**INDEPENDENT STATE OF PAPUA NEW GUNIEA**

Independent Consumer and Competition Commission Act

**Act, Sec 81** **Form 2**

# NOTICE OF APPLICATION FOR CLEARANCE FOR A BUSINESS ACQUISITION

1. **FORM AND CONTENT:** In addition to providing a detailed submission in support of the application, the applicant/s is required to complete the application form in full. The Independent Consumer and Competition Commission (ICCC) may reject any applications that have not been filled out fully and properly in accordance with section 76 (4) (c) of the *Independent Consumer and Competition Commission Act, 2002*, (the Act)

2. **WHERE TO APPLY:** Applications for Clearance for Business Acquisitions should be lodged at the ICCC's Head Office at 2nd Floor, Post Office Building, Boroko, National Capital District or mailed to P.O. Box 6394, Boroko, National Capital District, Papua New Guinea. Ensure to supply one (1) hard copy and (1) soft copy of your application.

3. **WHEN TO APPLY.** It is a legal requirement to apply for clearance under section 81 of the Act if the proposed transaction would fall within the notification thresholds before proceeding to completion.

4. **PENALTIES:** Failure to apply and proceeding to complete a merger or an acquisition (which falls within either of the notification thresholds) will result in pecuniary penalty of K750 000.00. Transactions that were not authorised or cleared and it has raised competition concerns under section 69; and successfully prosecuted by the ICCC, the penalties (1) are up to K500, 000 for an individual, (2) K10, 000 000 for a body corporate under section 95 (3) of the Act, (3) divestiture of assets or shares under section 98 of the ICCC Act.

5. **FEE:** The fee for processing of a business acquisition clearance application is K20,000. This must be paid by a cheque or through wire transfer to the ICCC before any work is done on the application.

6. **COLLECTION OF DETERMINATION:** It is the ICCC's duty to inform an applicant of its determination, in writing, in accordance with section 81 (3). The ICCC must determine the application within 20 days after the date of registration of the notice or for such period as mutually agreed by the ICCC and the Applicant.

7. **LEGAL ADVICE:** Although it is not a requirement under the Act, the ICCC encourages applicants to seek independent legal advice before applying to the ICCC for clearance.

8. **CONFIDENTIALITY:** The consideration of applications for clearance is a public process. All documents provided to the ICCC that were intended to form part of the application, will be placed on public record on the ICCC's Public Register. The ICCC may reject any claim for confidentiality if it considers that disclosure is in the best interest of the public. If the ICCC decides to disclose any information claimed to be confidential, the applicant will be provided with an opportunity to withdraw the information. If confidential information has been withdrawn, they will not be considered in the assessment and determination of the application. Where the applicant would like to apply for confidentiality, the applicant must complete an Application for Confidentiality Form (*ICCC Form-4)*. The ICCC will consider, make a decision and inform the applicant accordingly.

**PLEASE FOLLOW DIRECTIONS ON THE BACK TO COMPLETE THIS FORM**

**A Notice is hereby submitted under *Section 81* of the *Independent Consumer & Competition Commission Act of 2002 (ICCC Act)* for Clearance for a Business Acquisition under *Section 69*, to acquire assets or shares in a business. All references made to provisions are to those provisions contained in the ICCC Act of 2002.**

## 1. Applicant (the Acquirer)

(a) Name of Applicant and registered office, including the IPA registration number:

**Kumul Minerals Holdings Limited (KMHL), Company No. 1-59327**

**Level 3, Kumul Minerals Haus, Section 45, Lot 4, Hubert Murray Highway, Port Moresby, NCD.**

(b) Address in PNG for service of documents:

(i) Physical address:

**Kumul Minerals Haus, Section 45, Lot 4, Hubert Murray Highway, Port Moresby, NCD.**

(ii) Postal address:

**PO Box 2032, Port Moresby 121, NCD.**

(iii) Phone and email address:

**(+675) 325 2743 and fmarie@kumulminerals.com.pg**

(c) Provide details of the business carried on by the Applicant including the goods and services the Applicant supplies:

**KMHL is the State's nominee mining company mandated under the *Kumul Minerals Holdings Limited Authorization Act 2015* (the KMHLA Act) to hold and develop mining interests on behalf of the Independent State of Papua New Guinea. It participates in exploration, development, production, processing, and marketing of minerals.**

(d) Detailed description of all related business/es or company/ies of the Applicant including the goods and services that each of them provide including the IPA registration number:
*(Refer to direction 3)*

Related companies: **Eda Minerals Limited (Company No. 1-62192) (wholly owned subsidiary of KMHL).**

Beneficiary: **The Independent State of Papua New Guinea, represented by the Trustee Shareholder (Prime Minister).**

(e) Name, address and phone number of any person/s (if any) for whose benefit or behalf the shares or assets acquired will be held:

## 2. The Target Company

a. In the case of a registered business or company whose shares or assets are to be acquired:

(i) Name of the business or company including the IPA registration number

**Mineral Resources Ramu Limited (Company No. 1-36654) (MRRL), wholly owned subsidiary of Mineral Resources Development Company Limited (Company No. 1-5231) (MRDC).**

(ii) Registered office of the business or company

**Level 12, MRDC Haus, Champion Parade, Port Moresby, NCD.**

(iii) Brief description of the business/es carried on by the business or company including the goods and services supplied

**MRRL holds participating interests in the Ramu Nickel Project.**

(iv) Number and types of shares or description of assets to be acquired

**1.97% participating interest in the Ramu Nickel Joint Venture (from MRRL's total 3.94%).**

b. Where it is a company whose shares are to be acquired, provide details of:

(i) The issued capital of the company

**MRRL is wholly owned by MRDC (100%).**

(ii) The holders of issued capital

**MRRL**

c. Provide details of all related business/es or company/ies of the business or company whose shares or assets are to be acquired by the applicant.
*(Refer to direction 4)*

**MRRL is wholly owned by MRDC. MRRL is related to other MRDC subsidiaries, including Mineral Resources Madang Limited (MRML), which holds a 2.5% participating interest in the Ramu Nickel Joint Venture. MRRL and MRML together comprise MRDC's 6.44% interest in the Ramu Nickel Project.**

d. Where it is a person whose assets are to be acquired

(i) Name and address of that person

**Not Applicable.**

(ii) Detailed description of the business/es carried on by the person including the goods and services that person supplies

**Not Applicable.**

(iii) Describe the assets to be acquired

**Not Applicable.**

### 3. The Acquisition

(a) Outline the details of the offer contract, arrangement, understanding or proposal for the acquisition and, where possible also provide a copy of that document.

**Sale and Purchase Agreement executed on 27 November 2025 between MRRL (Seller) and Eda Minerals Limited (Buyer).**

(b) Explain the commercial argument for the proposed acquisition and provide copies of all documents prepared specifically to assess the proposed acquisition with respect to the market/s affected and the nature of those effects.

**KMHL seeks entry into the Ramu Nickel Project, a world-class nickel/cobalt mine, to strengthen State equity participation and downstream processing capacity. Independent valuations (Grant Samuel, KPMG) place the interest at K121–K130m; acquisition price is K60m, representing a 50% discount.**

(c) Indicate whether the acquisition involves any additional commercial arrangements and describe those arrangements.

**Construction Debt of US$7.8m attached to the interest, with automatic step-up to 2.6% once repaid.**

(d) Provide a copy of the draft Sale or Purchase agreement.

**SPA attached.**

## 4. Threshold

(a) What is the purchase price of the proposed transaction in terms of PNG Kina?

**K60,000,000**

(b) What are the market shares of the parties involved in the proposed transaction?

**Acquisition represents 1.97% of Ramu Nickel JV. MCC holds 85%, Nickel 28 holds 8.56%, MRDC retains 4.47% post-transaction. KMHL's entry does not result in market dominance.**

## 5. Background Information

(a) Describe the industry sector/s in which the acquisition relates.

**Nickel/cobalt mining and downstream processing.**

(b) Describe the area/s where there is an overlap in the operations of the Applicant and the Target and any related businesses of the merger parties

**None – KMHL has no prior interest in Ramu Nickel.**

(c) Provide details of any other acquisitions that may have been made by the Applicant or the Target Company and any other acquisitions made in the industry sector/s in the last five years

**None in last five years.**

(d) Provide details (if any) of existing vertical or horizontal relationship between the Applicant and the Target Company

**KMHL and MRDC are both "sister" entities; transaction strengthens State participation.**

(e) Describe (if any) other cooperative agreements that the Applicant or Target Company may be a party to

**The Applicant (KMHL) is party to cooperative arrangements with the State of Papua New Guinea under the Kumul Minerals Trust Deed and will enter into the Ramu Nickel Joint Operating Agreement upon admission as a joint venturer. The Target (MRRL/MRDC) is party to the Ramu Nickel Joint Venture Agreement with MCC Ramu NiCo Limited, Ramu Nickel Limited, and Mineral Resources Madang Limited, and MRDC subsidiaries participate in cooperative agreements in other mining and petroleum projects.**

## 6. Market definition

Describe the relevant market/s the acquisition is most likely to have a competition effect on – this should include the market/s for the supply of goods and services and markets for the acquisition of goods and services.

**The relevant markets are the production and supply of nickel and cobalt hydroxide from the Ramu Nickel Project, the downstream processing and export of nickel/cobalt products, and the associated supply of mining services and inputs. The geographic market is primarily international, as most output is exported, with PNG representing only a small portion of demand. The acquisition of a 1.97% interest by KMHL does not confer market control and will not substantially lessen competition, as MCC Ramu NiCo remains the dominant operator and global imports provide competitive constraint.**

## 7. Suppliers

(a) Describe the inputs into the production of goods or services by both the Applicant and the Target Company in the relevant market/s and indicate the value of those inputs as a proportion of total production. Where alternative inputs are available, provide a list of substitutes.

**The Applicant (KMHL) does not currently consume production inputs, as it is a holding company. The Target (MRRL) participates in the Ramu Nickel Joint Venture, which requires laterite ore feedstock, sulphuric acid, fuel and power, lime/limestone, labour, and water. Chemicals account for approximately 40–50% of production costs, energy 20–25%, labour 15–20%, and other consumables/logistics 10–15%. Substitutes are available for most inputs (imported sulphuric acid, alternative fuels, dolomite for neutralisation, competitive labour/contractor markets), except for ore feedstock, which is unique to the Ramu deposit.**

(b) Provide the names and contact details of a representative selection of suppliers of inputs to both the Applicant and the Target Company in the relevant market/s
*(Refer to direction 9)*

**The Applicant (KMHL) does not currently consume production inputs directly. The Target (MRRL/MRDC), through the Ramu Nickel Joint Venture, sources inputs from suppliers including PNG Ports Corporation Ltd (logistics), PNG Power Ltd (electricity), Puma Energy PNG Ltd (fuel), Mainland Holdings Ltd (lime/limestone), Chemicals & Industrial Supplies Ltd (sulphuric acid), and contractors such as HBS PNG Ltd (mining services). These suppliers represent a competitive and substitutable range of inputs available in PNG and internationally.**

(c) Describe any purchasing arrangements in place with each of the suppliers identified above and outline whether it is expected or anticipated that these arrangements will continue or be varied in anyway post acquisition.

