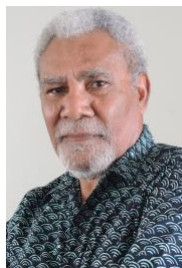


**Public Statement by Rt Hon Sir Mekere Morauta**  
**Former Prime Minister and Member for Moresby North-West**  
**Port Moresby 26 September 2019**

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**Leaked 'loan' documents raise more questions about MRDC – Sir Mekere**



Leaked documents have revealed disturbing details about a K7 million financial transaction between Mineral Resources Development Corporation and one of the landowner subsidiaries it manages.

The transaction is purportedly a loan to MRDC by Gas Resources Gigira, which holds about 2 percent of the Hides project on behalf of landowners. MRDC management, purportedly acting on behalf of Gigira, instructed BSP to transfer K7 million to MRDC on September 7 last year.

“The documents made available to me state that the authority for the ‘loan’ is Mr Augustine Mano, managing director of MRDC, who is also a director of Gigira by virtue of that position,” the Member for Moresby North West, Sir Mekere Morauta, said today.

“Transactions such as this would normally require board resolutions, but none appears to have been provided according to the documents I have seen. In the public interest Mr Mano and his MRDC chairman, Chief Secretary Isaac Lupari, should confirm that a Gigira board resolution was passed to authorise the transaction prior to the request to BSP. They should also provide the MRDC board’s authority for taking out the ‘loan’ before the instruction to BSP.

“They should also supply other important details, such as the security that MRDC has provided Gigira for the loan, the term, the interest rate and any repayments made.”

Mr Lupari and Mr Mano should state whether a board of directors for Gigira has ever been properly constituted, and whether any landowners or their representatives were consulted about the ‘loan’. What other of MRDC’s subsidiaries are in the same position? What other financial transactions have been conducted in the same way?

Former Prime Minister Morauta said the ‘loan’ was purportedly used as a top-up for Star Mountains Plaza Ltd, the company that owns the Port Moresby complex of the same name, which hosts the Hilton Hotel.

SMP’s shareholders are the PNG Government through its wholly owned APEC Infrastructure and Investment Company (14%), and the MRDC subsidiaries Mineral Resources Ok Tedi 2 (21%), Mineral Resources Star Mountains (14%), and Petroleum Resources Kutubu (45%). Mr Mano is a director of SMP, MROT2, MRSM and PRK, as well as Gigira.

As with MRDC and other of its subsidiaries, up-to-date audited financial statements are not available for Gigira, MROT2, SMP or PRK. Therefore no public evidence exists to demonstrate that the ‘loan’, which is a related-party transaction, is legitimate. Related-party transactions feature often in criticism of MRDC group by its independent auditors and the Auditor-General.

Sir Mekere said the documents given to him indicated that the transaction is the result of a request for urgent funding from Mr Brian Eldridge, managing director of Stratum Unlimited, a small New Zealand construction consultancy acting as project and construction manager of the Star Mountain Plaza project.

One email from Mr Eldridge to Mr John Tuaim of MRDC states that Stratum needs K10.6 million as part of a foreign currency swap transaction. He writes:

**Due now**

**Kina**

Hilton pre-opening – K2.4m  
Client P&G top-up – K3m (we spend approx K1m per week through this)  
Total PGK required- K5.4m (we are short K500k)

**USD**

USD \$1m (multiple small payments)

**Shortfall NOW K3.8m (rounded K4m)**

Furthermore

**Next week WC 11<sup>th</sup>**

Client P&G top up - K2.0m  
USD payments- \$2m

**Shortfall K8.6m**

“What precisely is all this money for,” Sir Mekere said. “What is ‘Client P&G’ and why is K1 million a week being spent on this? And why the ‘small payments’ in US dollars?”

“The contents of the documents given to me are of great concern. Mr Mano and Mr Lupari should provide a complete, verifiable explanation ASAP. In the meantime, I will be handing the documents to the appropriate authorities.”