“Pressespiegel: Mining in the South Pacific“
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Deutsch-Pazifische Gesellschaft e.V., German Pacific Society
Dr. Roland Seib, Hobrechtstr. 28, 64285 Darmstadt
www.deutsch-pazifische-gesellschaft.de/bergbau

Common abbreviations:

BCL: Bougainville Copper Limited

IMF International Monetary Fund

LNG: Liquid Natural Gas

PNG: Papua New Guinea

Bougainville Copper Ltd. opens talks on Panguna

National 30.4.2010

BOUGAINVILLE Copper Limited (BCL) has proposed to commit US$3 billion (K8.2 billion) to return and reopen the abandoned Panguna mine in the Autonomous Region of Bougainville (ARB). BCL chairman Peter Taylor yesterday announced the company’s intention to return and reopen the mine during its 43rd annual general meeting in Port Moresby with shareholders and landowners. However, Mr Taylor told shareholders and landowners that it would need to be a fair and stable mining regime that gives investors the confidence needed to commit to a project that could cost billion. He said the World Bank initiative aimed at helping Bougainville develop capacity to manage its mining sectors continue and there was a good chance the transfer of mining powers to ARB would occur this year. “That is an important step because, as matters currently stand, there is an expectation of transition but not certainty,” Mr Taylor said.

He was hopeful that the new Bougainville mining regime would be largely consistent with the national model to assist with smooth transition from old regime to the new. “If mining powers can be draw down by ARB without undue delay, BCL believes that Bougainville Copper Agreement while its terms are being renegotiated, can facilitate a return to Panguna and the early generation of benefits to stakeholders.” Mr Taylor also disclosed studies indicated that there was in fact more gold, silver and copper in the ground at Panguna that had preciously been extracted. He said though it was important to take the time to get the new mining regime right, it was also necessary for all parties to drive the process as hard as possible so current promising signs of world’s economic growth were not missed. It is also learnt that there are stakeholders who are prepared to commit the K8.2 billion, including Rio Tinto as well as expanding share markets.

LNG to boost Pacific growth Post-Courier 30.4.2010

THE Pacific region is expected to grow on the back of a boost from resource-rich Papua New Guinea and Timor-Leste according to a new report by the Asian Development Bank. "The Asian Development Outlook 2010 (ADO 2010) report confirms that PNG can expect strong private investment and excellent business opportunities, on the back of sound macroeconomic management and the PNG LNG project," said Charles Andrews, ADB's country director in PNG. "This is a transformational time for PNG and ADB loans and technical assistance totalling $US512 million are helping the Government and private businesses and communities deliver good infrastructure and services," Mr Andrews added. Improving conditions for private sector investment and inclusive economic growth are central to ADB's operations in PNG, including direct support for public-private partnerships, access to finance, reform of state owned enterprises, and the Independent Consumer and Competition Commission.

"We particularly value our association with the successful Nationwide Microbank which has 50,000 customers, and we're planning to extend and expand our support," said Mr Andrews. ADB would finance most of the Government's $US480 million development investment program to rehabilitate PNG's 21 national airports to make them safe and secure. ADB was contributing $US100 million to the Lae port development project, and $US100 million to the first stage of the Government's Highlands region road improvement investment program with a commitment of a further $US300 million over 10 years. ADB has provided a $US25 million loan and technical assistance grant of $US 900, 000 to expand cross-border trade between PNG and Indonesia that will directly benefit West Sepik Province and will test how best to integrate PNG's border economies.

Ok Tedi: Inmet reveal trade plans for OTML shares Post-Courier 30.4.2010
By JONATHAN FARAPO

OK Tedi Minining Limited share holder Inmet Mining Corporation has announced that it plans to settle an agreement to exchange its rights to the Ok Tedi mine. It may complete it as soon as next month but landowners have announced they have other plans. However, Ok Tedi landowners are calling on the State and Inmet among other shareholders in the mining company to hand over controlling interests of the Ok Tedi Mine to their company, Ok Teri Fly River Investment Ltd. Landowners want full participation and hold 100 per cent shares as per the Kondra Bill and pursue their own destiny. They have vowed to pursue the matter in a Supreme Court review and obtain an injunction to stop any agreement related to the Community Mine Continuation Agreements CMCAs).

Meanwhile, Inmet said its agreement to exchange its 18 per cent stake in the Ok Tedi copper and gold mine in return for a set royalty could be completed as soon as next month. Last year, Inmet agreed to exchange its interest in the mine with a state-owned Papua New Guinea company in exchange for a 5 per cent net royalty on revenue from the mine. Inmet's chief executive Jochen Tilk said the company was waiting to complete the deal in a statement yesterday. He said Inmet was waiting to complete the deal as soon as there was a change in the Papua New Guinea tax code that would exclude the royalties from various taxes, and that change may be enacted as soon as next month. "We have a rough understanding that the law should be changed somewhere around May," Tilk said. "So we're thinking within a few months [the deal will be closed] and not longer than that, but it depends on the process."

