key initiative of the Company is to support the preferential allocation of commercial opportunities to umbrella companies that represent the interests of mine villages, impacted communities, and the Province beyond direct equity holdings. We are continuing to support initiatives that broaden the industry base beyond mining such as the WestAgro project. The intent is to develop a financial resilience that will exist beyond Ok Tedi.

In 2020, the composition of the Board remained unchanged. I wish to thank the directors of the Company for their positive contributions and professionalism.

I would also like to take this opportunity to acknowledge and thank our trustee shareholder representing the State, the Prime Minister of Papua New Guinea, the Honourable James Marape and representatives of Mineral Resources No 2 Limited, Mineral Resources CMCA Holdings Limited and Mineral Resources Star Mountains Limited, for their continued and valued support throughout the year.

In summary, 2020 was an excellent year for Ok Tedi; safety performance improved significantly, mine life was extended from 2026 to 2029, the strategically critical CRP was successfully commissioned within the approved cost budget, financial discipline was maintained, and healthy dividends paid. The Board looks forward to a safe and prosperous 2021.



SIR MOI AVEI KBE

Chairman

2020 was a positive year for Ok Tedi with our proudest achievement being the improvement in safety performance.

Musje Werror
MD and CEO



MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REPORT

Ok Tedi safety performance in 2020 was one of the best years on record with no lost time injuries (LTI), and more importantly, less workers injured. The positive safety trend is reward for a substantial commitment to improved safety awareness and coaching for safe behaviours.

Despite this improvement there is more to be done. While no one suffered an injury requiring absence from work, nine people were injured requiring medical treatment. That is nine too many. Our safety vision is that 'Nobody Gets Hurt' and this remains the goal. In 2021 we are looking to build an improving culture of safety, while continuing to strengthen our safety systems.

During the past year, the harmonious relationship between the Company, the workforce, and our communities continued. Operating in the shadow of the COVID-19 pandemic meant that this relationship was tested more than ever as the Company implemented COVID-19 safe plans to protect the workforce, causing a series of disruptions and restrictions. To complete the year without significant interruption demonstrates the support the Company enjoys.

Honouring our social and environmental obligations is an important part of maintaining our key relationships, and in 2020 we were successful in meeting our commitments. We are particularly grateful for the efforts of our community relations, environmental, and Ok Tedi Development Foundation (OTDF) teams. The Bige team were able to exceed internal dredging and rehabilitation targets despite disruptions during the year.

The Company made significant progress in 2020 with two strategic achievements including the successful commissioning of the new crusher in December 2020. This was achieved by our dedicated project employees and contractors who have delivered a world class project without a LTI and on budget.

This project provides the platform for a step change increase in production and cash generation from 2023 and beyond. This will allow Ok Tedi to continue making a significant contribution to our communities and PNG's economic development. The OTML Board approved an updated life of mine plan that adds three years of mine life (from 2026 to 2029) increasing the value of the business by 19%. This will provide significant economic value to all our shareholders. The Company continues to invest in exploration to extend mine life further.

During 2020 production was impacted by two major events. The first occurred on 5 August 2020, when the Company suspended operations for six weeks in response to the first cases of COVID-19 recorded in Tabubil. The Company implemented measures to limit the spread of the virus and introduce protocols to allow a safe return to operation. Operations resumed on the 14th of September 2020 with the return to full production being gradual due to labour shortages directly associated with quarantine control measures.

The other major unplanned disruption to operations occurred on 20 December 2020 when there was a fire on a cable tray underneath the flotation Motor Control Centre (MCC) at the process plant. The fire caused damage to electrical and communications cable, and some parts of the flotation MCC, and resulted in a total plant outage for the remaining 11 days of the month (3% of the year).

As a result, copper production was 17% lower than the previous year. Gold production benefitted from a 9% improvement in recoveries, following a targeted improvement project, and was within 7% of 2019 production. The impact on revenue was cushioned by a stronger gold price with the average realised price for gold in 2020 being 26% higher than the previous year.

Total revenue of PGK 3.7 billion (USD 1.1 billion) was within 2% of the previous year and total operating costs were PGK 2.7 billion, which was 2% or PGK 49 M lower than the previous year.

The net result was an after-tax profit of PGK 725 M which was PGK 30 M lower than 2019. This profit enabled the Company to fund investment in the Crusher Replacement Project (PGK 146 M) and pay a PGK 550 M dividend, while retaining PGK 335 M of cash reserves and a balance sheet free of debt.

Overall, 2020 was a positive year for Ok Tedi. We adopted a new tagline "Our Mine, Our Pride, Our Future" which recognises that we understand the mine is owned by the eight million people of PNG, and it is our role to make sure that Ok Tedi is a company PNG can be proud of. We also recognise the important role Ok Tedi will have in the years to come.

Our achievements would not have been possible without the commitment and support of our workforce, communities, business partners, customers, Board, and shareholders. It was a true reflection of our 'One Team, Wan Pasin' spirit.

Finally, it would be remiss of me not to acknowledge the contribution made by former Managing Director and CEO, Peter Graham. In June I was honoured and humbled to be given the responsibility to lead this great company after spending five years working closely with Peter as the Deputy CEO. In his time with Ok Tedi, Peter led the effort to revise our business strategy and in so doing add significant value to Ok Tedi. He also instilled an operating discipline that serves us well when the difficult times inevitably come. For this we are grateful.



MUSJE WERROR

MD and CEO

OUR GOVERNANCE

OK TEDI BOARD OF DIRECTORS

The Board of Directors (the Board) is primarily responsible for the governance of OTML and operates in accordance with the Company's constitution and applicable legislation.

Board members are nominated by shareholders in accordance with the provisions of the Company's Constitution. The appointment of the Chairman is in accordance with Company Constitution. The Board has three standing committees: Safety, Health, Environment, and Community; Audit and Risk; and Appointment and Remuneration.

The profile of each Board member and description of each Committee function can be found on the OTML website, www.oktedi.com/about-us/board-of-directors.

The composition of the Ok Tedi Board of Directors as of 31 December 2020 is shown in the table below.

YEAR 2020				
BOARD MEMBER	POSITION	STATUS	DATE APPOINTED	COMMITTEE FUNCTION
Sir Moi Avei, KBE	Chairman	Independent Director nominated by State of PNG	04-Nov-14	Chairman – Appointment and Remuneration
Mr Musje Werror	CEO and MD	Ex-Officio	1-Jun-20	Member – Appointment and Remuneration; Safety, Health Environment and Community
Dr Roger Higgins	Non-executive Director	Independent Director nominated by State of PNG	04-Nov-14	Chairman – Safety, Health and Environment and Community
Mr Glen Kuri	Non-executive Director	Independent Director nominated by State of PNG	04-Nov-14	Member – Safety, Health and Environment and Community
Mr Augustine Mano	Non-executive Director	Independent Director nominated by pooled interest of Western Province Entities	23-Aug-18	Chairman – Audit and Risk
Mr James Byron Chan	Non-executive Director	Independent Director nominated by State of PNG	01-Aug-18	Member – Audit and Risk
Mr Robert Alphonse Kaiyun	Non-executive Director	Independent Director nominated by pooled interest of Western Province Entities	23-Aug-18	Member – Safety, Health and Environment and Community

Note: Mr Peter Graham, former MD and CEO departed the role on 31 May 2020.

The executive management team is responsible for policy development, planning and delivery of strategic economic, environmental, and community programs. Issues of high importance are escalated to the Board and Board Committees for review and action.

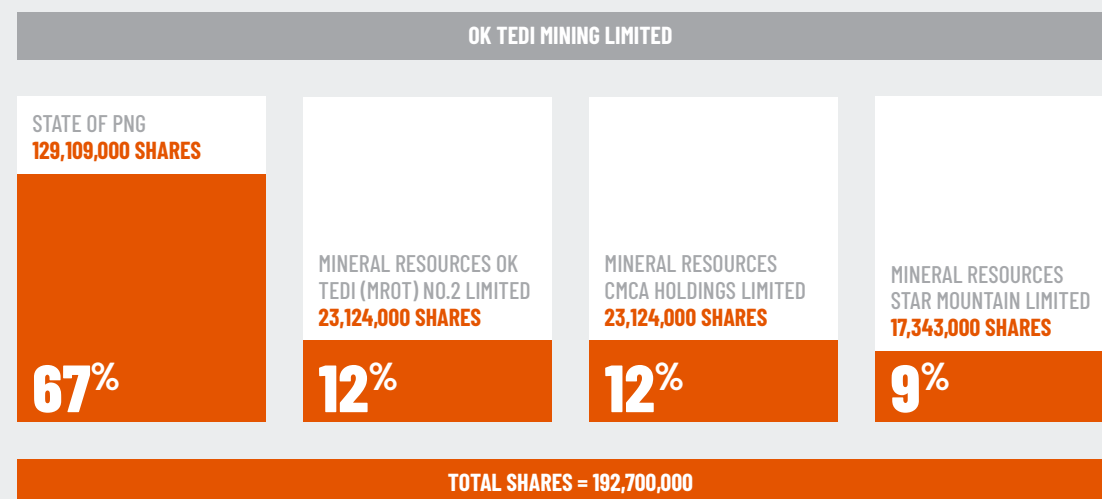
BOARD MAIN ISSUES

During 2020, the Board and standing committees met on eight occasions to consider the following issues:

- approval of key economic assumptions used for planning purposes;
- approval of the 2020 Strategic Business Plan; Three Year Plan (2021 to 2023) and the 2021 Annual Budget;
- approval of updated policies and guidelines;
- review and approval of matters exceeding the delegated authority of management;
- review of operating and business performance against plan;
- approval of the 2020 bonus and 2021 salary program for OTML employees; and
- distribution of dividends to shareholders.

SHAREHOLDER STRUCTURE

The shareholder structure for OTML as at 31 December 2020 is shown below with the State holding 67% and Western Province entities, 33%.



OUR GOVERNANCE

CODE OF CONDUCT AND BUSINESS ETHICS

The OTML Code of Conduct and Business Ethics (the Code) provides guidance to directors, employees, and stakeholders on adhering to the highest standards of business conduct and compliance with the law and best practise. The Code covers the use of the Company's resources and information, fraud, confidentiality, proprietary information, conflict of interest, gifts and entertainment, outside directorships, financial inducements and political contributions.

EXTERNAL STANDARDS, INITIATIVES AND GUIDELINES

The Company benchmarks its performance against the following PNG and international standards, initiatives, and guidelines:

- International Organisation for Standardisation (ISO); ISO14001:2004, the International Standard for Environmental Management Systems;
- Occupational Health and Safety Assessment Series (OHSAS) 18001:2007, the International Safety Management Standard;
- Australian Standards (AS)/ New Zealand Standards (NZS) ISO31000:2009, Risk Management, Principles and Guidelines;
- The Global Reporting Initiative (GRI) G4 Sustainability Reporting Framework and Guidelines;
- Mining (Safety) Act and Regulations;
- Mining Act;
- Ok Tedi Act;
- PNG Companies Act, 1997; and
- International Financial Reporting Standards (IFRS).

The Company complied with its various licences and permits during 2020.

RISK MANAGEMENT AND THE PRECAUTIONARY APPROACH

OTML uses a risk-based approach to guide the Company through the identification of major hazards and material risks in the workplace and from external sources that could impact on the business.