**Purchasing arrangements for the Ramu Nickel Joint Venture are managed centrally by the operator, MCC Ramu NiCo Ltd, under long-term service agreements and annual supply contracts with suppliers such as PNG Ports Corporation Ltd, PNG Power Ltd, Puma Energy PNG Ltd, Mainland Holdings Ltd, Chemicals & Industrial Supplies Ltd, and contractors including HBS PNG Ltd. These arrangements are expected to continue unchanged post-acquisition, as KMHL's minority interest does not alter operational control or procurement practices.**

## 8. Competitors

(a) Provide details of alternative suppliers of products now or shortly to be competitive with, or otherwise substitutable for, goods or services produced by the Applicant and Target company in the relevant market/s

**Alternative suppliers of nickel and cobalt products include Indonesian HPAL projects, Philippine laterite ore exporters, Australian sulphide producers (e.g., BHP Nickel West), New Caledonian laterite operations, Canadian sulphide mines (Vale, Glencore), and Chinese refining capacity. These suppliers produce goods that are competitive with, or substitutable for, the mixed nickel-cobalt hydroxide produced by the Ramu Nickel Project. The global nature of the nickel/cobalt market ensures that customers can source from multiple suppliers, providing strong competitive constraints.**

(b) If the suppliers identified above do not produce goods or services which are substantially the same as those goods and services produced by the merger parties in the relevant market/s, explain why it is considered that these goods or services are viable alternatives.

**Although some alternative suppliers produce nickel or cobalt products in forms different from the mixed nickel-cobalt hydroxide produced by the Ramu Nickel Project, these goods are viable alternatives because they serve the same downstream industries (battery manufacturing, stainless steel, alloys), are globally traded commodities, and can be substituted depending on price and processing requirements. The global supply chain treats nickel and cobalt products as functionally interchangeable, ensuring that Ramu Nickel's output faces strong competitive constraints from international suppliers.**

## 9. Customers

(a) Provide the names and contact details of a representative selection of the customers of each of the merger parties in the relevant market/s

**The Applicant (KMHL) does not currently have direct customers, as it is a holding company. The Target (MRRL/MRDC), through the Ramu Nickel Joint Venture, supplies mixed nickel-cobalt hydroxide to international customers under long-term offtake agreements. Representative customers include Jinchuan Group Co. Ltd, China Metallurgical Group Corporation (MCC), GEM Co. Ltd, Zhejiang Huayou Cobalt Co. Ltd, and Tsingshan Holding Group. These customers represent the downstream battery and stainless steel industries in China and globally.**

(b) Describe the distribution channels available to the merger parties in supplying goods and services to customers and identify the relevant distribution channels in respect of each of the customers identified above.

**The Applicant (KMHL) does not directly supply goods or services. The Target (MRRL/MRDC), through the Ramu Nickel Joint Venture, distributes mixed nickel-cobalt hydroxide via direct export shipping from the Basamuk refinery in Madang Province, under long-term offtake agreements managed by MCC Ramu NiCo Ltd. Customers such as Jinchuan Group, GEM Co. Ltd, Huayou Cobalt, and Tsingshan Holding Group receive product through these channels. MCC also takes product internally for refining. Distribution is therefore conducted through international shipping and contractual offtake arrangements, which are expected to continue unchanged post-acquisition.**

(c) Describe the existing supply arrangements that the Applicant and Target Company have in place with the customers identified above and whether it is expected or anticipated that these arrangements will continue or be varied in anyway post-acquisition

**The Applicant (KMHL) does not currently have supply arrangements with customers. The Target (MRRL/MRDC), through the Ramu Nickel Joint Venture, supplies mixed nickel-cobalt hydroxide under long-term offtake agreements with customers such as Jinchuan Group, GEM Co. Ltd, Huayou Cobalt, and Tsingshan Holding Group, and through internal arrangements with MCC. These supply arrangements are**

**managed by MCC Ramu NiCo Ltd, the JV operator, and are expected to continue unchanged post-acquisition, as KMHL's minority interest does not alter operational control or customer relationships.**

**10. Market concentration**

Provide estimates of or actual current and post-acquisition market shares for the merger parties and market shares of the existing alternative suppliers or purchasers in the relevant market/s identified above.

**Pre-acquisition, MRRL holds 3.94% of the Ramu Nickel Joint Venture. Post-acquisition, KMHL (via Eda Minerals) will hold 1.97%, MRRL will retain 1.97%, MRML will continue to hold 2.5%, Nickel 28 Capital Corp holds 8.56%, and MCC Ramu NiCo Ltd remains the majority operator with 85%. Globally, Ramu Nickel contributes less than 2% of nickel supply, with Indonesia, the Philippines, Australia, New Caledonia, Canada, and the DRC providing the majority of nickel and cobalt products. The acquisition does not materially alter market shares or reduce competition.**

**11. Countervailing Power**

(a)Describe the relative strength of bargaining power possessed by customers of the products in the identified markets;

**Customers of nickel and cobalt products, such as Jinchuan Group, GEM Co. Ltd, Huayou Cobalt, and Tsingshan Holding Group, possess strong bargaining power. They are large, diversified buyers with access to multiple international suppliers and product substitutes. Ramu Nickel contributes less than 2% of global nickel supply, meaning customers can readily switch sources. While MCC negotiates long-term offtake agreements on behalf of the JV, overall customers exert significant influence over pricing and supply terms.**

(b)Describe to what extent it is possible for customers to bypass the merger parties by either importing or producing the product or service themselves, vertically integrating, or utilizing and alternative supplier; and

**Customers of nickel and cobalt products can readily bypass the merger parties. They may import from alternative suppliers in Indonesia, the Philippines, Australia, Canada, New Caledonia, or the DRC, all of which provide competitive substitutes. Several customers, such as Tsingshan Holding Group and Huayou Cobalt, are vertically integrated and produce their own nickel and cobalt products. Nickel and cobalt are globally traded commodities, and customers can substitute between different product forms depending on price and processing requirements. Ramu Nickel contributes less than 2% of global nickel supply, meaning customers are not dependent on the merger parties, and the acquisition does not reduce their ability to bypass or switch suppliers.**

(c)Describe the ability of suppliers to identify and switch to alternative customers.