But landowners also want a 100 per cent share of the PNG Sustainable Development Program as well and have already started an awareness program with Governor Bob Danaya donating K500,000. Representatives of the Ok Tedi Fly River investment limited company issued a statement yesterday which indicated that Dr Danaya would give an additional K5 million next Friday at an official launch to pursue the matter in court. Inmet indicated that among their plans to exchange shares the company would also find a new partner to invest in its giant Cobre Panama copper mine by the end of the year. The company plans to find a partner to invest in a 20 per cent to 30 per cent stake in the Cobre Panama project under development in Panama.

Government experts missing from LNG projects Post-Courier 30.4.2010
By Harlyne Joku

Government leaders expect great benefits from the multi-billion LNG project but lack of their presence on the ground among the people affected has resulted in the developer, Exxon Mobil acting as the de-facto government there. The developer is sorting out land disputes, compensation payments, resettlements and law and order issues. This is according to a land expert currently consulting on land resettlement issues for one of Exxon Mobil's contracting companies in Hides, along the Southern Highlands pipeline impacted areas, Josepha Kiris. "We can't expect Exxon Mobil to play de facto government on the ground. Where is the sovereignty of the independent state of PNG? People there need the Government to back them up, not the company," Ms Kiris said yesterday.

No mines until public is aware of impact: Sir Arnold National 29.4.2010
Source: By JAYNE SAFIHAO

MADANG Governor Sir Arnold Amet has accused the Government of failing to carry out awareness on the impact of mines on the environment and people of Madang. He warned that there would be no mines, or factories, if people were misinformed. Sir Arnold was speaking during a press conference in his office on Tuesday after holding a meeting with various senior officers from the Mineral Resource Authority (MRA), Mineral Resources Development Authority (MRDC), Department of Environment and Conservation (DEC), Mineral and Policy Department and the Chinese MCC representatives. The representatives flew in from Port Moresby for a couple of days.

The main topic of discussion for the group was their continued responsibilities towards the deep sea tailings deposit (DSTD), over which a court injunction has been issued. The injunction, taken out last week, means any construction work into the sea is to be halted, and all work is to be done on land for waste removal until matters are resolved between aggrieved parties. Sir Arnold said: "An important ongoing responsibility on the part of the national and provincial governments, relevant State agencies and the developer is the need for greater awareness of the issues our people are quite legitimately concerned about; and they are the environmental impacts of the DSTD on all marine life and the people living along Rai Coast, the greater Bismarck Sea, maritime districts, border of Morobe to Long Island, Madang through to Sumkar, Bogia and East Sepik." He said that being an islander himself, he empathised with them.

He stressed that he did not think the Government was doing enough awareness to educate the villagers. "I advised that vigorous awareness must be done. The awareness presentations must be simplified in Tok Pisin, in pictorial form and that a project module form be constructed which can be taken on a road show every time they visit impact areas," he said. The Karkar judge has also requested the Government to engage an independent scientist from the University of Papua New Guinea (UPNG) to review studies previously carried out by national systems research (NSR), by which the environmental permit was given. Sir Arnold said if all leaders could understand the project enough to have "an informed consent" agreement similar to Ok Tedi, then the people would truly own the projects and no unnecessary delays will occur. "The worst case scenario would be no mines," he said. Meanwhile Bongu villagers from the Rai Coast area want Sir Arnold to visit them on May 10. He accepted, saying he intended to invite Mining Minister and Deputy Prime Minister Sir Puka Temu and Environment Minister Benny Allan along.

Editorial

PNG GOVERNMENT TUNED TO MINERS, NOT CITIZENS

PORT MORESBY, Papua New Guinea (PNG Post-Courier April 29, 2010) - MADANG is fast losing its reputation as the delightful sleepy hollow that is welcoming to tourists with its peace and beauty. Apart from an influx of outsiders seeking jobs or riches around the provincial capital, there is the massive nickel-cobalt mine being assembled in the Ramu area. While the influx of people is the big worry for the local people and businesses with a perceived surge in crime and dirtiness, the mining project is the big worry at the upper level of society. Big money and huge responsibility have been committed to the mining project, with the ore mining site in the hills and the processing plant on the coast and the headquarters in Madang town. It is a huge investment by the Chinese majority partners and the substantial minority group, Highlands Pacific, plus the “investment’’ by the Papua New Guinea Government.

From the start, the Government has committed fully to this project which promises to be a major economic boon to Madang especially and to the nation. Leaders from the Prime Minister down have beaten a path to Beijing to ensure it got going. Construction of the mining project is well advanced and the joint venture expects to start production soon. But now a legal obstacle is being thrown across their path: a challenge to their intention to blast a small part of Basamuk Bay reef and to dump the mining wastes or tailings into the deep sea offshore. The case has been taken before the court several times in the past month or so, with four landowners succeeding so far in getting an injunction against the reef blasting. The company is determined to press its case, insisting it has obtained all necessary approvals from the Government.