Enterprise Risk Management is used when evaluating economic, environmental, or social aspects of mining projects and major changes to the business.

The Board reviews significant business risks with the assistance of established standing committees. The precautionary principle is applied where there may be a lack of evidence to assist in the development of appropriate management plans.

MATERIALITY

OTML has prepared the 2020 Annual Review in accordance with the GRI Sustainability Core '100' Standards and selected reporting against the '200-400' Standards and the Mining and Metals Supplement to address OTML's material topics.

OTML has used a broad principled prioritisation to identify the material issues through strategic reviews, internal risk registers, major hazard reviews, and the collation of information from internal and external sources. The material issues are prioritised and aligned to the business materiality and GRI requirements.

OTML's sphere of influence has a broad reach across Western Province and also at a national level. OTML undertakes regular formal and informal consultation with the various stakeholder groups and maintains a stakeholder register through the Community Relations Department.

**OK TEDI IS
COMMITTED TO
MAINTAINING
ROBUST CORPORATE
GOVERNANCE
PRACTICES.**

ISSUE	KEY STAKEHOLDERS CONCERNED	ISSUE DESCRIPTION	GRI STANDARD	ANNUAL REVIEW SECTION
Delivery of the Strategic Business Plan	OTML, Government, Communities and Suppliers	Meet planned mining and processing production rates, balanced with management of safety, technical, environmental, social and operational challenges.	Economic 200	Business Review and Outlook
Waste rock, tailings, and pyrite management	OTML, Communities and Government	Waste rock and tailings impacting the riverine system. Remain compliant with Environment Regime.	Environment 300	Environment
Nobody Gets Hurt	OTML, Employees, Contractors and Government	Achieving zero harm to employees and contractors is a core value for OTML.	OHS 403	Safety
Community development projects and consultation	OTML, Government and Communities	CMCA community agreements rely on OTML, OTDF and TCS social development and infrastructure project delivery.	Social and Economic 102/40, 201, 203-1, 203-2	Social Responsibility and OTDF AR
Peoples' ability to execute operations strategy and plans	OTML, Employees, Contractors and Government	Skilled competent people are required to deliver OTML's strategy and plans.	People 201, 404-2	People

REPORTING

This Annual Review provides a comprehensive overview of the Company's activities and financial outcomes. The financial statutory accounts of the report are audited by PwC PNG against the IFRS and other generally accepted accounting practices in PNG. The non-financial reporting aspects of the Annual Review have been developed using the GRI Standards Core reporting guidance.

AUDITING

Insurance Audit

In January 2020, the International Mining Industry Underwriters (IMIUI) completed OTML's annual operational risk external audit. Ok Tedi has maintained a better than average commercial attractiveness to insurers. The 2020 IMIUI audit has demonstrated that the Ok Tedi operations are within the 'Low Risk' zone.

Financial Audit

The financial statements of the Company for the year ending 31 December 2020 have been audited by PwC PNG and its Independent Auditor's Report is included in this Annual Review.

we are safe

At OTML our goal is that
“Nobody Gets Hurt”.

In 2020, the safety
focus was on the
management of
COVID-19, assessment
of major hazards and
controls, and employee
and contractor safe
behaviour programs.

SAFETY

Ok Tedi Mining Limited (OTML) has implemented a Safety and Occupational Health Management System that aligns with the International Standard for Occupational Health and Safety Management Systems, OHSAS18001. The system addresses the major business hazards, measures both lag and lead indicators and has an advanced safety behavioural program. In 2020, safety performance continued to significantly improve with a Lost Time Injury Frequency Rate (LTIFR) of zero.

SAFETY PERFORMANCE

OTML reports against the industry standard lagging indicators for LTIFR, Total Recordable Injury Frequency Rate (TRIFR) and Significant Incident Frequency Rate (SIFR) for combined employees and contractors. In 2020, there were nine seriously injured workers and 18 significant incidents. The TRIFR of 0.63 was significantly lower than in 2019 (1.08), and below the target of 0.93. There were zero Lost Time Injuries (LTI), which was the best result since 1984.

SAFETY MANAGEMENT SYSTEMS

OTML's Safety Management System foundation is based on a systematic risk-based approach to identify potentially fatal or life changing hazards and risks.

In 2020, workplace reviews of major hazard activities were completed on COVID-19 management, vehicle interaction and safety, rotating equipment, and pinch points, working at heights, fatigue management, suspended loads, confined spaces, unplanned movement, and a review of all major hazards.

The emphasis has been on encouraging employees to complete quality Observations and Interactions (O&I). O&I is a formal procedure that requires employees to observe 'at risk' and 'safe' behaviours in the workplace. In 2020 over 20,000 O&I were completed.

LEADING INDICATORS

The iLead system sets and monitors compliance by all levels of management against a defined expectation of safety activities including Inspections, Hazard Identifications, and O&I each month.

In 2020 there was a focus on improving O&I in high-risk areas including the mine, the mill and construction sites. This resulted in work being completed safely, and in accordance with the correct procedures.

William Cardigan and Chris Herman, fire rescue officers adjusting their PPE.

SAFETY

SAFETY INDICATORS*

15.7	14.2	HOURS WORKED (MILLION PER ANNUM)
2	0	LOST TIME INJURIES
0.13	0	LOST TIME INJURY FREQUENCY RATE
17	9	TOTAL RECORDABLE INJURY
1.08	0.63	TOTAL RECORDABLE INJURY FREQUENCY RATE
31	18	SIGNIFICANT INCIDENTS
1.97	1.26	SIGNIFICANT INCIDENTS INJURY FREQUENCY RATE

LEADING INDICATORS**

14,739	29,109	INSPECTIONS
6,906	4,930	HAZARD IDENTIFICATION
27,051	20,959	OBSERVATIONS AND INTERACTIONS

2019 2020 KEY

* SIGNIFICANT INCIDENTS INCLUDE HIGH POTENTIAL INCIDENTS, EXCLUDING PRODUCTION LOSS EVENTS
 ** COMBINES ACTIVITIES FOR BOTH OTML AND CONTRACTOR EMPLOYEES.

Ok Tedi looks after our health and wellbeing. Working safely means I can go home and enjoy my family.

COLYN WORIN.
 APPRENTICESHIP TRAINING PROGRAM PARTICIPANT.

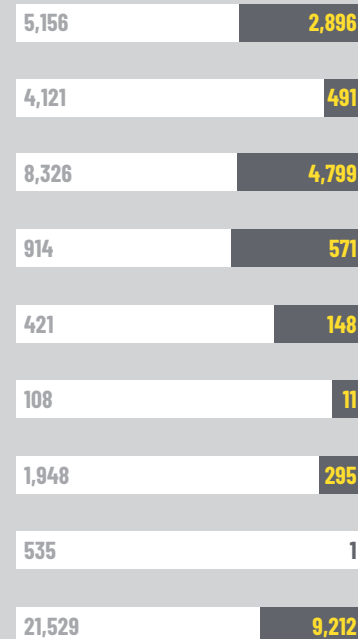


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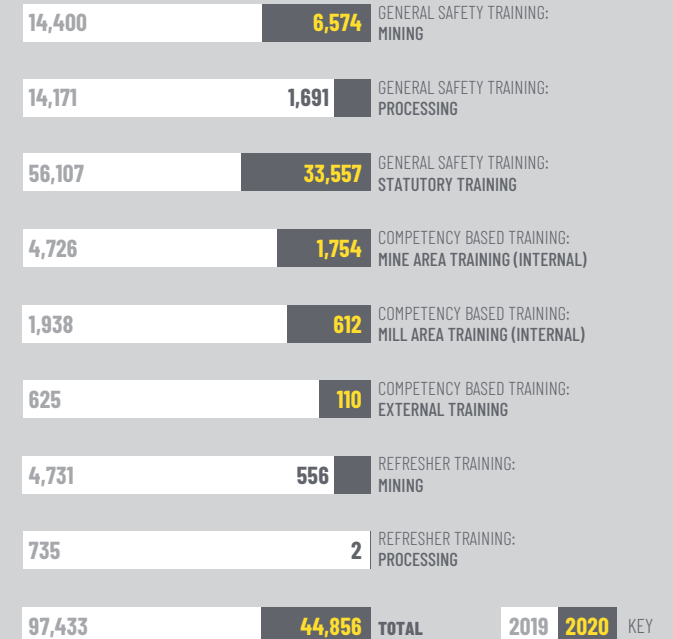
TOTAL ATTENDEES ACROSS ALL SAFETY COURSES

SAFETY TRAINING COURSE

NUMBER OF EMPLOYEES

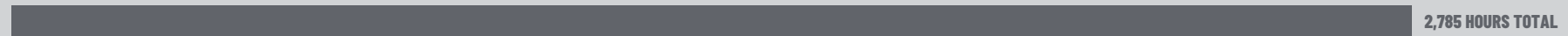


WORK HOURS

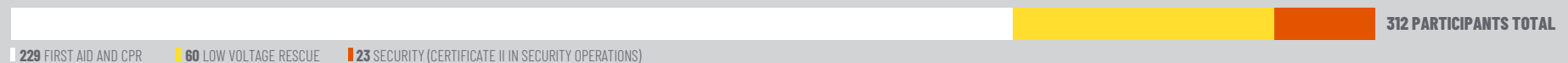


2019 2020 KEY

APD TRAINING (HOURS)



APD TRAINING (PARTICIPANTS)



SAFETY

BEHAVIOUR BASED SAFETY

OTML applies a behaviour-based safety program as part of level one Advanced Safety Awareness (ASA) training completed by all OTML personnel. ASA aims to achieve increased awareness of safety within the workplace. Through focusing on improving individual awareness of self and surroundings; skills are developed to improve the identification and management of risks that previously may not have been recognised. This allows employees and contractors to develop a better comprehensive understanding of safety control.

SAFETY TRAINING CAPABILITY

The previous table shows the number of employees and hours worked for safety training courses presented in 2020 compared to those in 2019. The number of participants and training hours was lower than in 2019 due to COVID-19 restrictions and social distancing constraints in the training rooms and roster changes.

OCCUPATIONAL HEALTH & WELLNESS

The Company completed employment medicals (pre and periodical) on 1,414 employees and contractors in 2020 as part of its Wellness and Fitness for Work program.

The Company applies a zero-tolerance policy for alcohol and drugs. In 2020, there were over 251,000 blood alcohol tests of employees and contractors with only 22 positive results. There were also 5,324 illicit drug tests with only 3 positive results. These figures demonstrate a significant improvement on 2019 results.

OTML funds and manages the Tabubil hospital and local clinics which provide medical services to employees, contractors, and the general community. Approximately 80% of patients seeking treatment were general community members. Ok Tedi worked closely with medical staff, community leaders and PNG Department of Health to implement COVID-19 safe work practises in the hospital and clinics to reduce community transmission.

In 2020, hospital pathology staff identified 17 positive cases of Tuberculosis (TB), including seven OTML employees and ten contractors. Malaria testing identified 278 positive cases from over 2,800 tests. Screening for Dengue identified four positive cases from 275 persons tested, with none being employees. This was a significant decrease compared to 2019, due to an improved vector control program.