**Suppliers of inputs to the Ramu Nickel Joint Venture, such as fuel distributors, chemical suppliers, logistics providers, and contractors, have strong ability to identify and switch to alternative customers. These suppliers serve multiple mining, petroleum, and industrial projects across Papua New Guinea and are not dependent on the merger parties. Demand for inputs such as fuel, sulphuric acid, lime, power, and logistics is broad and recurring, enabling suppliers to redirect capacity to other customers if necessary. The acquisition of a 1.97% interest by KMHL does not affect supplier flexibility or bargaining power.**

**12. Imports**

(a) Provide estimates of the actual and potential level of import competition in the relevant market/s and details of the importers;

**Import competition in the relevant markets is strong. Ramu Nickel contributes less than 2% of global nickel supply, while Indonesia supplies over 50%, the Philippines 10–12%, Australia and Canada 5–6% each, and New Caledonia 5%. The Democratic Republic of Congo supplies over 70% of global cobalt. Chinese refiners and traders such as Jinchuan Group, Tsingshan Holding Group, Huayou Cobalt, and GEM Co. Ltd import nickel and cobalt products from these countries. The presence of multiple large alternative suppliers ensures that Ramu Nickel's output faces significant actual and potential import competition, and KMHL's minority acquisition does not lessen competition.**

(b) Provide historical importation figures;

**Historical importation figures show that Papua New Guinea imports negligible amounts of nickel (e.g., US$5,160 in 2021). In contrast, China has consistently imported nickel products from PNG, with imports reaching US$421.68 million in 2024 for nickel mattes and oxide sinters, and total nickel imports from PNG amounting to US$3.26 billion in 2024. These figures demonstrate that PNG is primarily an exporter of nickel products, with China as the dominant importer.**

(c) List which products are imported into the relevant market/s, and who undertakes the importation and their relative share of the market;

**Products imported into the relevant markets include nickel laterite ore, mixed nickel-cobalt hydroxide (MHP), nickel sulphate, refined nickel metal, and cobalt hydroxide/metal. These are imported primarily by Chinese refiners and traders such as Jinchuan Group, Tsingshan Holding Group, Huayou Cobalt, GEM Co. Ltd, and MCC. In terms of relative market shares, Indonesia supplies over 50% of global nickel, the Philippines 10–12%, Australia and Canada 5–6% each, New Caledonia 5%, PNG (Ramu Nickel) less than 2%, and the DRC supplies over 70% of global cobalt. These figures demonstrate that import competition is strong and diversified, ensuring that KMHL's minority acquisition does not lessen competition.**

(d) Show the relationship (if any) between domestic prices and import product prices; and

**There is no independent domestic pricing for nickel and cobalt products in Papua New Guinea, as nearly all output from the Ramu Nickel Project is exported. Prices are determined by international commodity benchmarks (e.g., LME nickel and cobalt prices) and negotiated against import prices in China and other refining hubs. Domestic prices therefore mirror import product prices, with any local sales reflecting import parity (international price plus freight and duties). The acquisition does not alter this relationship, as PNG remains an export-oriented producer.**

(e) Provide details of the extent of which imports provide a constraint on domestic suppliers including the merger parties in the relevant market/s post acquisition

**Imports provide a strong constraint on domestic suppliers, including the merger parties, in the relevant markets. Nickel and cobalt products from Indonesia, the Philippines, Australia, New Caledonia, Canada, and the DRC dominate global supply, with Ramu Nickel contributing less than 2% of global nickel output. Prices are set by international benchmarks and import competition, meaning PNG suppliers cannot dictate terms. Customers source from multiple countries and can readily switch suppliers. Post-acquisition, KMHL's minority interest does not alter this dynamic, and imports will continue to exert significant competitive pressure on domestic suppliers.**

**13. Substitutes**

Provide information concerning the extent to which substitutes are available in the relevant market/s or are likely to be available in the market

**Substitutes for the products of the merger parties are widely available. Customers can source nickel and cobalt products from multiple international suppliers (Indonesia, Philippines, Australia, Canada, New Caledonia, DRC)**

**and can substitute between different product forms such as MHP, nickel sulphate, refined nickel, and cobalt hydroxide. In downstream industries, lithium-iron-phosphate (LFP) batteries and manganese-rich cathode chemistries provide substitutes for nickel-cobalt battery materials, while stainless steel producers can substitute with non-nickel alloys. Future developments in battery technology and recycling will further increase substitution options. The acquisition does not reduce the extent of substitutes available in the relevant markets.**

## 14. Barriers to entry

(a) Provide details of any barriers to entry and expansion in the relevant market/s

**Barriers to entry and expansion in the relevant markets are significant. Nickel and cobalt mining projects require very high capital investment, advanced processing technology, and reliable infrastructure. In Papua New Guinea, regulatory approvals, environmental compliance, and landowner agreements add further complexity. Globally, established producers in Indonesia, the Philippines, Australia, Canada, and the DRC dominate supply, while major customers exert strong bargaining power. Market volatility also discourages new entrants. These factors mean that entry and expansion are difficult, and KMHL's minority acquisition does not alter these barriers.**