The legal case is one thing. But it is considered in Port Moresby circles that the mine must and will go ahead. They must find a compromise to prevent any more delays. Whether that involves another way of disposing of the tailings, or getting a change to the laws, it is not yet clear. But there is a rising groundswell of opinion against short cuts and riding roughshod over the landowners. The Government must take note of its people’s feelings

Letter to the editor

Deep sea mining will only destroy marine life

Post-Courier 29.4.2010

Deep-sea mining and tailings dumping will impact on deep-sea animal communities. In light of the ongoing court battle to halt RamuNico from constructing the tailings pipeline; I’d like to point out deep-water communities that may potentially be impacted in the process. I must stress that the process of harvesting natural wealth so often comes with greater sacrifices in that destruction of wildlife habitats and the consequent annihilation of lives of their inhabitants are unavoidable. Having said that, it must be made known that commonsense and intelligence should prevail over greed and money. Many would think deep and cold dark waters are uninhabitable; they are dark watery deserts and lifeless. However, science has shown that these landscapes are and have been home to many different kinds of marine creatures of the kind that boggles the mind.

Deep-water habitats include volcanic vents and or black smokers and deep-sea coral reefs. Deep-sea coral reefs like shallow water tropical reefs are large accumulations of stony corals forming a complex skeletal framework. Deep-sea coral reefs occur in waters between 200 metres and 1500 metres deep often on continental slopes, submarine plateaus, ridges and seamounts. Deep-water coral reefs host communities of associated animals that may be distinct from surrounding deep seas and which may have species diversity and potentially be endemic. Scientist have discovered that these reefs host the early stages of many deep-sea animals including juvenile and adult fish of commercial values such as redfish. Modern fishing vessels trawling for fish is a known threat to these deep-sea coral communities, however deep-sea construction for tailings pipeline and mining are potential threats to them as well.

The RamuNico tailings pipeline may run through deep-water coral reefs and accumulated tailings hence may be exposed to deep-water currents and up-wellings due to in-situ conditions. If this is possible, dumped tailings can be transported ashore, and dumped on surrounding coastlines: on shallow water reefs and beaches. This would have devastating effects on shallow water coral reefs and all living things that depend on the coral reefs.

Upisa Wana, Gerehu

OFFICIAL SAYS PNG TO GET 'CRUMBS' FROM GAS PROJECT

Contracts going to foreign companies

PORT MORESBY, Papua New Guinea (The National, April 29, 2010) - Attorney-General Dr Allan Marat yesterday said PNG will gain very little from the PGK40 billion [US$14.6 billion] to be spent during the construction phase of the LNG project. Dr. Marat, whose public comments had often raised eyebrows in Government, said all major contract and sub-contract works in the project were going to foreigners, and Papua New Guineans would be left with the crumbs. He said he was forced to go public with his views after reading about foreigners picking up contracts in the project areas. He said the Government had itself to blame for this, especially past governments, for failing to prepare its citizens for the development of its natural resources. "My concern arose from the fact that past governments knew this country was blessed with resources, mineral and energy resources but, armed with this knowledge, nothing was really done to prepare our citizens for the exploitation of these resources," he told reporters at a press conference yesterday. "We have wasted the last 33 years; we have not been proactive enough. We have not educated an elite group of Papua New Guineans to be ready to take a lead in this extractive industry. Why haven't we done it?"

He said this failure has placed us in this situation, where PNG would gain far less than the 10 percent of the PGK40 billion promised under the national content plan. "Now we read in the papers that another 20 foreign firms are bidding for contracts. So, where do we come in, at sub-contract, or sub-sub-contract, or further down?" Marat said Papua New Guineans would be mere spectators as their resource was extracted and shipped overseas. He said the economy would not benefit much from the PGK40 billion because most of it would go overseas, including wages of foreign employees. He said during discussions with the developers and talks on the national content plan, he discussed this with Public Enterprises Minister Arthur Somare. "I have raised this with Somare, who spearheaded the whole project. And, he agreed that we might be getting less than the 10 percent of the national content plan," Marat said.

"But, perhaps, he did not push; maybe, there are other strategies. He took it well, and he said over the 30-year period, our position might improve with expertise and technical knowledge. I am not criticizing the Government. I am lamenting the past government's failure to prepare us for something like this. We have been reactionary, rather than visionary." Marat said he hoped that once the gas gets out, after 2014, PNG would have greater benefit. Construction has begun at the LNG project sites, with the six major contracts having been tendered to foreign firms, the top being the construction of the LNG facilities at portion 152.