CASES REPORTED AT TABUBIL HOSPITAL		
	2019	2020
TB	41	32
Dengue	8	4
Malaria	345	278

SECURITY

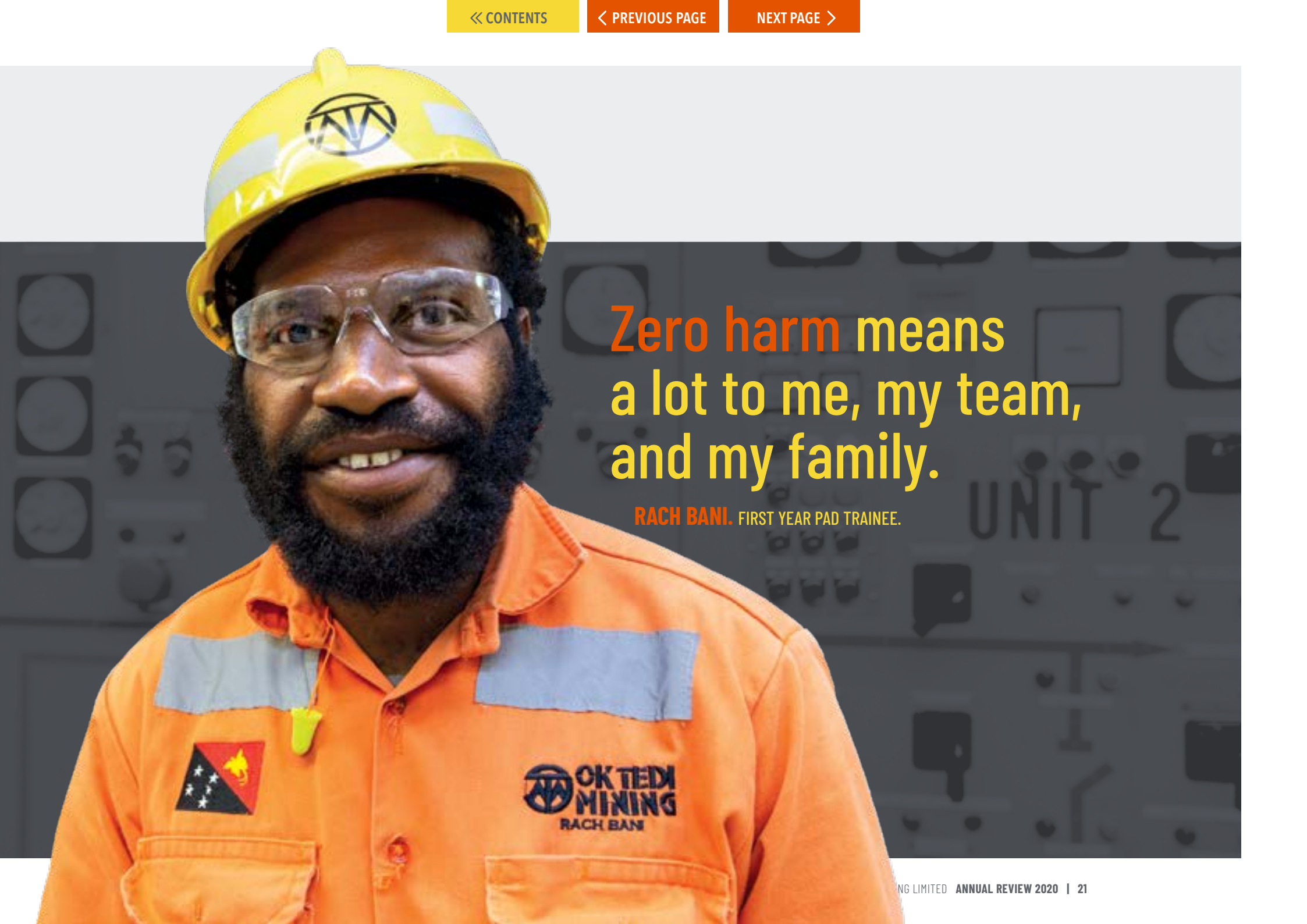
Security is managed by OTML's Asset Protection Department (APD), supported by contracted (unarmed) security guards, the Royal PNG Constabulary (RPNGC), Provincial Police and Mobile Squad personnel. APD and partners comply with the United Nations Voluntary Principles of Human Rights and undertake annual training.

OTML installed further advanced driver-assistance systems (ADAS) monitoring units into Company and contractor vehicles to monitor alertness and unsafe driving behaviours including the failure to wear a seatbelt, mobile phone usage and fatigue symptoms like yawning and eyes closing.

In 2020 OTML's APD purchased new breathing apparatus sets and battery powered road crash rescue tools for both the Mill and Tabubil APD teams.

Asset Protection training (Security, Fire and Rescue) was limited to in-house training during 2020 due to COVID-19 travel restrictions. Training covered road crash rescue, hazardous materials management, breathing apparatus, confined space rescue, firefighting with search and rescue and rope rescue.

In addition to the above training, the APD paramedic team conducted first aid, CPR, and low voltage rescue training with OTML employees and contractors. The overall number of participants was low compared to previous years due to COVID-19 restrictions on group training.



Zero harm means
a lot to me, my team,
and my family.

RACH BANI. FIRST YEAR PAD TRAINEE.

our business



Ok Tedi Mining Ltd operates the longest running open-pit copper, gold and silver mine in PNG and has produced more than 5 Mt of copper, 15 M oz of gold and 36 M oz of silver since the commencement of production in 1984.

BUSINESS REVIEW AND OUTLOOK

BACKGROUND

OTML operates primarily around the Mt Fubilan deposit located in the Star Mountains. As of 31 December 2020 the Mineral Reserves, reported in accordance with the Joint Ore Reserves Committee (JORC) code, were 438 Mt at 0.56% copper and 0.69 grams per tonne (g/t) gold.

The deposit is mined as a large open pit with ore processed in a flotation processing plant using conventional technology to recover copper and gold into a saleable concentrate. Copper concentrate is piped 156 kilometres (km) south to port facilities at Kiunga, dried in a filter plant, shipped down the Fly River using purpose-built vessels to a silo and storage vessel in Port Moresby, before being exported to overseas customers using commercial shipping services. Export sales are denominated in US dollars (USD), making Ok Tedi an important source of foreign currency for the PNG economy.

The mine is serviced by the township of Tabubil located 20 km southeast of the site, and it is here that the Company maintains its registered office. OTML also maintains a corporate office in Port Moresby and a marketing and logistics facility in Brisbane, Australia.

In 2020 the OTML Board approved an updated Strategic Business Plan that saw mine life extend by three years from 2026 to 2029. This resulted in 19% value uplift (using a discounted cash flow basis of valuation). The Company expended PGK 46 M in 2020 on exploration to further extend the mine life.

PRODUCTION

Production results during the 2020 year were impacted by a suspension of operations on 5 August 2020 in response to the first cases of COVID-19 recorded in Tabubil. The Company implemented various measures to limit the spread of the virus and introduced protocols to allow a safe return to operation. This included the establishment of Entry Processing Centres, ensuring that all individuals entering the operating site 'bubble' had first completed the appropriate period of quarantine and testing.

Resumption of operations occurred on 14 September 2020. The direct time lost as a result of the COVID-19 suspension was 40 days, or 11% of the year. The return to full production was gradual and took the balance of the year as labour shortages directly associated with quarantine measures were addressed.

The other major unplanned disruption to operations occurred on 20 December 2020 when a fire that started on a cable tray underneath the flotation Motor Control Centre (MCC) at the process plant. The fire caused damage to electrical and communications cables, resulting in a total plant outage for the remaining 11 days of the year (or 3% of the year).

As a result, total material moved by the mine in 2020 was 93.1 Mt, which was 12% lower than the previous year while ore processed by the mill was 13% lower than 2019. Despite the shortfalls in mine production the copper grade of 0.58% was within 3% of the previous year, while gold grade of 0.84 g/t was within 1%.

The following table compares 2020 production to 2019 production and shows that copper production was 17% lower than the previous year, while gold production was, with the benefit of a 9% improvement in recoveries, within 7% of 2019 production.

Florentina Masi, Mining Technical Services.

BUSINESS REVIEW AND OUTLOOK

FINANCIAL

OTML generated PGK 3.7 billion (USD 1.1 billion) in total sales revenue in 2020 which was PGK 78 M or 2% lower than the previous year with a fall in copper and gold production of 17% and 7% respectively largely offset by a strengthening gold price.

In 2020 the average realised price for gold was USD 1,765/oz, which was 26% higher than the previous year. The average copper price received in 2020 (USD \$2.74/pound [lb]) was 1% higher than 2019.

Total operating costs in 2020 were PGK 2.7 Billion, which was 2% or PGK 49 M lower than the previous year. As a result, the profit after tax for the year was PGK 725 M which was PGK 30 M lower than 2019.

Cash generated from operations, net of capital expenditure and lease payments, was PGK 494 M. This was PGK 204 M higher than the previous year, and enabled payment of a PGK 550 M dividend while retaining PGK 335 M of cash, and no debt, at year end.

PRODUCTION & COMMERCIAL OUTLOOK

Following completion of the Crusher Replacement Project (CRP) in the final quarter of 2020, mining of the East Wall area of the pit can commence. The three-year Board approved outlook for 2021 to 2023 is forecasting a transition period whilst mining of the East Wall which has lower copper grade ore. In 2021 copper grade is expected to be 30% lower than 2020, while in 2022 it will be approximately 10% lower than 2020. In 2023 all ore mined will come from the East Wall area with an average copper content 30% higher than 2020 production.

The impact on metal production is expected to be partly cushioned by an increase in tonnes (t) milled. The two key drivers in achieving this increase are plant reliability and a planned ore blend that can be processed at higher throughput rates.

As a result, copper production for the next three years is expected to approximate 80 Kt, 100 Kt and 150 Kt. This will generate free cash approximating PGK 500 M, PGK 800 M, and PGK 1.8 billion in the 2021, 2022 and 2023 years, respectively assuming a copper price of \$2.90/lb in each year, and a gold price of \$1,800/oz in 2021 reducing to \$1,600/oz by 2023.

In the short term, the 2021 outlook is influenced by the following factors. The first is the unplanned disruption associated with the process plant fire in December 2020. The fire damaged both milling circuits and caused a total plant outage. The first circuit was restored on 6 January 2021 while the second, which suffered more damage, returned to service on 28 January 2021. The net effect of the outages equates to 5% of planned 2021 production time.

During 2021 the risk of a further wave of COVID-19 outbreak could impact operations until such time as PNG is able to rollout vaccinations. Ok Tedi has proven COVID-19 safe practices in place and employee and contractor safety is a core value.

In 2021 there has been a strengthening of copper prices, increasing by more than 25% since the third quarter of 2020. If such prices were sustained the positive benefit to revenues in 2021 can be in the range of 10% to 15%.

NURUMI CRUSHER REPLACEMENT PROJECT

OTML commissioned and handed over the new PGK 800 M Crusher Replacement Project (CRP) on December 14, 2020. The crusher, named the "Nurumi Crusher" means "Our Crusher" in the local Min language of the Star Mountains, fittingly embodies the efforts, heart, and ingenuity of everyone involved in safely delivering this project.