(b) Provide details of the ability of any firm not currently producing goods or services in the relevant market/s but which could enter the relevant market quickly and provide an effective competitive constraint

**Several firms not currently producing in Papua New Guinea could enter the relevant markets quickly and provide effective competitive constraint. Global mining majors such as BHP, Glencore, and Vale have established nickel and cobalt operations and can expand output rapidly. Indonesian HPAL projects backed by Tsingshan and Huayou Cobalt are coming online and will add significant volumes of mixed hydroxide product. Philippine ore exporters can expand shipments to China, while battery materials companies such as Huayou Cobalt, GEM Co. Ltd, and CATL are vertically integrating into mining. These firms have the capital, technology, and customer relationships to enter or expand quickly, ensuring strong competitive constraints on the merger parties.**

(c) Provide details of any firms which have recently tried and failed to enter the relevant market/s, including the reasons (if known) for their failure

**Several firms have recently tried and failed to enter the nickel and cobalt markets. Vale's Goro Nickel Project in New Caledonia faced technical problems, cost overruns, and community opposition, leading to Vale's exit. Sherritt International's Ambatovy Project in Madagascar suffered from financial strain and political instability. BHP's Ravensthorpe Project in Australia was shut down shortly after commissioning due to technical failures and high costs. Smaller exploration firms in PNG and the Pacific have also failed to progress projects due to financing and permitting challenges. These examples demonstrate that entry is difficult, with failure often caused by technical complexity, capital intensity, environmental opposition, political risk, and market volatility. KMHL's minority acquisition does not alter these barriers.**

## 15. Dynamic characteristics

Provide details of the dynamic characteristics of the relevant market/s, including growth, innovation and product and/or service differentiation.

**The relevant markets for nickel and cobalt are highly dynamic. Growth is driven by rising demand for electric vehicles and renewable energy storage, with nickel demand expected to grow at 6–8% annually and cobalt demand remaining significant despite substitution trends. Innovation is reshaping the market, including advances in battery chemistries (LFP, NMC 811, solid-state), expansion of HPAL processing, and recycling of battery materials. Product differentiation exists between nickel ore, mixed hydroxide product, nickel sulphate, refined nickel, and cobalt hydroxide/metal, with end-use sectors such as batteries and stainless steel requiring different specifications. Service differentiation is evident in long-term offtake agreements and ESG-certified supply chains.**

**These dynamic characteristics ensure strong competition, and KMHL's minority acquisition does not alter them.**

### 16. Vigorous and effective competitor

Indicate whether the merger parties in the relevant market/s would separately be considered as a vigorous and effective competitor?

**The merger parties (KMHL and MRRL) are not separately considered vigorous and effective competitors in the relevant markets. KMHL is a state-owned holding company with a governance and ownership mandate, while MRRL holds a minority interest in the Ramu Nickel Joint Venture. Neither party operates mines or manages supply contracts. MCC Ramu NiCo Ltd, the majority operator with 85% interest, is the vigorous and effective competitor in the market. The acquisition of a 1.97% interest by KMHL does not alter competitive dynamics, as the merger parties do not independently exercise competitive influence.**

### 17. Vertical integration

(a) Describe whether the proposed acquisition would, or would be likely to, result in vertical integration between firms involved at different functional levels in the relevant market/s

**The proposed acquisition would not result in vertical integration between firms at different functional levels in the relevant markets. KMHL is a state-owned holding company with a governance and ownership mandate, while MRRL is a passive investor. Neither party operates mines, refineries, or trading businesses. MCC Ramu NiCo Ltd, the majority operator, already manages mining, processing, and export sales, and remains vertically integrated with downstream customers. KMHL's minority acquisition of 1.97% does not alter this structure or create new vertical integration.**

(b) Describe the extent to which vertical integration currently exists, where either merger party currently operates as a customer or supplier to competitors in the relevant market/s: and

**Vertical integration in the relevant markets exists only at the level of MCC Ramu NiCo Ltd, the majority operator of the Ramu Nickel Joint Venture. MCC manages mining, processing, and export sales, and is vertically integrated with downstream Chinese refining and trading networks. The merger parties (KMHL and MRRL) are passive investors and do not operate as customers or suppliers to competitors in the relevant markets. Accordingly, the proposed acquisition does not alter the extent of vertical integration.**

(c) Describe whether the proposed acquisition is likely to increase the risk of coordinated behavior.

**The proposed acquisition is not likely to increase the risk of coordinated behavior. KMHL's 1.97% minority interest does not alter the number of active competitors or the governance of the Ramu Nickel Joint Venture. MCC Ramu NiCo Ltd remains the majority operator and controls production and sales. The global nickel and cobalt markets are highly competitive, with dominant suppliers in Indonesia, the Philippines, Australia, Canada, New Caledonia, and the DRC, and customers possess strong bargaining power. These factors ensure that the acquisition does not create new incentives or mechanisms for coordination.**

### 18. Prices and profit margins

(a) Provide details of recent and current levels of pricing in the relevant market/s including the use of rebates and discounts

**Recent nickel prices have declined, with LME nickel falling from US$15,365/mt at the start of 2025 to lows near US$13,865/mt, and SHFE nickel contracts dropping from 124,500 yuan/mt to 111,700 yuan/mt. Cobalt prices have also moderated, averaging US$12–14/lb in 2025. Pricing in the relevant markets is benchmark-driven,**

**with long-term offtake agreements incorporating rebates and discounts for volume, quality, and logistics. Spot trades are generally priced at or slightly below LME benchmarks, with discounts of 2–5% common for mixed hydroxide product. The proposed acquisition does not alter these pricing dynamics.**

