



## Pacific Lime and Cement Signs Landmark Project Development Agreement with PNG Government

10 December 2025

Pacific Lime and Cement Limited (ASX: PLA) ("PLC" or "the Company") is pleased to advise that the Project Development Agreement ("PDA") for its flagship Central Lime and Cement Project in Papua New Guinea was formally initialled yesterday afternoon by the State Negotiating Team ("SNT"), representing the PNG Government (the "State"), and publicly announced by the Hon. Richard Maru, Minister for International Trade and Investment. This public confirmation signifies that all terms of the PDA have been finalised and endorsed by the SNT under its mandate from the National Executive Council ("NEC"), marking a sovereign milestone and the culmination of over a decade of collaboration.

The PDA will now be ratified by the NEC, following which it will be signed at Government House by the PNG Governor General, Sir Bob Dadae, formalising the alignment between the parties on the full development, fiscal, equity and regulatory terms. The PDA provides the legal and policy framework for project implementation under the PNG Mining Act 1992 and Special Economic Zones Authority Act 2019, and builds upon and also finalises the Community Development Agreement (CDA) initialled in February 2025. The PDA is legally binding under PNG law and enforceable under international arbitration mechanisms (if necessary).

### Key Provisions of the PDA

#### State Equity Participation:

- The PNG Government (via its nominee) will have the right to acquire a 13% equity stake in each of the project's two Special Purpose Vehicles (SPVs) – Quicklime and Cement, with a further 5% option in each SPV, exercisable post-commissioning for each production facility, for up to 18% total equity per SPV.
- The equity valuation for the Quicklime SPV (**already under construction**) reflects a 22% discount to the base project 2 Kiln case NPV of US\$161 million<sup>1</sup>, equating to an investment of approximately US\$16.3 million for a 13% interest and a further ~US\$6.8 million for the optional 5%. The agreed discount recognises the PNG Government's contribution to the project's overall economics, including the granting of fiscal concessions, regulatory facilitation, and strategic support. Such investment by the State is to be made before production commences.
- The valuation for the Cement SPV is to be determined and paid for at FID, targeted for calendar year 2026, using a mutually agreed NPV methodology facilitated by a State-appointed independent expert, with a 15% discount applied in recognition of the State's ongoing fiscal contributions. The most recent 'Cement Only' project NPV reported by the Company is US\$284 million<sup>2</sup>.

#### Government-Funded Provincial and Landowner Equity:

- Up to 8% of the State's 13% equity stake in each SPV will be allocated to project-area landowners and the Central Provincial Government, funded by the State.
- In addition, PLC will directly provide a 2% free-carried equity stake in each SPV to local landowners, consistent with CDA commitments.

#### Fiscal Incentives and SEZ Status:

The project is granted full Special Economic Zone (SEZ) fiscal treatment under PNG's SEZ Act, including corporate tax concessions, import duty relief, and contractual stabilisation provisions to protect these incentives for the term

<sup>1</sup> Refer to announcement "Amended announcement CLP Achieves FID" dated 25 August 2025

<sup>2</sup> Refer to announcement "Letter to Shareholders from Managing Director" dated 11 July 2022

of the SEZ License that has another 10 years remaining (SEZ Licence No. 1911-0221, to run until at least 2035). The Project comprises both SEZ and non-SEZ areas, with the quicklime and cement processing and other non-mining infrastructure facilities benefiting from Special Economic Zone incentives, with upstream limestone quarry areas remaining outside of the SEZ footprint under an agreed carve-out.

#### **Tariff and Industry Support:**

The State will promote the use of domestically produced quicklime, clinker, and cement by government bodies and contractors where products are competitively priced, of equal or better quality, and reliably available. If unfair international trade practices distort PNG's quicklime or cement markets, the State will consider applying trade measures, such as tariffs in line with local laws, World Trade Organisation principles, and International Monetary Fund guidance.