Initially identified as a key focus area in the OTML 2017 strategic business plan, the project consists of a new gyratory crusher, screening plant, coarse ore stockpile, together with demolition and removal of the existing old crushing and conveyor system. The OTML Major Projects team were responsible for the design, construction and commissioning of the project.

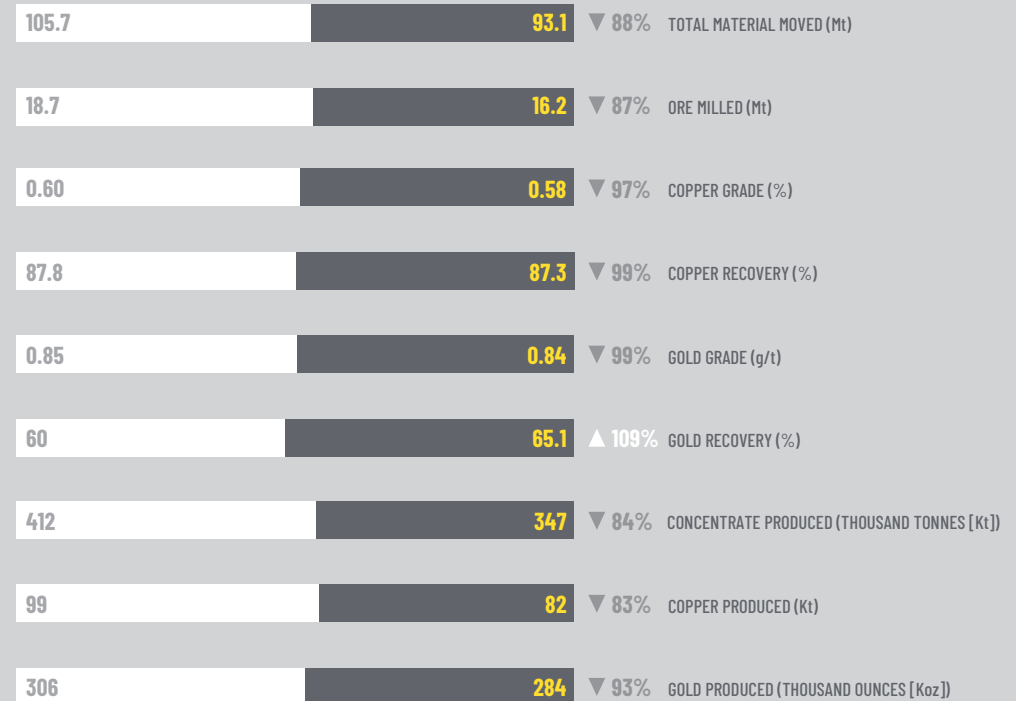
The project construction phase began in 2018 and employed more than 900 men and women at its peak with a PNG national workforce of more than 85%. While it was necessary to source some specialist skills externally the project relied heavily on labour sourced locally from the Mine Preferred Areas. From the outset there was a focus on lead safety indicators, training and competency, evidenced by the fact the project celebrated the achievement of 900 days Lost Time Injury free in December 2020.

The safe completion of this project is a significant milestone for the Company as it allows access to additional high-grade ore that will see a step change increase in production in 2023. This will underpin the Company's plan to generate more than PGK 40 billion of revenue between now and the end of mine life and generate significant benefits to our communities and our nation.

NURUMI CRUSHER

SUCCESSFULLY COMMISSIONED

OPERATIONS PARAMETER



2019 2020 KEY

our geology



Ok Tedi Mining Ltd exploration targets new Mineral Resources.

GEOLOGY

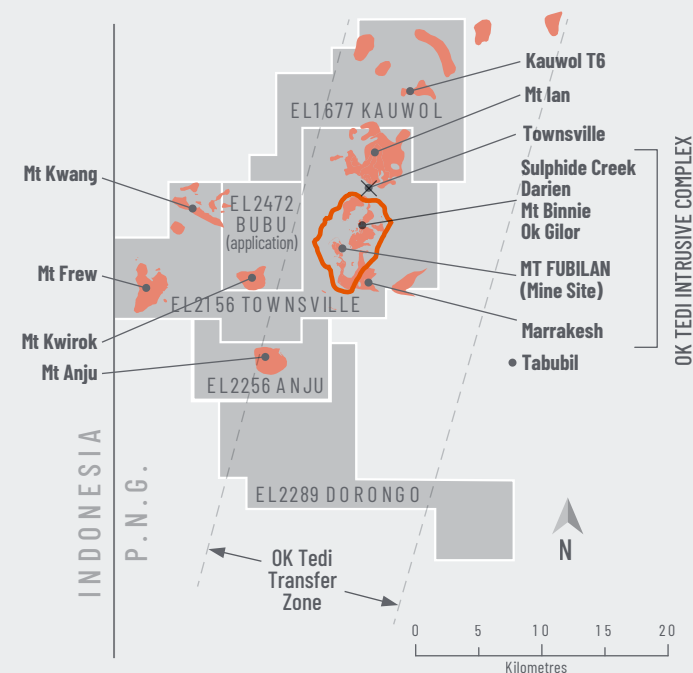
In 2020, OTML continued to target the discovery of new mineral resources within the Special Mining Lease One (SML1) to replace mined reserves and extend the project mine life.

The geology and exploration teams completed further resource definition drilling on the Darien and Wellington deposits during 2020 and submitted samples for laboratory analysis. Resource estimates will be completed in early 2021. The focus for 2021 will be to continue deep resource drilling in the New York Breccia and other breccia targets.

MINERAL RESOURCE AND ORE RESERVE

In February 2021, a revised Mt Fubilan Mineral Resource and Ore Reserve as at 31 December 2020 was presented to the OTML Board. Comparing the 2020 estimate with the previous estimate, the changes report a 41% decrease in the total Mineral Resource tonnes from 747 million tonnes (Mt) to 438 Mt, a decrease in the copper grade by 0.13% and gold grade by 0.17 grams per tonne (g/t). The total Proven and Probable Ore Reserves over the same period decreased by 3% from 216 Mt to 210 Mt, with a 0.08% decrease in the copper grade and 0.1 g/t decrease in the gold grade.

The Mineral Resource and Ore Reserve reflects the outcome of strategic planning work undertaken in 2020. These outcomes include removal of mineralised waste from the Mineral Resource and an increase to the Ore Reserve by the inclusion of an Engineered Waste Rock Dump.



OTML EXPLORATION NEAR MINE TENEMENTS

- Special Mining Lease
- OTML Exploration Licence
- Intrusive Rocks
- International boundary

PAPUA NEW GUINEA

Location



Peter Olubas and David Sambath on an exploration prospect.

GEOLOGY

Mt Fubilan Mineral Resource and Ore Reserve as at 31 December 2020

MINERAL RESOURCE				ORE RESERVE				CONVERSION
CATEGORY	TONNAGE (Mt)	CU (%)	AU (g/t)	CATEGORY	TONNAGE (Mt)	CU (%)	AU (g/t)	RESERVE / RESOURCE RATIO
Measured	113	0.45	0.48	Proven	65	0.53	0.58	58%
Indicated	266	0.61	0.76	Probable	145	0.78	0.94	55%
Inferred	59	0.54	0.80	-	-	-	-	-
TOTAL	438	0.56	0.69	TOTAL	210	0.70	0.83	48%

Mt Fubilan Mineral Resource and Ore Reserve as at 31 December 2019

MINERAL RESOURCE				ORE RESERVE				CONVERSION
CATEGORY	TONNAGE (Mt)	CU (%)	AU (g/t)	CATEGORY	TONNAGE (Mt)	CU (%)	AU (g/t)	RESERVE / RESOURCE RATIO
Measured	289	0.38	0.43	Proven	107	0.58	0.64	37%
Indicated	406	0.47	0.58	Probable	110	0.66	0.81	27%
Inferred	53	0.45	0.47	-	-	-	-	-
TOTAL	747	0.43	0.52	TOTAL	216	0.62	0.73	29%

The inaugural Townsville Mineral Resource of 2018 has not changed for 2020 as shown below.

Townsville Mineral Resource as at 31 December 2020

MINERAL RESOURCE			
CATEGORY	TONNAGE (Mt)	AU (g/t)	AU (Moz)
Measured	-	-	-
Indicated	2.4	4.1	0.3
Inferred	17.0	4.3	2.3
TOTAL	19.0	4.3	2.6

REGIONAL EXPLORATION PROJECT PIPELINE



GEOLOGY

NEAR-MINE EXPLORATION TARGETS

Near-mine exploration in 2020 focused on the definition of previously indicated mineralisation in SML1. Thirty holes with a combined length of over 11,800 metres (m) were drilled during the year.

New York Breccia

Two new high-capacity LF90 drill rigs were mobilised in late 2020 to undertake systematic directional resource definition drilling to deeper levels within the New York Breccia deposit. A total of eight resource definition drill holes targeting the New York Breccia were completed in 2020.

A preliminary conceptual mining study identified potential mining options in the New York Breccia system, but additional exploration in 2021 will be needed to increase the volume of potentially mineable material.

Wellington

A total of 13 resource definition drill holes targeting the Wellington deposit were completed in 2020, with a maiden resource estimate to be finalised in 2021.

Mineralisation at Wellington consists of a complex series of magnetite skarn and calc-silicate endoskarns associated with the Taranaki Thrust and limestone / intrusive contacts.

Darien

Mineralisation at Darien consists of a small copper/gold porphyry system immediately west of the New York Breccia. Historic drilling has indicated copper mineralisation, but the extent of the system has never been accurately defined. Resource definition will be completed in conjunction with the Wellington skarn update.

Gilor Breccia

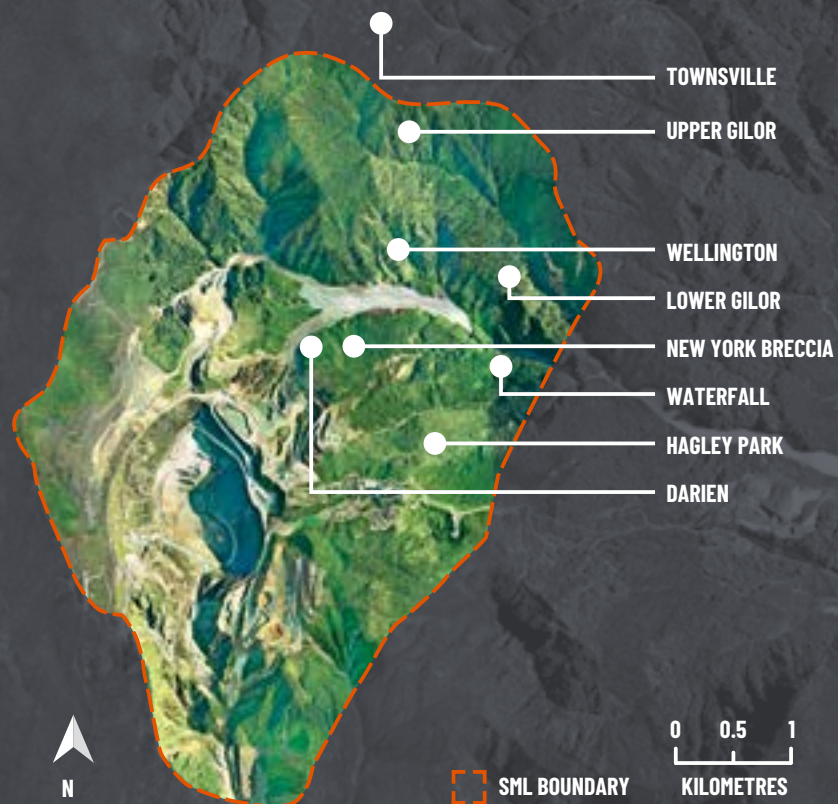
Resource definition of the Gilor Breccia was planned for early 2020. A drill pad and camp site were established but the program was shut down in March due to COVID-19 restrictions. The program will be reinstated in 2021.