(b) Provide details of supply costs of goods and services supplied by the merger parties including manufacturing, marketing and distribution costs in the relevant market/s

**The merger parties (KMHL and MRRL) do not themselves incur supply costs, as they are passive shareholders in the Ramu Nickel Joint Venture. Manufacturing, marketing, and distribution costs are borne by the operator, MCC Ramu NiCo Ltd. Manufacturing costs are capital-intensive due to HPAL processing, with cash costs estimated at US$4,000–6,000 per tonne of contained nickel. Marketing costs are minimal, as sales are conducted through long-term offtake agreements with Chinese refiners. Distribution costs relate to export logistics, including port handling, freight, insurance, and customs clearance, typically adding US$100–200 per tonne. The proposed acquisition does not alter these cost structures.**

(c) Describe the competitive constraints, if any, which would, or would be likely to, prevent the merger parties from being able to significantly and sustainably increase, the prices paid by their customers, or lower the prices paid to their suppliers, post-acquisition in the relevant market/s

**Competitive constraints in the relevant markets are strong. Nickel and cobalt prices are set by international benchmarks, and Ramu Nickel contributes less than 2% of global nickel supply. Major suppliers such as Indonesia, the Philippines, Australia, Canada, New Caledonia, and the DRC dominate global supply, while large Chinese refiners and traders exert strong bargaining power. Long-term offtake agreements tie prices to benchmarks and quality adjustments, and HPAL processing costs limit scope for reducing supplier payments. These constraints ensure that the merger parties cannot significantly or sustainably increase prices paid by customers or lower prices paid to suppliers post-acquisition.**

(d) Describe the impact of the acquisition on the potential for coordinated conduct between remaining competitors in the relevant market/s post-acquisition

**The proposed acquisition does not increase the potential for coordinated conduct between remaining competitors in the relevant markets. KMHL's 1.97% minority interest does not confer operational control or influence over pricing or output. MCC Ramu NiCo Ltd remains the sole operator in Papua New Guinea, while global competitors such as Indonesia, the Philippines, Australia, Canada, New Caledonia, and the DRC continue to dominate supply. The market is highly competitive and customers exert strong bargaining power, making coordinated conduct unlikely. The acquisition is therefore neutral with respect to competitive conduct.**

(e) Describe the likely impact of the acquisition on the profit margins of the merger parties post-acquisition and the expected cause of any change

**The proposed acquisition is not expected to materially impact profit margins at the operational level. KMHL and MRRL are passive investors, and operational margins are determined by MCC Ramu NiCo Ltd's efficiency and global nickel/cobalt prices. The acquisition simply redistributes dividend flows, with KMHL's margins increasing slightly due to its larger shareholding and MRRL's margins decreasing correspondingly. Any changes in profit margins post-acquisition will be caused by global commodity price movements and operational factors, not by the ownership transfer.**

## 19. Related markets

(a) Describe the extent of complementarity between products supplied by the merger parties

**The merger parties do not supply separate or complementary products in the relevant markets. KMHL and MRRL are minority shareholders in the Ramu Nickel Joint Venture, and the only product supplied is mixed nickel-cobalt hydroxide (MHP), managed by the operator MCC Ramu NiCo Ltd. KMHL's role is to hold mineral**

**interests on behalf of the State, while MRRL represents landowner and provincial interests. Their functions are complementary in governance and representation, but not in product supply. The proposed acquisition does not create or enhance product complementarity.**

(b) Describe the extent to which the products identified above are, or could be, offered to customers as a product range through bundling or tying

**The merger parties do not supply a product range that could be offered to customers through bundling or tying. KMHL and MRRL are minority shareholders in the Ramu Nickel Joint Venture, which produces only mixed nickel-cobalt hydroxide (MHP). Sales are managed by the operator, MCC Ramu NiCo Ltd, under long-term offtake agreements that are benchmark-linked and do not involve bundling. Any bundling of nickel and cobalt products occurs downstream at the refining or battery materials level, outside the control of the merger parties. The proposed acquisition does not create or enhance bundling or tying practices.**

(c) Describe the competitive constraints that would, or would be likely to, prevent such bundling or tying from significantly foreclosing the ability of the merged entity's competitors to compete, including foreclosure of access to distribution by the merged entity's competitors.

**Competitive constraints in the relevant markets prevent bundling or tying from foreclosing competitors. Nickel and cobalt products are priced against international benchmarks, and PNG contributes less than 2% of global nickel supply. Major suppliers in Indonesia, the Philippines, Australia, Canada, New Caledonia, and the DRC dominate global supply, while large Chinese refiners and traders exert strong bargaining power. The Ramu Nickel Joint Venture produces only mixed nickel-cobalt hydroxide (MHP), leaving no scope for bundling. Long-term offtake agreements are benchmark-linked and prevent unilateral tying, and distribution networks remain accessible to all competitors. The proposed acquisition does not alter these constraints, and foreclosure risks are negligible.**

**20. Other grounds for grant of clearance**

Outline any grounds for the granting by the Commission of the clearance not already addressed above.

**The proposed acquisition is a passive transfer of a 1.97% minority interest between shareholders and does not alter operational control, market structure, or competitive dynamics. Papua New Guinea's contribution to global nickel supply is less than 2%, meaning the transaction cannot materially affect pricing or competition. The acquisition strengthens State oversight and governance through KMHL's mandate, while foreclosure and coordination risks remain negligible. These additional grounds support the granting of clearance by the Commission.**

**21. The counterfactual**

Describe the likely state of the relevant market/s in the future if the proposed acquisition does not take place, giving reasons

**If the proposed acquisition does not take place, the relevant markets will remain unchanged in terms of competition, pricing, and supply dynamics. MRRL would continue to hold the 1.97% minority interest in the Ramu Nickel Joint Venture, and MCC Ramu NiCo Ltd would remain the operator controlling production and sales. Dividend flows would remain with MRRL, and State oversight through KMHL would be less consolidated. Papua New Guinea's contribution to global nickel supply is less than 2%, meaning the absence of the acquisition would not materially affect global market outcomes. The only impact would be reduced efficiency in governance and alignment with national resource management policy, while competitive neutrality would be maintained.**

**22. International**

(a) Does the acquisition involve:

(i) A company operating in PNG that has a foreign parent?

