

**PNG AIR LIMITED
ANNUAL MEETING
FOR THE FINANCIAL YEAR ENDED 2018
16 July 2021**

Welcome

[Speaker: Augustine Mano]

Today we are very pleased to welcome those of you participating online through our first virtual meeting platform provided by our share registrar Link Market Services Limited, and those in attendance.

Due to the current COVID-19 pandemic, we thought it prudent to take steps to discourage a physical public gathering and encourage attendance online.

We hope that holding a virtual meeting will assist in further curbing the spread of the COVID-19 virus and encourage greater participation and engagement amongst our shareholders going forward.

Chairman's Speech

[Augustine Mano]

In 2018, the global economy was still going through fluctuations in oil prices and other commodities that had an impact on the aviation industry. Here in PNG, the economy continued to struggle with its own set of challenges such as the lack of new projects that limited additional charter opportunities and unfavourable movement in foreign exchange rates.

The financial year of 2018 saw a much-improved performance compared to 2017 and the company managed to generate a profit after tax of PGK2.2 million.

With the Board's improved focus in 2018, the company was able to turnaround from shareholders support to a self-sustaining entity. Therefore, 2018 was the first year where the shareholders did not contribute any additional funds to support the company, as the company was able to generate sufficient cash flow to sustain itself.

GOING FORWARD

Given the challenges faced in today's environment, the company is focused on certain key strategies to ensure business continuity. These include continuous focus on marketing strategies and public relations to increase sales, exploring

funding options to reduce debts and achieve business efficiency through cost restructure.

Board hereby takes the opportunity to thank all the shareholders, staff and other stakeholders for their continued trust and support.

Thank you.

I now invite Mr. Stanley Stevens, PNG Air ACEO to make his remarks.

ACEO's Update

[Speaker: Stanley Stevens]

The financial year of 2018 saw a much-improved performance compared to 2017. The company managed to generate a profit after tax of PGK2.2 million compared to the loss of 2017 of PGK0.5 million. The increase in revenue enabled the company to strengthen its balance sheet by building on its reserves for future maintenance of its brand new ATRs resulting in the improvement of its net shareholder equity by 38%, which is PGK29.7 million in 2018 and PGK21.5 million in 2017.

The following are a few key factors that enabled the company to achieve better results during this financial year:

- Total revenue grew by 9% compared to 2017 despite the soft prevailing economic conditions and restricted flights during the APEC leaders meeting. However, despite these challenges the Airline continued to increase its share in the PNG market. This supports the airline's strategy of proving to be the superior regular passenger transport in the market by bringing in brand new ATR aircrafts and providing a competitive alternative for the travelling public of Papua New Guinea.
- Our charter business grew significantly compared to last year, mostly because of the Newcrest contract awarded to the airline in the second half of 2017. The Airline also continues to service the St. Barbara contract for the Simberi mines and is well positioned to win more charter contracts as they are tendered.
- Freight services greatly improved following the conversion in late 2017 of one of the airline's Dash 8 aircraft to a full freighter. The Dash 8 freighter allows transport of up to 4 tonnes of freight offering a new alternative for primary producers, businesses and projects to move cargo around PNG. The freighter proved its capabilities and the airline's commitment to PNG

when providing emergency services to the earthquake stricken regions of the country in early 2018.

- The investment in human resource requirements for the business coupled with high quality performance, improved special skill sets to maintain the high level of revenue.

OTHER KEY ACHIEVEMENTS IN 2018

- The company for the first time was able to satisfy the requirements of CASA, which resulted in the approval of operating certificates and maintenance certificates renewal for three years.
- Improved our compliance position to attract mining contracts such as achieving BARS Gold accreditation.
- Increase employment for national staff in technical areas

We are working with our Board of Directors on key strategies to ensure business continuity.

I will now hand back over to the Chairman.