#### **Anti-Dilution and Free-Carry Protections:**

- The State and landowner equity interests are protected from dilution and expansion cash calls related to the Quicklime SPV, as funding provided by the State shall be allocated for PLC's Quicklime kiln expansion.
- Landowners 2% equity in the Cement SPV shall remain protected and free carried.
- If the State reallocates part of its equity to Landowners, any post operations cash calls on that equity will be met via a 50% reduction in dividends until repaid.
- The State shall contribute any expansion capital for the Cement SPV on a pro-rata basis.

#### **Governance and Oversight:**

- The PDA includes open-book governance, audit rights for the State, and transparent reporting obligations.
- Any future IPO of the Cement SPV will see at least 10% to be offered to PNG citizens, providing long-term liquidity and value realisation while creating an additional avenue for raising equity capital as part of the overall Cement SPV project financing package, thus avoiding dilution for PLC parent shareholders.

#### **National Significance**

The Project has been formally deemed a development of National Significance under the Organic Law on Provincial Governments and Local Level Governments, reflecting its critical importance to PNG's national interest. The PNG Government's commitment to PLC under the PDA marks a material de-risking milestone and a major sovereign endorsement of a nationally significant infrastructure and industrial project.

Managing Director Paul Mulder commented: *"The PDA reflects a comprehensive alignment between PLC, the PNG Government (at State, Provincial and District levels), and landowner stakeholders. By combining sovereign equity participation, SEZ incentives, and free-carried local equity, the project now stands on firm ground to deliver long-term value to all shareholders and national partners. We are grateful for the trust the Marape-Rosso Government and landowners have in us, and we look forward to progressing one of PNG's most important industrial developments."*

This announcement has been authorised for release by the Board of Directors of Pacific Lime & Cement Limited.



Photo (Left to Right): Paul Mulder (Managing Director, Pacific Lime and Cement), Richard Pegum (Executive Chairman, Pacific Lime and Cement), Hon. Richard Maru (MP, Minister for International Trade and Investment), Dairi Vele (Chair of the State Negotiating Team)



Photo (Left to Right): Richard Pegum (Executive Chairman, Pacific Lime and Cement), Hon. Richard Maru (MP, Minister for International Trade and Investment), Hon. Rufina Peter (MP, Governor for Central Province), Paul Mulder (Managing Director, Pacific Lime and Cement), Hon. Keith Iduhu (LLB, MP, Member for Hiri Koiari), Dairi Vele (Chair of the State Negotiating Team)

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A conceptual overview video was recently completed. To view please visit the following link [Conceptual Rendering - Central Cement and Lime Project - Special Economic Zone - PLC](https://youtu.be/wwRRpzPeEfc) (https://youtu.be/wwRRpzPeEfc)

**About Pacific Lime and Cement Limited**

Pacific Lime and Cement Limited (ASX: PLA) is advancing the development of Papua New Guinea's lime and cement industry to supply essential building materials for the nation and the wider Asia-Pacific region. Anchored by its flagship Central Lime and Cement Projects, PLC is creating a fully integrated platform for local manufacturing, import substitution, and sustainable growth. The company's diversified portfolio also extends to industrial sands, nature-based forestry carbon credits, and renewable energy, supporting its commitment to delivering cleaner, long-term solutions that build enduring value for PNG and its communities. PLC also holds an approximately 16.6% interest in copper gold explorer/developer Adyton Resources Corporation, a company listed on the TSX-V (TSXV: ADY).

PLC's strategy is to support Papua New Guinea and the broader Asia Pacific region on their decarbonisation journey by developing projects that deliver higher-quality, lower-cost, and targeted 'low-carbon' inputs for the mining, resources, and construction sectors. The company will support these projects where applicable with a diversified renewable energy portfolio encompassing solar, wind, geothermal, nature-based forestry carbon credits, and battery storage initiatives.

PLC is committed to engaging with host communities throughout the lifecycle of its projects, as well as incorporating internationally recognised Environmental, Social and Governance (ESG) standards into its strategy and business practices.