**Yes. The Ramu Nickel Joint Venture is operated by MCC Ramu NiCo Ltd, which is majority-owned (85%) by China Metallurgical Group Corporation (MCC), a Chinese state-owned enterprise.**

**MCC is the foreign parent company, and its subsidiary operates in PNG.**

**The merger parties themselves (KMHL and MRRL) are PNG-owned entities, but the JV operator has a foreign parent.**

(ii) PNG businesses or consumers affected by the occurring overseas?

**Yes, indirectly.**

**PNG's Ramu Nickel output is exported primarily to Chinese refiners and battery material companies.**

**Pricing is benchmark-linked to international commodity markets (LME nickel, cobalt hydroxide index), meaning PNG revenues and dividend flows are affected by overseas market conditions.**

**PNG businesses (KMHL, MRRL, landowner groups) and the State are affected by overseas demand, pricing, and contractual terms, but PNG consumers are not directly impacted since nickel/cobalt products are not consumed domestically.**

(iii) Foreign consumers affected by the conduct occurring in PNG

**Yes.**

**Foreign customers (primarily Chinese refiners and traders) are directly affected by conduct occurring in PNG, as they purchase Ramu Nickel's mixed hydroxide product (MHP).**

**Production levels, quality, and reliability of supply from PNG influence their downstream refining and battery manufacturing operations.**

**However, KMHL's minority acquisition does not alter operational conduct, so foreign consumers are not adversely affected by the transaction.**

(b) Provide details of competition authorities in jurisdictions other than PNG to which the proposed acquisition has been, or is intended to be, notified and the timing of such notifications.

**The proposed acquisition has not been, and is not intended to be, notified to competition authorities in jurisdictions outside Papua New Guinea. The transaction involves a minority interest transfer between PNG entities (KMHL and MRRL) and does not alter the majority control of MCC Ramu NiCo Ltd, a subsidiary of China Metallurgical Group Corporation. As such, no foreign notification thresholds are triggered. The only relevant notification is to the Independent Consumer and Competition Commission (ICCC) of Papua New Guinea.**

## 23. Further information

Name, postal address, telephone, facsimile and email contact details of the person authorized by the applicant to provide additional information in relation to this application.

**Frank Marie**

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| **Commercial Lawyer**<br>**+675 3252743**<br>fmarie@kumulminerals.com.pg |

### 24. Information provided in relation to the target

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|---|
| Where the target has been consulted during the preparation of information provided in response to the questions contained in this form relating to the target, an authorized representative of the target must indicate here that information relating to the target is complete and accurate.<br><br>**MRDC has been consulted and confirms accuracy of information.** |

### 25. Declaration

The undersigned declare that, to the best of their knowledge and belief, the information given in response to the questions in this form is true and correct and complete, that complete copies of documents required by this form have been supplied, and that all estimates are identified as such and are their best estimates of the underlying facts and that all the opinions expressed are sincere.

The undersigned are aware of section 128(4)(b) of the ICCC Act, in that it is an offence to give information or provide an answer that is false in any particular

| | |
|---|---|
| Signature of authorized person | Signature of authorized person |
| Managing Director & CEO<br>Sarimu Kanu | General Counsel<br>Francis Lola |

This 21 day of January 2026.

**DIRECTIONS**

1. If you are an individual making this application on behalf of a company please state the name of the company. Note that the application must only be signed by a person authorized in writing by the company to do so and relevant correspondence confirming that the individual has been authorized to sign on behalf of the company must also be attached.

   If the space on this form is insufficient to provide all the information required, the information must be provided on separate sheets of paper, numbered consecutively and signed by or on behalf of the applicant.

   The Commission welcomes any other additional information that the applicant deems relevant in support of the application.

2. The response should detail the ownership structure, a list of the shareholders (where applicable) and the applicant's latest annual report (if any).

3. The response should disclose details of a holding company (if any) or subsidiary/ies (if any) as defined under *Section 5* of the *Companies Act of 1997*.

4. The response must disclose details of a holding company (if any) or subsidiary/ies (if any) as defined under *Section 5* of the *Companies Act of 1997*.

5. The response should disclose:

   (a) the date the contract, arrangement, understanding or proposal was or is intended to be made,
   (b) the date the public bid was advertised,
   (c) the intended date the contract, arrangement, understanding or proposal was or is intended to be concluded,
   (d) the intended date of consummation of the acquisition,
   (e) the consideration proposed to be exchanged for the acquisition.

   Also provide where possible, a copy of the contract, arrangement, understanding or proposal between the Applicant and the Target.

6. The response should include background information on the industry sector/s relating to the acquisition and the role of the Applicant and Target Company in the industry sector/s related to the acquisition. The information should also include a description of goods and services supplied both locally and internationally.

7. The response should detail all the goods and services produced and/or supplied and identify areas where there is an overlap (same or similar goods and services produced and/or supplied or same area of business conducted by the applicant and target) in the production and/or supply of goods and services by the Applicant and the Target.

8. In determining whether an acquisition breaches *Section 69* of the Act, an assessment of the relevant market/s must be made. The response must detail the product, functional, geographical and time dimensions of the market/s.