Sir Puka stresses importance of land reforms National 29.4.2010
Source: By THOMAS HUKAHU

DEPUTY Prime Minister and Minister for Lands and Physical Planning Sir Puka Temu has stressed the urgency of land reforms to the National Research Institute, host of the consultative workshop on National Land Develop Programme (NLDP). "This year, we must stop having workshops and stop talking about reforms. We should start implementing in 2010." Sir Puka said there had been substantial progress despite many issues encountered in the past five years. One of the important achievements as he saw was the drawing up of the Vision 2050 plan, saying that it was a long-term plan, something the country must have. He also emphasised the need for PNG to come up with its own policies on land reforms instead of waiting for an organisation from outside of PNG to do it. "Let PNG take the lead in land reform, do not let the World Bank to do it for us," he said, adding that he recalled the land mobilisation issue from some years back.

Sir Puka also urged the participants to think about land issues as a common Papua New Guineans. "We have to take off our academic and bureaucratic hats and look at land as local Papua New Guineans." Sir Puka also told the audience that despite the promise of benefits the PNG LNG project will bring, land still remained important to the local people and would continue to bring much more to them. "The LNG project will employ only 10,000 people. "However, the land reforms will benefit 138,000 people. "From 2010-30, the reform should usher in broad-based economy that must not isolate customary land owners from their land." Sir Puka was the special guest at the NLDP workshop which started yesterday and will end tomorrow.

Porgera: Politicians 'blamed' Post-Courier 29.4.2010
By PEKU PILIMBO

THE PORGERA-Mt Kare Young Generation Association have blamed Enga politicians and local landowner leaders for not helping to look at the mining review into the Porgera mine. The mine has been in operation for some time and there have been no reviews to include all landowners to benefit and they have been left watching from the sidelines. Association president Jonah Puli Kipu said the agreement that was signed in 1989 needed to be reviewed and he was happy with Prime Minister Sir Michael Somare for supporting the review exercise. He said Sir Michael's intervention into the current mine agreement review was to help the future generation of the country.

Mr Kipu said on October 1, 2003 the office of the Prime Minister and the National Executive Council paved the way to establish the overdue mine agreement review clauses. He was happy with the current government for thinking about landowners. "During the mine operations over the last 20 years, there have been inconsistent, indecisive and compromising leadership. The few Enga and Porgera leadership that ruled the giant world-class Porgera mine have differed in quality, style and character. Over time and for different reasons, close adherence to leadership responsibilities, values, principles and directions slowly gave way to the desire for power, status and personal gains and wealth. He said national directive processes were openly abused and manipulated for personal gains using funds from the Porgera mine.

Mr Kipu said the review would help landowners become participants and not sideline spectators. He said the review would help young people be better citizens and create history as they become actively involved in the country's development. Mr Kipu thanked the Prime the Minister, Deputy

Prime Minister Sir Puka Temu and their advisers for giving birth to Vision 2050, and helping PNG develop using locally grown ideas. He promised to help the Government in its plans to involve young people as they will be the ones to develop and maintain the reputation of PNG after the current leaders' times are up.

NEW CALEDONIA NICKEL PLANT TO HIRE 4,000 ASIANS

Foreign workers from China, Korea, Thailand

WELLINGTON, New Zealand (Radio New Zealand International, April 28, 2010) – New Caledonia's Koniambo Nickel company says within weeks 200 Asian workers will arrive as large scale construction work on its smelter is getting underway. The company's president, Denis Lachance, has told Noumea's daily newspaper that at a cost of nearly US$4 billion, the plant in the territory's north will be the world's biggest metallurgical construction site. It will later this year employ 1,200 Chinese workers and 1,800 others from the Philippines, South Korea and Thailand.

By year's end 4,000 workers are to be on site, with up to 3,000 more to be employed for the project's scheduled completion next year. Four years ago, more than 2,000 Filipinos were flown in to build the Vale Inco nickel plant in the territory's south amid widespread opposition to foreign workers being hired. Permits to work on the project are issued for up to 18 months.
Radio New Zealand International: www.rnzi.com

More awareness on deep sea tailing needed — Post-Courier 28.4.2010

By ROSALYN EVARA

MADANG Governor Sir Arnold Amet is insisting there not only be greater awareness especially on the impact of the Deep Sea Tailing Placement but also that these exercises involve all relevant community leaders. Speaking to reporters at a press conference in Madang yesterday Sir Arnold said these were the views that he had impressed strongly on senior officers from Ramu NiCo (MCC) Limited, and state agencies including Mineral Resources Authority (MRA), Mineral Resources Development Authority (MRDC) and the Department of Environment and Conservation during a meeting he had convened with them yesterday morning. Sir Arnold said the team arrived from Port Moresby on Monday afternoon and were enroute to the mine impact communities to carry out their awareness.