REGIONAL EXPLORATION

Regional exploration work ceased in March 2020 due to COVID-19. A total of four drill holes were completed at Mt Anju. A conceptual mining study was commenced for the Townsville copper/gold prospect later in 2020 with results due in 2021.

All other regional exploration planned for 2020 has been deferred to 2021 and will include Mt Frew and Amethyst Creek (EL2156), Bubu (EL2472), Mt Anju (EL 2256) and Kauwol (EL1677).

Ok Tedi is a great company, and we need to find more copper to extend mine life beyond 2029.



OVER
11,800
METRES DRILLED
DURING 2020

this is us



Ok Tedi Mining Ltd values its employees and has implemented programs to develop integrated team capabilities leading to improved culture and performance. This includes personal and career development within the Company.

PEOPLE

In 2020, OTML was able to retain quality employees and also expand the workforce through an active recruitment program.

At year end, OTML directly employed 1,781 people with PNG citizens representing 97% of the workforce with 39% from the Western Province and Preferred Area. The 2020 employee demographics have remained relatively constant compared to 2019 and there have been no seasonal variations in employment numbers.

COVID-19 RESPONSE

In March 2020, the Ok Tedi Major Incident Management Team was convened to prepare for the growing COVID-19 global pandemic. OTML immediately implemented measures to protect operations and the local communities. However, on 5 August 2020 the first positive case of COVID-19 was detected amongst the workforce. To protect the well-being of our personnel, the decision was taken to suspend operations and enter a lock-down period to control transmission.

Although the number of positive cases grew rapidly within the workforce, fortunately all cases were either asymptomatic or mildly symptomatic, and critically, no COVID-19 related deaths occurred. The outbreak was brought under control through the implementation of various company protocols and allowed operations to recommence six weeks after the suspension commenced.

Given the ongoing risk of COVID-19, a Business Continuity Department has been formed to manage the on-going effort to control the virus. Fly-in-fly-out employees have been moved to a longer rotation roster to reduce the frequency of travel to home residences and operations site, and various Entry Point Centres have been established to manage incoming personnel for quarantine and testing prior to entering accommodation and resuming work. Hygiene practices such social distancing, face masks, hand washing and disinfecting of work and common areas were also stringently enforced. These measures remain in place as of the end of 2020 and will continue into 2021.

PEOPLE STRATEGY

The appointment of the new MD and CEO prompted the opportunity to review the Vision for the People Strategy with an aim to further promote and support Papua New Guineans into senior roles. The strategy has four key pillars with plans and targets.

Hydropower Station Maintenance Team.

PEOPLE

We're not only doing our job, we're developing our Nation. Investing in people grows our future; our people are our greatest asset.

CAROLYN DOBUNABA. SENIOR CONDITION MONITORING ENGINEER.

**FROM PIT TO PORT,
WE WORK AS ONE
TEAM FOR THE
PEOPLE OF PNG.**



PEOPLE STRATEGY

Creating the culture for high performance	<ul style="list-style-type: none"> • OTML Values • One Team – Wan Pasin
Maximising the opportunities for PNG National leaders	<ul style="list-style-type: none"> • All Manager positions filled by PNG Nationals by end of 2023 • All executive leadership team positions filled by PNG Nationals by end 2025
Increasing Gender Diversity	<ul style="list-style-type: none"> • 20% female employees by end 2023 • 25% female employees in leadership positions
Supporting high performance through effective systems	<ul style="list-style-type: none"> • Integrated, accessible, embedded and sustainable systems • Policies to support strategic objectives

THE DESIRED CULTURE

The Pasin Ok Tedi Team, a group of opinion leaders and influencers from across the business, continued to develop and implement initiatives aimed at awareness of the behaviours which support our Values and drive our “One Team, Wan Pasin” creed.

Notably in 2020 these activities included celebration of the OTML anniversary, the re-introduction of Service Awards, our “90 day Finish Strong” campaign, and importantly, a competition to identify a new tag line to support our Vision. The adopted winning entry was “Our Mine, Our Pride, Our Future”.

DIVERSITY AND INCLUSION

OTML re-affirmed its commitment to gender diversity through the adoption of a new Diversity and Inclusion Policy and an Anti-Discrimination and Harassment Policy to underpin the positive work largely driven through the Ok Tedi Women's Network (OWN).

Female employees currently represent 11% of the workforce, with a target to increase this to 20% by 2023. OTML has also committed to increase female employees in leadership positions to 25% by 2023. OWN was established to raise awareness of the interests and challenges of female employees, provide a network of development and support and to provide feedback to executive leaders on opportunities to improve our diversity and inclusion.

OWN conducted a number of events through the year including cancer awareness in women during “Pinktober” and in men in “Movember”. Under the auspices of OWN and with the support of the Ok Tedi Organisation Development and Training Department raised PGK 110,000 to benefit PNG cancer treatment. The Company also contributed PGK 190,000 resulting in a total PGK 300,000 donation to Port Moresby General Hospital.

LEADERSHIP DEVELOPMENT

The Ok Tedi Leadership Development Program (LDP) 1 which targets front line leaders was put on hold during 2020 due to COVID-19.

LDP2 will be targeted at managers and senior superintendents in order to prepare them for the next level of leadership. The baseline research and development of the program were largely completed in 2020, ready for the launch in quarter one of 2021.

WORKFORCE CAPABILITY

The revitalisation of the Ok Tedi Training Centre continued with a ceremony to rename it as the “Dr. Jacob Weiss CMG Training Centre” in honour of our distinguished late Director. The Centre continues to focus on the development of our apprentices, preferred area development trainees and graduates as well as providing skills gap training for our maintenance and operating teams.

SYSTEMS

In order to improve the efficiency and transparency of our people processes, the first stage of our on-line people platform – SAP Success Factors went live in 2020. The first stage facilitates our recruitment and on-boarding processes. The focus for the remainder of the year was on preparing for Stage two which put the platform in the cloud and facilitated much greater connectivity, access, and utilisation. Stage two will go live in the first quarter of 2021.

PEOPLE

EMPLOYEES BY CATEGORY

1,024	1,015	NATIONAL EMPLOYEES GRADES 1 TO 4
518	563	NATIONAL EMPLOYEES GRADES 5 AND ABOVE
55	45	EXPATRIATES
12	12	AUSTRALIAN BASED
138	143	TRAINEES
1,747	1,781	TOTAL

EMPLOYEES BY ORIGIN

55 (3%)	45 (3%)	EXPATRIATES
676 (39%)	687 (39%)	WESTERN PROVINCE/ PREFERRED AREA
1,004 (57%)	1,037 (58%)	NON-WESTERN PROVINCE
12 (1%)	12 (1%)	AUSTRALIAN BASED
1,747 (100%)	1,781 (100%)	TOTAL

EMPLOYEES BY GENDER

1,557 (89%)	1,579 (89%)	MALE
190 (11%)	202 (11%)	FEMALE
1,747 (100%)	1,781 (100%)	TOTAL

EMPLOYEES BY AGE

194 (11%)	186 (10%)	UNDER 30
1,269 (73%)	1,264 (71%)	30-50
284 (16%)	331 (19%)	OVER 50
1,747 (100%)	1,781 (100%)	TOTAL

2019 2020 KEY

We are proud to be owned by 9 million people of PNG. Ok Tedi lukautim olgeta man na meri long ples.

FREDDY WOKMAN.
HEAVY EQUIPMENT FITTER.



97% OF TOTAL
OK TEDI WORKFORCE
ARE PNG CITIZENS

our . environment



OTML monitors the environment downstream from the Ok Tedi mine site and provides quarterly performance reports to government and stakeholders.

ENVIRONMENT

OTML continues to progress the comprehensive environmental monitoring program governed by the Ok Tedi Agreement.

These programs have reduced the impact of sedimentation in upper Fly River and stabilised water quality as identified using the monitoring methods outlined below.

COMPLIANCE MONITORING

OTML measures the effectiveness of its environmental controls by monitoring for compliance against six key environmental values:

- downstream drinking water quality;
- availability of aquatic resources such as fish and edible aquatic flora to meet community requirements;
- safe edibility of these aquatic resources;
- availability of terrestrial resources such as dry land on which to establish gardens, hunt and gather firewood and meet community requirements;
- safe use of these terrestrial resources such as for crops and natural forest resources, included in the normal dietary intake of the local community; and
- navigability of the main Ok Tedi and Fly River channels by commercial and village craft.

These values are measured as part of compliance monitoring of the Environmental Regime as part of the Ninth Supplemental Agreement of the Ok Tedi Mining Act. They are monitored along the 1,000 km-long riverine system that stretches from the mine to the Fly River delta, as well as at the port transfer facility in Port Moresby Harbour. During 2020, some monitoring was postponed as a result of COVID-19 limitations and will resume in 2021.

In 2020, OTML was unable to complete all required environmental compliance monitoring and experienced non-compliances, including an exceedance of net acid producing potential (NAPP) of tailings discharged to the river system.

OK TEDI ENVIRONMENTAL MANAGEMENT ACT

The new Ok Tedi Environmental Management Act (OTEMA) was passed by the PNG Parliament in February 2019 and certified in February 2020 for gazettal. The certified OTEMA gave effect to Section 13 of the Act relating to Ok Tedi Permit as of 13 February 2020, the date of the Act being certified. The other sections of the OTEMA will be effective after the Act is formally gazetted. During 2019, Conservation Environment Protection Authority (CEPA) approved a submission by OTML to amend the Permit conditions relating to NAPP requirements at the mine waste rock dumps and sewage treatment plants. Under the revised Permit, OTML will be required to monitor 102 conditions. OTML is finalising the various management plans.

Clara Nanuk, planting trees for the Bige project.

ENVIRONMENT

TAILINGS AND WASTE ROCK MANAGEMENT

Due to steep terrain and high rainfall the local region is considered geologically unstable, resulting the placement of treated tailings and waste rock into the upper river valleys, as allowed by the mine permit. The riverine discharge of tailings and waste rock management continues to be the most significant long-term environmental risk for OTML.

In 2020, 13.8 million tonnes (Mt) of treated tailings were discharged into the upper reaches of the Ok Tedi River and 66.9 Mt of waste rock was discharged to failing dumps to the north and south of the mine. The waste rock and tailings delivered to the river system in 2020 was lower than last year due to COVID-19 related impacts on production.

To reduce the impacts of tailings on the environment, OTML separates sulphides (pyrite) from the tailings before being discharged. The pyrite concentrate produced is piped 125 kilometres (km) to storage pits on the West Bank at Bige, where it is permanently stored underwater and then covered with non-acid forming sands dredged from the river. This prevents the pyrite from generating acid. Fine-ground limestone is added to the mill feed to further reduce acidity in waste rock and tailings.