   (a) The product dimension of the market must include the identification of goods and services supplied by the Applicant and the Target Company. The next step is to identify the goods or services that may be considered substitutable or interchangeable with goods and services supplied by the applicant and target by customers – Demand side substitutability. Also identify possibilities of customers to switch to alternative suppliers given a permanent price increase and other suppliers start producing the goods and services in question or produce a substitute product – Supply side substitutability.

(b) The functional dimension of the market must describe the vertical stages of productions and distribution that comprises the relevant arena of competition. Consider whether products produced or sold at several levels by vertically integrated firms, or by firms at another level of distribution than the merging firms, should be included in the relevant market because the exercise of market power at one stage of distribution can be constrained by firms at an adjacent level of distribution.

(c) The geographic dimension of the market must identify the areas over which the Applicant and the Target Company and their competitors currently supply, the relevant products and to which the customers could practically turn. Also identifies other areas where customers could purchase these products given the merged firms raise prices.

(d) The time dimension of the market must address the period over which substitution possibilities must be considered.

9. The response should provide details of at least 5 suppliers and should be an even representation of suppliers ranging from small, to medium and then to large suppliers. The response should also include a description of the goods and services supplied by each of the suppliers and an estimated value of the goods and services supplied.

10. The response should include the location of each of the suppliers identified and the areas to which each of the identified entities supplies goods or services.

11. The response should provide details of at least 5 customers (if there are less, list all of them) and should be an even representation of the customers ranging from small, to medium and then to large customers and must include a description of the goods or services and the value of the goods and services purchased by these customers.

12. The response should provide details of any contracts, exclusivity rebates and discounts and identify any customers who have contracts which are about to expire within the next two years and indicate the supply volumes associated with such contracts.

13. The response should describe the market share of the suppliers or purchasers identified earlier, the market share of the Applicant and the market share of the Target Company in the relevant market/s over the last 5 years, including the total size of the domestic market. The documents relied upon to estimate the total market share sizes must be provided. The response should also include the number of buyers and sellers in the market.

Also outline the extent to which the Acquirer would be constrained in its actions by existing competitors in the relevant markets

14. The response should detail:

(a) the ability of competitors in the relevant market/s to increase supply,
(b) the ease with which customers could change suppliers including any switching costs that they would incur
(c) whether goods and services produced in the relevant market/s should be considered homogeneous or whether there are variations in price or quality and whether the relevant market/s are characterized by brand loyalty.

15. The response should detail whether it is viable for customers to import substitutes. Also indicate the origin of imports and address issues including but not limited to:

- options for the transportation of imports (e.g. by air, sea or land);
- transportation costs;
- whether the product is a high or low value product;
- whether the product is of high or low density; and

- whether the product is durable for transportation without damage or deterioration in quality.

The response should also cover any barriers to importation in the relevant market/s including whether significant investment in facilities or in distribution arrangements is needed to facilitate importation.

16. The response should provide details of the price of actual or potential imports (including, additional costs such as freight and customs duties), whether existing import suppliers can accommodate a significant expansion in capacity without the need for significant investment and whether import competition would provide a constraint on companies post acquisition in the downstream market. The response should also include details of existing importers and their customers.

17. The response should cover relative capacities, cost structures and the cost of expansion in the market.

18. The response should detail –

    (a) the market conditions that may affect the ability to entry and the ability of existing firms to expand;
    (b) the nature and height of barriers to entry and expansion;
    (c) details of exit;
    (d) entry and expansion in the relevant market/s in the last 5 years;
    (e) any incentives or disincentives for new entry; and
    (f) effective competitor.

    Barriers which must be addressed include, but are not limited to, the following:

    (a) Sunk costs in production capacity;
    (b) Accessing shelf space;
    (c) Advertising and promotion;
    (d) Legal and Regulatory restrictions such as licensing requirements, industry standards and capital requirements;
    (e) Requirement for scarce inputs;
    (f) the extent of Brand loyalty in the relevant market/s;
    (g) Minimum efficient scales of operation;
    (h) Goodwill;
    (i) Access to scarce resources such as intellectual property; and
    (j) Threat of retaliatory action by incumbents to new entry.

19. The response should have information including but not limited to the following –

    (a) Growth (whether the relevant market/s is/are growing or declining;
    (b) Levels of innovation;
    (c) Technological change (information on new technology used in production); and
    (d) Product and/or service differentiation in the relevant market/s.

20. The response should include information of merger parties' respective historical and current pricing, quality, after sales service and purchasing behavior. The response should also include merger parties' record of innovation, its growth relative to the growth of the relevant market/s, and its history of independent behavior.

21. The response should detail -

    (a) whether the Acquirer has market power in any market which could be leveraged into a vertically related market;

    (b) whether the target firm would have been a likely entrant to a vertically related market;

    (c) whether the merged firm will control access to an essential input;

22. The response should detail factors conducive to coordination in a market including, but not limited to, the following –

(a) The number of participants in the relevant market/s
(b) Transparency
(c) Homogeneity of product
(d) Homogeneity of firms
(e) The size and frequency of purchases
(f) The presence of the same firms in more than one market

23. The response should address the complementarity that occurs where there is significant commonality of customers' products and whether the strength of demand for one product is positively correlated with the strength of demand for another, either because the products form part of a range that distributers need to carry because they must be consumed together for technical reasons.

24. The response should detail the circumstances where two or more products are, or could be, supplied only as a bundle (pure bundling) or, if supplied individually, are also offered as a bundle as a price that is lower than the price charged if sold individually (mixed bundling). The response must also address circumstances where customers seeking to acquire one product are required also to purchase a second product or carry amounts of the second product (tying).