He said he had requested an urgent meeting with them to discuss the continued responsibilities of the company, state agencies and respective governments in relation to the whole project and especially the DSTP which the National Court has placed an injunction over. He said he had advised that before the state and company representatives take to the communities that they ensure that the messages they intend on relaying are presented in the most simple and appropriate forms and content to the leaders on the ground. He said it was vital for this group of people to first understand the issues and basis on which the government had issued the environmental permits so that they too could then advise the people whom they live with daily accordingly.

FOREIGN CONTRACTORS LINE UP FOR PNG GAS PROJECT

At least 20 firms overshadow local applicants

PORT MORESBY, Papua New Guinea (The National, April 27, 2010) – At least 20 international companies are already vying to be subcontractors in the plant construction of the Papua New Guinea (PNG) liquefied natural gas (LNG) project. Although this information has not gone down well with PNG companies and those based in the country, major contractor Chiyoda-JGC Joint Venture (CJJV) says they have to adhere to the timeline pertaining to the construction phase of the project.

[*PIR editor's note: Chiyoda Corporation and JGC Corporation – (CJJV), is both Japan's leading engineering and construction firms who have been awarded a joint contract. The scope of the work is for a 6.6 million tons per annum LNG plant, with two trains, including facilities for inlet processing, treating, liquefaction, storage, and loading. The PNG LNG Project is an integrated development that includes gas production and processing facilities, onshore and offshore pipelines and liquefaction facilities.*]

Chiyoda's external affairs director Takumi Hoshino said they were yet to award contracts to some of the international companies that had started talks with them and no company had been awarded contract to date. "We have to construct accommodation very fast to cater for mobilization and to cater for 8,000 to 9,000 workers," he said in relation to the camp facility proposed for Portion 152 on the outskirts of nation's capital. "The subcontractors (have) informed that they will bring into PNG pre-fabricated goods for construction," Takumi said, much to the disappointment of the representatives of PNG companies that attended the four-day workshop between local businesses and engineering, procurement and construction (EPC) contractors last week. This was at the Enterprise Centre of the Institute of Banking and Business Management (IBBM) at Konedobu, Port Moresby.

Some of the attendees were particularly concerned that the subcontract business opportunities during the construction phase may be given to international companies. "What opportunity have you given to PNG companies to participate in the LNG project?" one attendee asked. In response, Mr. Takumi said as main contractor CJJV (EPC3) was ready to maximize in giving opportunities to companies to be subcontractors. "There has to be quality control and experience. Then they will require a lot of work to do here so they will subcontract here (PNG)," he said of the vying international subcontractors. A response which got a participant to challenge ExxonMobil to put in place a monitoring system to make sure such contracting of PNG companies by international subcontractors did take place. "I do not think you can do everything because you have no experience … you never constructed a LNG plant before,"

Mr. Takumi told the gathering. The plant construction is scheduled to start in August/September following the site preparation set to start in June and the LNG training facility at Port Moresby Technical College will take care of training for local workers. He said the engineering and procurement (EP) work was currently being done by about 100 engineers in Yokohama. Mr. Takumi also revealed that Landowner Company (lanco) Laba Holdings Ltd would engage in labor recruitment of most of the 2,000-2,500 local workers for the construction. It is also contracted to provide security. And CJJV will recruit 200-300 local staff for its 600 total staff ceiling for its main to be established at portion 152. "We have to engage with a local company. All recruitment will be done by the representative lanco," he said adding CJJV had consulted Department of Labor and has a manager in charge of recruitment. Other opportunities available to lancos are: camp maintenance, camp catering, and transportation of workers from camps to job sites.

PNG LANDOWNERS CALL FOR REVIEW OF PORGERA MINE

Provincial authorities criticized for dragging feet

By Peku Pilimbo
PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 27, 2010) – In Papua New Guinea, the Porgera-Mt Kare Young Generation Association (PMKYA) has blamed Enga

politicians and local landowner leaders for not helping to start the mining review into the Porgera mine. The mine has been in operation for many years and there had been no reviews to include all the landowners to benefit from and they have been left watching from the sidelines.

[*PIR editor's note: According to "Indigenous Peoples Issues & Resources, 2010", the Porgera gold mine is operated by subsidiaries of the largest gold mining company in the world - Canadian-based Barrick Gold Corporation, which holds 95 percent of shares in Porgera Joint Venture (PJV). The Enga provincial government owns 2.5 percent and landowners the remaining 2.5 percent. The company in 2005 admitted to killings at the Porgera site, where scavenging landowners have reportedly clashed with mine security workers. In 2008, the Porgera mine produced 627,000 ounces of gold worth approximately US$546 million.*]

PMKYA president Jonah Puli Kipu said the mine agreement that was signed in 1989 needs to be reviewed and he was happy with Prime Minister Grand Chief Sir Michael Somare for supporting the review exercise. He said Sir Michael's intervention into the current mine agreement review was good to help the future generation of the country. Mr. Kipu said on October 1, 2003 the office of Prime Minister and the National Executive Council paved the way to establish the overdue mine agreement review clauses and he was happy with the current government for thinking about landowners.