Only one compliance objective was not met for 2020, relating to net acid producing potential (NAPP) in tailings which was slightly exceeded due to a lack of limestone production due to COVID-19.

BIODIVERSITY IMPACTS

The long-term discharge of mine waste to the upstream river system has resulted in sediment deposition along the river. During high or long rainfall events in the upper catchment an increase in the duration and frequency of overbank floodplain inundation is observed in the lower Ok Tedi and middle Fly Rivers.

Due to COVID-19 restrictions in 2020, biodiversity monitoring along the Ok Tedi and Fly rivers was not able to be completed. Monitoring will instead be undertaken in 2021.

Biodiversity monitoring to assess the impact of trans-shipping activities in Port Moresby harbour indicated that results are compliant with the relevant permit condition.

ENVIRONMENTAL PERFORMANCE

OTML is committed to improving environmental performance across all aspects of the Company's operations and has prepared the 2020 data tables and previous year data for comparison. The annual average sulphur in final tailings discharge was 0.95%. This was 5% lower than the target value of 1%. The average annual Acid Neutralising Capacity (ANC)/ Maximum Potential Acidity (MPA) ratio in dredged sediments at Bige was 2.57, 25% higher than the compliance minimum of 2.0, indicating excess alkalinity.

WATER USAGE

In 2020, total water use was similar to 2019. Recycled water comprised 77% of the water utilised by the processing plant.

ENERGY CONSUMPTION

Open cut mining and the processing of copper ores is energy intensive. OTML's energy intensity index (megawatt hour per tonne (MWh/t) contained copper) increased marginally from 4.5 in 2019 to 4.9 in 2020.

In 2020, total diesel consumption was 100 megalitres (ML) and 20% of this consumption was used for power generation.

Fuel contributes significantly to the Company's greenhouse gas (GHG) emissions. Total GHG emissions in 2020 were 274 thousand tonnes (Kt) carbon dioxide equivalents (CO₂-e), representing a 12% decrease from 2019 emissions.

The total amount of electricity used during 2020 was 403 Gigawatt hours (GWh) compared to 447 GWh in 2019, with 297 GWh being produced from hydroelectric generation. Hydroelectric power provided 81% of OTML's power requirement through the two hydroelectric generation stations (Ok Menga and Yuk Creek).

LAND DISTURBANCE AND REHABILITATION

In 2020, 3.73 hectares (ha) of new land was disturbed as part of the extension of Bige stockpile area and geological exploration activities. The total cumulative disturbance at all operational sites is 2,752 ha.

During 2020, 45 ha of Bige stockpiles were rehabilitated using a mixture of tree and grass species. Rehabilitation methodology involves auguring oversize holes into the substrate, filling with woodchip and soil, and planting native seedlings.

MINE CLOSURE PLANNING

OTML is required to prepare an updated Mine Closure Plan, Mine Area Rehabilitation Plan, and Social Economic Review every 3 years and lodge with the PNG Government. These plans were completed and lodged in 2019. In preparation for closure works based on the current life of mine plan, OTML has PGK 906 M (USD 258 M) in an offshore trust fund to implement the final approved closure plan.

ENVIRONMENTAL INCIDENTS AND COMPENSATION

In 2020 there were no environmental production-related (Level 3) incidents, and no resulting compensation was paid. Annual compensation payments were made to the nine Community Mine Continuation Agreement (CMCA) regions, as direct reparation for use of riverine tailings discharge. In 2020, compensation payments totalled PGK 49.7 M.

WASTE MANAGEMENT

The Company has developed an integrated waste management program to actively collect and sort materials that can be recycled and as such, reduce landfill. In 2020, there was a decrease in waste scrap steel shipped off-site.



Meeting our environment obligations means caring for future generations.

At Ok Tedi, we strive to leave behind a positive legacy.

REUBEN LABIN. BUSINESS CONTINUITY MANAGER.

ENVIRONMENT

ENERGY TYPE (CONSUMPTION)

5.38	4.39	TOTAL ENERGY USED (FOSSIL + RENEWABLES) (PETAJOULE [PJ])
4.16	3.22	TOTAL ENERGY (FOSSIL) (PJ)
1.22	1.17	TOTAL RENEWABLE ENERGY (PJ)
2.72	2.82	ENERGY USED FOR TRANSPORTATION (SHIPS, PLANES, VEHICLES) (PJ)

ENVIRONMENTAL MANAGEMENT PERFORMANCE

3,123	1,754	ENVIRONMENTAL INDUCTION (NUMBER OF OTML AND CONTRACT EMPLOYEES)
77	78	ENVIRONMENTAL ACTION PLAN (% COMPLETED)
0	0	INCIDENTS LEVEL 3+ (MEDIUM, MAJOR, OR CATASTROPHIC)

WATER MANAGEMENT

49,037	50,379	TOTAL WATER USED ('000 CUBIC METRES [m³])
12,054 (25%)	11,353 (23%)	FRESHWATER ('000 m³/% OF TOTAL)
36,983 (75%)	39,026 (77%)	RECYCLED WATER ('000 m³/% OF TOTAL)
122	113	FRESHWATER INTENSITY INDEX (m³/t CONTAINED COPPER)

SCRAP METAL SHIPPED FOR RECYCLING (t)

1,810	1,788	FERROUS
109	101	NON-FERROUS
679	559	LINER PLATES
2,598	2,448	TOTAL

ENVIRONMENTAL COMPENSATION (PGK M)

0	0	NON-CMCA RELATED
44	49.7	CMCA RELATED
44	49.7	TOTAL

James Ainwan (left) and Randy Weoh (right),
revegetating for the Bige Project.





ENERGY AND GREENHOUSE GAS PRODUCTION

105	100	TOTAL DIESEL CONSUMPTION (ML)
24.9 (26%)	19.3 (20%)	DIESEL CONSUMPTION FOR POWER GENERATION (ML / % OF TOTAL)
76.9 (72%)	80.7 (80%)	DIESEL USED FOR MACHINERY/OTHER (ML / % OF TOTAL)
447	403	ELECTRICITY USE (GWh)
107 (24%)	76.6 (19%)	DIESEL GENERATED ELECTRICITY (GWh / % OF TOTAL)
340 (76%)	327 (81%)	HYDROELECTRICITY (GWh / % OF TOTAL)
422	374	POWER SOLD (MWh)
4.5	4.9	ENERGY INTENSITY INDEX (MWh/t CONTAINED COPPER)
313	275	GHG EMISSIONS ('000 t CO ₂ -e)
3.2	3.4	GHG EMISSIONS INDEX (t CO ₂ -e/t CONTAINED COPPER)
13.4	3.73	NEW LAND DISTURBED (HECTARES [ha])
2,748	2,752	TOTAL LAND DISTURBED TO DATE (ha)
35	44.6	LAND REHABILITATED (ha)

WASTE MANAGEMENT

92,897	80,709	TOTAL RIVERINE DISPOSAL ('000 TONNES [t])
77,210 (83%)	66,900 (82%)	WASTE ROCK ('000 t/% OF TOTAL)
15,687 (17%)	13,810 (17%)	TAILINGS ('000 t/% OF TOTAL)
2,626	2,032	PYRITE CONCENTRATE (PCON) SLURRY PIPED TO BIGE ('000 t)
939	990	RIVERINE DISPOSAL INTENSITY INDEX (T/T CONTAINED COPPER)
14.8	10.8	ANNUAL DREDGE SLOT PRODUCTION RATES (Mm ³)
2.69	2.26	AVERAGE ANNUAL % SULPHUR IN WASTE ROCK
0.95	0.95	AVERAGE ANNUAL % SULPHUR IN TAILINGS
2.9	2.6	AVERAGE ANNUAL ANC/MPA IN DREDGED SEDIMENTS
8	8.5	AVERAGE DISSOLVED COPPER (MICROGRAM PER LITRE [µg/L]) AT NUKUMBA
2,598	2,448	SCRAP METAL (T SHIPPED FOR RECYCLING)

2019 2020 KEY

we believe in



OTML provides significant direct and indirect economic benefits for PNG and Western Province through taxes, dividends, royalties, and compensation.

SOCIAL RESPONSIBILITY

OTML PAID OVER PGK 2,671 M TO LOCAL COMMUNITIES AND THE PNG ECONOMY

OTML operates in a manner that balances economic and social impacts and respects the rights and culture of impacted communities. The Company has a number of government and community agreements including the Community Mine Continuation Agreement (CMCA) which is underpinned by transparent dialogue with communities through regular consultation and trust meetings to establish trust. This dialogue is underpinned by the principles of Free and Prior Informed Consent.

The delivery and management of social responsibility programs is achieved through the Ok Tedi Development Foundation (OTDF), a separate not-for-profit entity, funded directly by OTML. OTDF prioritises building capacity and developing self-sufficiency through enhancing economic livelihood programs.

OTML is the largest operating business in the Province providing employment and training, national and local business opportunities, and economic programs.

COMMUNITY MINE CONTINUATION AGREEMENT

OTML facilitates a formal CMCA with communities across eight CMCA regions and six mine villages representing the 158 communities. The agreement outlines the annual compensation, investment, and development payments for affected communities, and is reviewed and updated regularly. Each of the eight CMCA regions has an established trust, trustees, and elected representatives for both men and women in the community. The six mine villages have development committees that are comprised of representatives for men, women, youth, and church groups.

Payments to CMCA beneficiaries are calculated according to the population of the respective regions and are paid directly into family accounts. In 2020 the total payment was PGK 49.7 M.

Community Consultation

OTML organises regular formal and informal community engagement events. Due to COVID-19, and related local travel restrictions, the community relations team was only able to complete CMCA annual population updates in 32 villages, covering the North Ok Tedi, Lower Ok Tedi and Upper Highway regions at the beginning of the year. The community team assisted the local hospital Public Health team to conduct COVID-19 awareness programs in April and May 2020.

Andrew Paiap, collecting eggs at the Mt. Fublian Agro Business Poultry Project.

SOCIAL RESPONSIBILITY

Complaints and Grievances Management System

OTML has a comprehensive on-line Complaints and Grievance Management System (CGMS) which meets the grievance mechanism tool guidelines of the United Nations (UN) and International Finance Corporation (IFC) for resource sector development.

Due to COVID-19, the community relations office was closed to clients for several months resulting in a reduction in registered complaints. In 2020, a total of 170 complaints or queries were lodged in the system. Of these complaints, approximately half concerned compensation and payments. Complaints can be resolved and closed out at any time if a complainant is satisfied with the response and outcome.

Significant Disputes Relating to Land Use or Customary Rights

In 2020, a total of ten ongoing land related disputes were recorded in the local region. Three of these claims were instituted by one plaintiff and related to compensation claims from historical activities carried out in lease areas. These cases were dismissed by the National Court in January 2021. Five cases relating to land ownership claims were raised with one of the claims dismissed by the Supreme Court in Waigani. One case was closed following mediation agreement, one remains pending, and two cases are in abeyance. Of the remaining two cases OTML is not an interested party to either. One case has reached mediation agreement and the other is monitored by the Company.