"During the mine operations over the last 20 years, there have been inconsistent, indecisive and compromising leadership. Few Enga and Porgera leadership that ruled the giant world class Porgera mine have differed in quality, style and character, Mr. Kipu said. "Over time and for different reasons, close adherence to leadership responsibilities, values, principles and directions slowly gave way to the desire for power, statues and personal gains and wealth. "Consequently, in regards to the national constitution, the national directive processes were openly abused and manipulated for personal gains using the funds derived from the Porgera mine," Mr. Kipu said.

Governor Amet invited to Bongu village to receive petition on tailings National 27.4.2010

MADANG Governor Sir Arnold Amet has been invited to Bongu village to receive a petition from people concerning the deep sea tailings placement (DSTP) system connected to the Ramu nickel mine in Madang province. It was at Bongu village, on April 14, that people from many of the Rai coast villages, as well as from the North Coast, Madang town and Karkar Island, gathered to share their experiences and concerns about the deep sea tailings placement system, which would see five million tonnes of tailings from the mine dumped into the Basamuk Bay every year – 100 million tonnes over 20 years. During the awareness programme, hundreds of people lined up to sign the petition, which calls on Sir Arnold to stop the DSTP system, and force the mine developers China Metallurgical Company (MCC) to find an alternate system of disposing of the tailings. Already there are more than 4,000 signatures.

Eddie Tarsie, one of the representatives and ward three councillor in the Saidor LLG, said: "People are worried about the marine life because that is the source of our food and livelihoods. Our fear is that dumping the mine tailings into the Basamuk Bay will pollute our waters and cause harm to the fish stocks on which our livelihoods depend." He was referring to a statement in The National last Friday by Greg Anderson from the PNG Chamber of Mines and Petroleum. Mr Anderson had claimed that people were being misinformed about the dangers of the mine, but the representatives of the Raicoast villages insists that the only misinformation is coming from the company and the Government, when they say that the DSTP is safe. Martin Dampat from Mindere village on Basamuk Bay said: "The Government agencies are not doing their job. They are only relying on the information provided by the company. There has been no proper, independent assessment of the risks and dangers."

LNG long term perks depend on government: Bank of PNG Post-Courier 27.4.2010

By JONATHAN FARAPO

THE expenditure from the LNG factors of production is essential for the country's domestic economy and not the bulk of K30 billion for setup expenditure over the first three years from imported material and short-term foreign labour. This is according to a technical study on the impact of the PNG LNG project on the national economy that was carried out by the Bank of PNG and the centre of policy studies at Monash University in Melbourne, Australia. The study said during the production phase of the project, exports in PNG will have an enormous effect on the gross domestic product but from the view point of the PNG economy this would largely be irrelevant because LNG exports were owned by foreigners. It pointed out that taxes, royalties and dividends paid to the Government would be important for PNG and how that money was managed and spent for the benefit of all Papua New Guineans.

The study also suggested the country could be looking at three scenarios for macroeconomic management of the LNG generated government revenue that includes a conservative, an aggressive or passive fiscal policy. Under each one of the three scenarios the study showed varying degrees of impact from LNG generated revenue while also suggesting that each scenario would spell different outcomes from savings from private and public consumption. Meanwhile, the central bank released its monetary policy statement last Thursday highlighting that there would be a period of significant economic growth following the start of the LNG project. The statement said the GDP is expected to increase significantly especially in 2010 and 2011, however inflationary pressures were expected to increase through activities related to the LNG project and the global economic recovery.

Bougainville: Women oppose mine bid Post-Courier 27.4.2010

By MOHAMMAD BASHIR

THEY flashed imaginary cash on their fingers and tucked their fists into their pockets to stress their points. They said many Bougainville leaders had made decisions for their own selfish gain which had led to bloodshed during the crisis and would not allow any repeat this time. The two women who flew in from their village want women in Bougainville to be consulted before any discussions on re-opening the giant Panguna mine are made. Bougainville is traditionally a matrilineal society like East New Britain and New Ireland. The womenfolk own the land and men are merely house husbands whose jobs are to garden, fish and make babies. Most decisions are made by the women. Since colonisation of PNG, women however have taken the backseat while men became leaders and made most of the decisions.

Lynette Ona and Joan Dateransi are ordinary looking Bougainville women who have lived it all. They are in town for some other business but decided to call into the Post-Courier to express their opposition to reports that certain Bougainvillian leaders were mooting the idea of re-opening the Panguna mine. Joan is the president of the Bougainville Indigenous Women Landowners Association (BIWLA) while Lynette is her deputy. After hearing the rumours, the two women said the mine will not be opened and CRA will not be allowed back to Bougainville. "We have never been consulted and we will not agree to allow CRA back to Panguna," Lynette said. They said the root cause of the Bougainville crisis was land because CRA simply did not worry about the future generation of the island. "CRA destroyed our land, environment and our culture. Our association has been established to stand for those rights."