OK TEDI DEVELOPMENT FOUNDATION

OTDF was established in 2001 under the Ok Tedi Mine Continuation (Ninth Supplemental) Agreement Act as a tax-free entity. OTDF's vision is to improve self-sustainability and improve the quality of life of all Western Province communities. Project and program funding for the OTDF is primarily provided by OTML, the CMCA Trusts, Mine Village Development Funds, the Alice River Trust and the Western Province Peoples Dividend Trust Fund (WPPDTF).

The focus of the OTDF is to deliver programs in five key sectors; local and regional development, education, infrastructure and community and social development.

ECONOMIC CONTRIBUTION

OTML provides significant funds towards socio-economic development, both directly through services provided and infrastructure, and indirectly through the facilitation of community access to services and infrastructure.

OTML's economic contribution to PNG and the Western Province is through the following payments:

- royalties from metal sales;
- employee salaries;
- capital and operating expenditure to suppliers of goods and services in PNG;
- payments under the various land and community agreements;
- various business taxes, including Company payroll, goods and services and the TCS;
- donations and investments in community development programs; and
- investments in local and regional infrastructure, including roads, bridges, jetties, hospitals, and schools.

Payments into the PNG economy in 2020 were approximately PGK 2,671 M, which was significantly lower than in 2019 (PGK 3,045 M). A dividend payment of PGK 550 M was paid to shareholders.

TCS expenditure was PGK 39.6 M compared to 2019 expenditure of PGK 26.7 M. Goods purchased in PNG decreased to PGK 459 M compared to PGK 628 M in 2019. There was a decrease in PNG contractor payments of PGK 992.5 M compared to 2019 expenditure of PGK 1,429 M. These increases are attributed to completion of the Crusher Replacement Project.

Contribution to local communities and the PNG economy

	PGK (M)		USD (M)	
	2019	2020	2019	2020
Taxes and levies paid to PNG Government	187.1	203.6	55.2	58.0
Dividend paid	400	550	118.2	156.8
ROYALTY PAYMENT				
Western Provincial Government	32.3	34.0	9.5	9.7
Landowners	30.7	30.1	9.0	8.6
Less: Royalty tax (IRC)	(1.6)	(1.6)	(0.5)	(0.46)
SUBTOTAL	61.4	62.5	18.1	17.8
TAX CREDIT SCHEME				
- Health	0	0	0	0
- Education	4.9	11.3	1.4	3.2
- Roads, bridges, airport	18.6	28.2	5.5	8.0
- Utilities	0.03	0.07	0.007	0.02
SUBTOTAL	23.5	39.6	6.9	11.2
LOCAL BUSINESS				
Goods purchased in PNG	628	459	185	131
PNG contracts	1,429	993	426	283
Local training costs	3.1	5.9	0.9	1.7
Salaries and wages	311.5	356.1	92.0	103
TOTAL	3,045	2,671	902.7	762.5

**PGK
2,671 M**

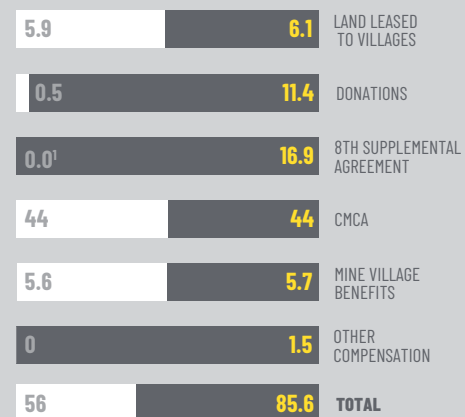
**PAID INTO LOCAL
COMMUNITIES
AND THE
PNG ECONOMY**



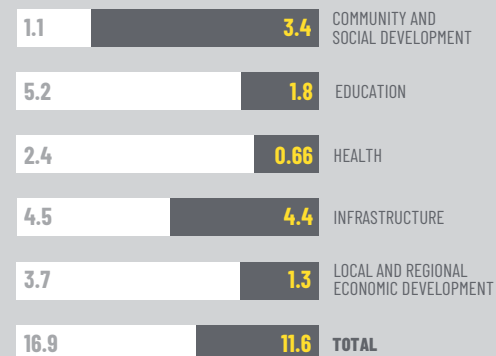
Ok Tedi helpim olgeta man na meri long Western Province.

LISA DAVID. GII VILLAGE COMMUNITY MEMBER.

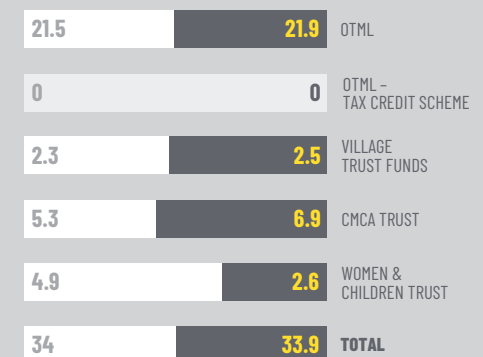
PAYMENT CATEGORY (PGK M)



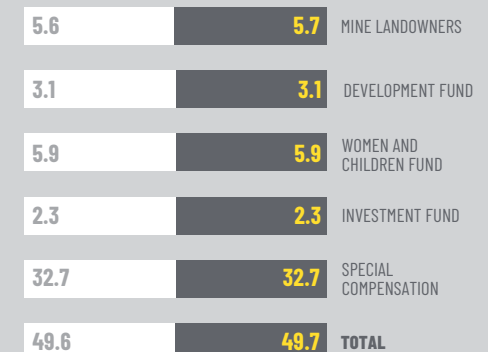
PROGRAM EXPENDITURE BY SECTOR (PGK M)



SOURCE OF INCOME (PGK M)



GROUPS AND TRUSTS (PGK M)



2019 2020 KEY

DETAILED INFORMATION ON COMMUNITY PROGRAM DELIVERY FOR 2020 CAN BE FOUND IN THE OTDF ANNUAL REPORT AND ON THE OTDF WEBSITE: WWW.OTDFPNG.ORG.
NOTE 1: PAYMENT DEFERRED FROM 2019 TO JANUARY 2020

SOCIAL RESPONSIBILITY

ROYALTY PAYMENTS

In 2020, OTML paid PGK 62.5 M in royalties based on net revenues derived from copper and gold production.

TAX CREDIT SCHEME

The TCS was established by the PNG National Government in 1996 to deliver infrastructure and development projects to the Provinces in which Mineral Resources companies operate.

Since its establishment, the TCS has provided significant project funding (PGK 415 M) to the Western and Sandaun Provinces. In 2020, the OTML's TCS project commitment was PGK 39.6 M. This includes PGK 28.2 M for Tabubil Telefomin road and PGK 11.2 M for the Oksapmin High School development project and PGK 160,000 for Monfort Primary School minor works.

COMPENSATION PAYMENTS

OTML makes annual lease payments for land associated with the mine and its infrastructure. General compensation payments to CMCA communities include mine and landowner projects, environmental projects, and other compensation.

In 2020, compensation payments totalled PGK 85.6 M. This was higher than in 2019 due to deferred payments under the 8th Supplemental agreement.

CMCA PAYMENTS

The CMCA provides annual funding to affected villages in the eight Trust Regions and the six mine villages. The funding includes reparation for the mining induced impacts on the receiving environment. Village Planning Committees (VPC) identify and prioritise sustainable development projects for Trust funding. OTDF provides support in project scoping, design, tenders, and project construction supervision.

In 2020, PGK 49.6 M was distributed to the various groups and trusts.

LOCAL BUSINESS SUPPLY CHAIN

OTML preferentially source PNG manufactured goods and service providers where they are competitively priced and meet quality standards, as enforced by company policy. The PNG supply chain includes multinational companies that are represented in PNG and many have offices in the Western Province. Small to medium businesses that have pre-qualified and established management systems are preferred suppliers.

In 2020, the total value of services contracts sourced from PNG suppliers was PGK 992.5 M or 49% of all contracts.

The breakdown of goods purchased by source included PGK 197.4 M generated from within the Western Province.

THE COMMUNITY RELATIONS TEAM ASSISTED THE LOCAL HOSPITAL PUBLIC HEALTH TEAM TO CONDUCT COVID-19 AWARENESS PROGRAMS IN APRIL AND MAY 2020.



BREAKDOWN OF PURCHASES OF GOODS BY LOCATION (M)

PGK 292.4 (USD 86.3)	PGK 197.4 (USD 57.1)	WESTERN PROVINCE
PGK 335.6 (USD 99.1)	PGK 261.6 (USD 75.7)	NATIONAL PNG
PGK 666.9 (USD 197)	PGK 657.6 (USD 190.4)	OVERSEAS
PGK 1,294.9 (USD 382.4)	PGK 1,116.6 (USD 323.2)	TOTAL

BREAKDOWN OF PURCHASES OF GOODS IN WESTERN PROVINCE (M)

PGK .01 (USD 0.003)	PGK 0.01 (USD 0.003)	DARU
PGK 1.9 (USD 0.5)	PGK 1.8 (USD 0.5)	KIUNGA
PGK 290.5 (USD 85.8)	PGK 195.6 (USD 56.6)	TABUBIL
PGK 292.4 (USD 86.3)	PGK 197.4 (USD 57.1)	TOTAL

OTML employee receives a COVID-19 swab test.

our finances



Our mine creating
wealth for a better
future for all of PNG.

FINANCE

ECONOMIC CONTRIBUTION

Ok Tedi Mining Limited's (OTML) financial performance for 2020 included gross sales revenue of PGK 3,708 million (M) with a consolidated after-tax profit of PGK 725 M. The Company invested PGK 458 M of capital expenditure and declared a dividend of PGK 550 M.

The financial statements have been externally audited by PricewaterhouseCoopers (PwC) PNG. During 2020, there was no direct financial assistance in the form of tax subsidies, royalty relief, grants or financial incentives received by the Company from the PNG Government.

SALES AND MARKETING

OTML produces a copper-gold-silver concentrate product which is sold to customers in Japan, Philippines, Germany, South Korea, and India, with these formal offtake agreements representing approximately 80% of expected annual production. The balance of product is sold to the spot market as circumstances dictate.

OTML's commitment to meeting customer requirements occurs across the value chain, with operations and logistics teams working together to reliably deliver a marketable concentrate parcel. Customer concentrate specifications are blended at OTML's Kiunga facility, before being shipped to the silo vessel, the Kumul Arrow, in Port Moresby harbour. Product is then exported to customers by our commercial export shipping partners.

Ammie Vaira at the OTML Port Moresby Office.

FINANCE

SALES REVENUE BY COMMODITY (M)

	2019 PGK	2020 PGK	2019 USD	2020 USD
Copper	2,114	1,702	623	492
Gold	1,538	1,754	454	508
Silver	81	70	24	20
Finalisation - Gains / (-Losses)	71	182	21	52
TOTAL SALES REVENUE	3,804	3,708	1,122	1,072

EXPORT SALES

	2019	2020
Concentrate (tonnes [t])	454,648	355,035
Contained copper (t)	107,339	86,144
Contained gold (ounces [oz])	338,318	295,828
Contained silver (oz)	1,640,007	1,257,073

METAL PRICES

A comparison between the 2019 to 2020 average metal prices realised by OTML is shown below. The 2020 copper price was 1% higher than in 2019 and the gold price was 26% higher.