PNG PROVIDES INVESTORS WITH MINERAL DATA

Goal to increase foreign investment

MELBOURNE, Australia (Radio Australia, April 25, 2010) - Potential foreign investors in Papua New Guinea's mining sector can now have direct access to mineral data. They gain access to the information through the Mineral Resources Authority. Data collated by Airborne Geophysical Survey and Geomap covers most of the resource-rich Highlands region of PNG. This is an area of about 40 square kilometers, from Eastern Highlands to Enga, and covering parts of Southern Highlands. The head of the Mineral Resources Authority, Kepas Wali, says by making the data available they hope to increase future foreign investment in PNG's mining sector. Mining is a key part of PNG's economy. *Radio Australia: www.abc.net.au/ra*

AUSTRALIAN PROSPECTOR ORDERED TO HALT IN SOLOMONS

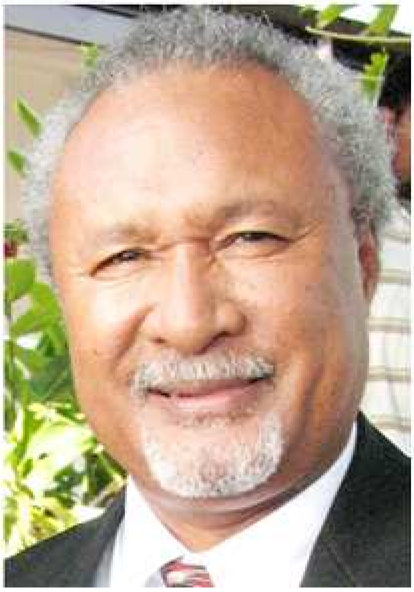
Aurelian Resources accused of operating without license

By Alfred Sasako
HONIARA, Solomon Islands (Solomon Star, April 26, 2010) - Guadalcanal Premier, Stephen Panga, has warned the directors and agents of an Australian company, Aurelian Resources (SI) Ltd, to cease all their activities in Guadalcanal Province immediately, accusing the company of "engaging in a concerted campaign to take over the prospecting tenements of a local company." The warning was contained in a letter to a Michael R Newton, the Managing Director of Aurelian Resources Pty Ltd, the parent company of Aurelian Resources (SI) Ltd. Solomon Star has obtained a copy of Premier Panga's letter. In it, he said: "It has come to our attention that your company Aurelian Resources Ltd (SI), Aurelian Resources Pty (Australia) through some expats and locals has been engaged in a concerted campaign of attempting to take over the prospecting tenements of a local company, Solomon Resources, as your company had also previously tried similar unsuccess-full attempts to take over the mining tenements of another company, Pheonix International (SI) Ltd through Mr. Mark Emery.

"Furthermore, you/your agents have been illegally operating gold mining dredges and explorations within the concession areas of Solomon Resources without first obtaining the relevant permits from SIG, Guadalcanal Provincial Government [GPG], or getting consent from Solomon Resources," the Premier said. "This is of great concern to the GPG (and) therefore we have to take decisive action in this case," the letter dated 7th April 2010, said. "We therefore inform you to cease all your and your agents' activities immediately within Guadalcanal Province without fail, and to obtain the relevant permits/license first. "We also would like to inform you in no uncertain terms your application to the mines and minerals board would not be endorsed by the GPG, if it lies within the concession areas already given to Solomon Resources," the letter warned. The letter concluded that without endorsement by the provincial government, any application for prospecting would not be approved by the Mines and Minerals Board.

In response, Mr. Newton has denied the accusations. He said his company's employees and agents have never engaged "in any activities to take over the tenements of Solomon Resources." He said Solomon Resources do not have any tenements. Solomon Resources Proprietor, David Kwan, said his group had received a Letter of Intent after it made a presentation to the Mines and Minerals Board last December. Mr. Kwan said Aurelian Resources (SI) Ltd is capitalizing on the ignorance of landowners who he alleged were receiving financial inducements to support the Australian company. "The fact that they have not applied for a prospecting license clearly shows they are only interested in grabbing what they could to make a fast buck," Mr. Kwan said yesterday.
Solomon Star: http://www.solomonstarnews.com/

Government to relax visa laws for skilled workers National 23.4.2010



THE Government is proposing to remove visa restrictions on skilled technicians who are required to perform emergencies at project sites in the country. Acting Prime Minister Sir Puka Temu announced yesterday that the National Executive Council (NEC) has approved the creation of a new class of visa "to remove impediments to economic growth and improve productivity in major resource projects". The visa, to be known as the restricted employment visa (REV), is to facilitate an amendment to the Employment of Non-Citizens Act 2007 and the Migration Regulation Act 1979. Sir Puka said the REV was the result of ongoing consultations between the Department of Labour and Industrial Relations and the PNG Immigration and Citizenship Services, all stakeholders, business houses, non-governmental organisations and the public.