	2019	2020
Copper (USD/lb)	2.71	2.74
Gold (USD/oz)	1,397	1,765

FINANCIAL PERFORMANCE SUMMARY

In 2020, the Company recorded a consolidated profit (after tax) of PGK 725 M (USD 209 M). This enabled PGK 1,228 M of cash to be generated from operating activities which was used to fund PGK 275 M of taxes, interest and lease payments, PGK 458 M of capital expenditure, and PGK 550 M in dividends.

A cash balance of PGK 335 M (USD 95 M) was held as of 31 December 2020, which was PGK 46 M lower than the previous year.



We own our
mine and
we take
responsibility
for our destiny.

MARK KURUWALO.
OTHL MACHINERY OPERATOR.

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

RESULTS: INCOME STATEMENT

	2019 PGK M	2020 PGK M	2019 USD M	2020 USD M
SALES REVENUE	3,804	3,708	1,122	1,072
Other operating income	2	18	-	5
Marketing costs	(383)	(292)	(113)	(84)
Cash operating costs	(1,909)	(1,845)	(562)	(535)
Exploration	(53)	(46)	(16)	(13)
Depreciation and amortisation	(398)	(510)	(117)	(147)
PROFIT FROM OPERATIONS	1,063	1,033	314	298
Net finance costs	(4)	(13)	(1)	(4)
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX	1,059	1,019	313	294
Income tax expense	(304)	(294)	(90)	(85)
NET PROFIT FOR THE YEAR	755	725	223	209

RESULTS: BALANCE SHEET

ASSETS	2019 PGK M	2020 PGK M	2019 USD M	2020 USD M
Cash and cash equivalents	382	335	112	96
Trade and other receivables	321	336	94	96
Inventories	831	937	244	267
Prepayments & Other Current Assets	0	51	0	14
Income Tax refund	6	0	2	0
TOTAL CURRENT ASSETS	1,540	1,659	452	473

FINANCE

RESULTS: BALANCE SHEET (CONTINUED)

ASSETS	2019 PGK M	2020 PGK M	2019 USD M	2020 USD M
Financial assurance fund	845	906	248	258
Property, plant, and equipment	3,794	4,108	1,114	1,171
Restoration and rehabilitation	41	77	12	22
TOTAL NON-CURRENT ASSETS	4,680	5,091	1,374	1,451
LIABILITIES				
Trade and other payables	316	219	93	63
Borrowings	0	0	0	0
Provisions	220	244	64	70
Income Tax Payable	0	58	0	16
TOTAL CURRENT LIABILITIES	536	521	157	149
Restoration and rehabilitation	739	817	217	233
Provisions	807	1,098	237	313
TOTAL NON-CURRENT LIABILITIES	1,546	1,915	454	546
NET ASSETS	4,138	4,312	1,215	1,229
EQUITY				
Share capital	195	195	234	234
Reserves	0	0	(660)	(698)
Retained earning	3,943	4,119	1,641	1,693
TOTAL EQUITY	4,138	4,314	1,215	1,229

DISCUSSION OF INCOME STATEMENT

Revenue

Total revenue in 2020 was PGK 3,726 M, which was 2% lower than 2019 with a fall in copper and gold production of 17% and 7% respectively largely offset by an increasing gold price.

In 2020 the average realised price for gold was USD 1,765 per ounce (/oz), which was 26% higher than the previous year. The average copper price received in 2020 (USD 2.74 /pound [lb]) was 1% higher than 2019.

Marketing costs, which include treatment charges, refining cost, freight and royalties were PGK 292 M which was PGK 91 M or 24% lower than the previous year benefitting from favourable selling conditions.

Operating Costs

Total operating costs in 2020 were PGK 2.7 billion, which was 2% or PGK 49 M lower than the previous year. While there were savings in variable production costs as a result of suspended operations, cost associated with implementing COVID-19 protocols absorbed some of this benefit.

Profitability

The Company generated a consolidated after-tax profit of PGK 725 M which was PGK 30 M lower than 2019 reflecting the 2% fall in revenue which was partly offset by the 2% reduction in operating costs.

PROFITABILITY (COMPANY)		
	2019 PGK M	2020 PGK M
Profit Before Tax	1,059	1,019
Tax Expense	(304)	(294)
PROFIT AFTER TAX	755	725

DISCUSSION OF BALANCE SHEET

Cash and Borrowings

Cash on hand at the end of 2020 was PGK 335 M, with no borrowings. The Company invested PGK 146 M in the Crusher Replacement Project (CRP) and paying a dividend of PGK 550 M.

Receivables

Trade and other receivables were PGK 335 M as of 31 December 2020. This was marginally higher than the previous year PGK 321 M, primarily due to higher metal prices.

Inventory

Inventories on hand as of 31 December 2020 were PGK 937 M, which was 13% higher than the previous year (PGK 831 M). This increase is a result of higher inventory of long lead time parts resulting from delay in planned maintenance activities during the six-week suspension of operations during the year.

Non-Current Assets

The Financial Assurance Fund is maintained to fund estimated mine closure obligations. The value of the fund increased from PGK 845 M at the end of 2019 to PGK 906 M as of 31 December 2020, through a combination of portfolio earnings and the favourable impact of a strengthening USD compared to the PGK.

Property, Plant and Equipment increased by PGK 314 M during the year to PGK 4,108 M. This included completion costs relating to the CRP and capitalisation of long-term lease contracts (mainly in shipping and dredging activities) in accordance with IFRS 16 Leases.

Trade and Other Payables

Trade and other payables at the end of 2020 were PGK 219 M. This was PGK 97 M lower than the previous year (PGK 316 M) and simply reflects the timing of payments.

Non-Current Liabilities

Non-current liabilities as of 31 December 2020 were PGK 1,906 M, and primarily include the provision for mine closure costs (PGK 817 M), leased liabilities reported in accordance with International Financial Reporting Standards (IFRS) 16 (PGK 587 M), and a provision for deferred income tax liability of PGK 494 M, which reflects the timing difference between depreciation for accounting and taxation purposes.

Equity

Retained earnings benefited from a net profit after tax of PGK 725 M during the year offset by dividend distributions of PGK 550 M. As a result, total shareholder's equity increased by PGK 175 M in 2020 to PGK 4.3 billion.

**WE RECORDED
PKG
725 M
AFTER TAX
PROFIT FOR THE
2020 YEAR**



Arns Grease (left) and John Suri (right), apprentices, receiving training from Michael Kwalimu (far right).



ABBREVIATIONS

/	Per	GDP	Gross Domestic Product	MCC	Motor Control Centre	PGK	Papua New Guinea Kina
%	Percent	GHG	Greenhouse Gas	MD	Managing Director	PJ	Petajoule
ANC	Acid Neutralising Capacity	GRI	Global Reporting Initiative	ML	Megalitres	PNG	Papua New Guinea
APD	Asset Protection Department	GWh	Gigawatt hour	ml	Millilitres	PNGSDP	PNG Sustainable Development Program
ARD	Acid Rock Drainage	ha	Hectare	MOU	Memorandum of Understanding	ppm	Parts per million
AS	Australian Standards	H₂SO₄	Sulphuric Acid	Moz	Million ounces	PwC	PriceWaterhouseCoopers
ASA	Advanced Safety Awareness	IFRS	International Financial Reporting Standards	MPA	Maximum Potential Acidity	RPNGC	Royal PNG Constabulary
Au	Gold	ISO	International Organisation for Standardization	MROT	Mineral Resources Ok Tedi	RWI	Restricted Work Injuries
CEO	Chief Executive Officer	IMIU	International Mining Industry Underwriters	Mt	Million tonnes	SAG	Semi Autogenous Grinding
CEPA	Conservation Environment Protection Authority	IRC	Internal Revenue Centre	Mtpa	Million tonnes per annum	SDGs	Sustainable Development Goals
CGMS	Complaints and Grievance Management System	JORC	Joint Ore Reserves Committee	MWh	Megawatt hour	SHCC	Safety, Health, Environment and Community
CMCA	Community Mine Continuation Agreement	kg	Kilogram	MWTP	Mine Waste Tailings Project	SIFR	Significant Injury Frequency Rate
CO₂-e	Carbon dioxide equivalent	km	Kilometre	NAPP	Net Acid Production Potential	SML1	Special Mining Lease One
CR	Community Relations	km²	Square kilometre	NID	National Identification	t	tonnes
CRP	Crusher Replacement Project	Koz	Thousand ounces	NZS	New Zealand Standards	TB	Tuberculosis
Cu	Copper	Kt	Thousand tonnes	OHSAS	Occupational Health and Safety Assessment Series	TCS	Tax Credit Scheme
dmt	Dry metric tonnes	lb	Pound	O&I	Observations and Interactions	TRIFR	Total Recordable Injury Frequency Rate
EFA	Ecosystem Function Analysis	LDP	Leadership Development Program	ORWB	Off River Water Bodies	UN	United Nations
EITI	Extractive Industries Transparency Initiative	LTI	Lost Time Injury	OTDF	Ok Tedi Development Foundation Limited	µg/L	Microgram per litre
EL	Exploration Lease	LTIFR	Lost Time Injury Frequency Rate	OTEMA	Ok Tedi Environmental Management Act	USD	United States Dollar
ELT	Executive Leadership Team	m	Metre	OTML	Ok Tedi Mining Limited	VPC	Village Planning Committee
FIFO	Fly-in Fly-out	M	Million	OWN	OTML Women's Network	WPPDTF	Western Province Peoples Dividend Trust Fund
FRPG	Fly River Provincial Government	Mm³	Million cubic metres	oz	Ounces		
g/t	Grams per tonne	m³	Cubic metres	pa	Per annum		
		m³/t	Cubic metres per tonne	PCon	Pyrite concentrate		

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Cautionary Statement Regarding Forward Looking Information

Certain information contained in this Annual Review 2020, including any information as to the Company's strategy, projects, plans, future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "aim", "believe", "expect", "will", "should", "anticipate", "contemplate", "target", "plan", "project", "continue", "budget", "may", "intend", "estimate" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, that may cause the actual financial results, performance or achievements of the Company to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to the impact of global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future cash flows, changes in the worldwide price of gold, copper or certain other commodities (such as silver, fuel and electricity), possible variations of ore grade or recovery rates, failure of plant equipment or processes to operate as anticipated, ability to profitably produce and transport the Company's product, demand for the Company's product, fluctuations in foreign currency markets, risks arising from holding derivative instruments ability to successfully complete announced transactions and integrate acquired assets, legislative, political or economic developments in the jurisdictions in which the Company carries on business including increases in taxes, operating or technical difficulties in connection with mining or development activities, employee relations, availability and costs associated with mining inputs and labour, the speculative nature of exploration and development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, changes in costs and estimates associated with the Company's projects and the risks involved in the exploration, development and mining business. There can be no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements and information due to inherent uncertainty. All forward looking statements and information made herein are qualified by this cautionary statement and speak only as at the date of issue of this Annual Review 2020. The Company disclaims any intention or obligation to publicly update, revise or review any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable laws or regulations.



OUR MINE • OUR PRIDE • OUR FUTURE

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100% Papua New Guinean, owned by the State, Western Province, and Mine Associated Communities