Amendments would be made to the Employment of Non-Citizens Act 2007 by inserting paragraph (f) under section 5(1), Migration Regulation 1979 and Migration Fees Regulation 1982 to facilitate REV, he said. Sir Puka said whenever a plant or machinery broke down in any of the major resource project developers such as Ok Tedi Mining Ltd, Lihir Gold Ltd or Barrick Gold Ltd, it had not been easy to bring in technical specialists to attend to an emergency situation. Due to the length of time taken to process work permits and entry permit visas, time and productivity were lost on the mine sites which further impacted on the country's revenue. Sir Puka said the REV would overcome the lack of skilled technical specialists in the country and to expedite the import of such skilled technical specialists. Parliament will consider the amendments in its next sitting.

Justice Minister doubts tailings advice from consultants National 23.4.2010

ATTORNEY-General and Justice Minister Dr Allan Marat has cast doubt over the truthfulness of scientific advice to the National Government regarding the disposal of tailings into the ocean by major mining companies currently operating in the country. Dr Marat said in a statement that PNG lacked scientists or experts in the disposal of tailings into the seabed so mining companies engaged foreign consultants and experts to conduct research and provide scientific advice. "I doubt the truthfulness of the scientific advice by foreign consultants and experts relating to the tailings discharged into the sea," he added. Dr Marat said while major mining developments were currently in operation, the Government should now engage an independent team of scientists or experts in deep sea mining disposal to research for the Government. "According to scientific advice provided by the mining companies to the Government, dumping of tailings into the ocean would not damage marine environment and marine life," he said.

He was referring to tailings from the rich Lihir gold mine in New Ireland, Ramu nickel/cobalt in Madang and soon-to-be developed Solwara One project in the Bismarck Sea. Dr Marat said the undersea mining of Solwara One had progressed to an advanced stage without his involvement. "The developer of Solwara One, Nautilus Minerals Inc, plans to have its stockpiles in my electorate. "As Rabaul MP, I have never been invited by the department of mineral policy and geo-hazards management and the Mineral Resource Authority to all the meetings and discussions relating to the undersea mining project. "The stockpiles in my electorate will be later processed but where and how will they dispose off the tailings?" Dr Marat asked. Nautilus Minerals proposes to use a modified submarine tailings disposal (STD) method back down to depths below 1,500m. Dr Marat said this method was used by the Lihir gold mine – its waste disposal had been viewed by environmentalists as highly damaging. "Tailings can be conveyed using a pipeline or special vessels, then discharged so as to eventually descend into the depths."

PNG MINING GROUP PROTESTS RAMU 'MISINFORMATION'

Waste to be treated before disposal into sea

By Jonathan Farapo

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 23, 2010) – In Papua New Guinea, the Chamber of Mines and Petroleum believes there appears to be a lot of misinformation surrounding the deep sea tailings placement system (DSTP) for the Ramu project. Executive director of the Chamber Greg Anderson said his organization was concerned about the misinformation that it believed was being deliberately spread about the NiCo project in Madang.

[*PIR editor's note: According to the Ramu Nico website, the annual output will be nickel/cobalt intermediate product, in which the aggregate nickel metal accounts for 31,000 thousand tons and cobalt 3,000 tons. The Project is composed of three parts: the Kurumbukari mine site, the Basamuk processing plant and a 13- kilometer slurry pipeline from the mine to the processing plant. Ramu NiCo Project involves a number of local stakeholders, including the National Government, Madang Provincial Government, four local Level Governments and some 3,000 Project landowners.*]

"The chamber believes there is a lot of misinformation circulating about the DSTP system and its impact on the environment particularly the fish stocks in Astrolabe Bay," Mr. Anderson said in a statement yesterday. The statement which included a technical explanation of the DSTP system also claimed there would not be any changes to fish stocks in the Astrolabe Bay. "The tailings for the Ramu project will be discharged through a submarine pipe to the deep sea floor, a system known the DSTP. The tailings are the end product from a natural lateritic soil that has been processed to extract the nickel and cobalt and when released, the tailings must meet the environmental discharge standards required by the State through the environment permit," Mr. Anderson said. "The outlet pipe is at a depth of 150 meters and the sediment flows down the submarine slope to the deep sea floor and does not impact on the fish stocks," he said.

He said this method was used successfully at Misima mine for 13 years and was operated at Lihir mine for a similar period and Simberi mine for three years without any negative impacts on fish stocks. "There are also a number of other successful mining associated DSTP installations in operation around the world," Mr. Anderson said. He said that large offshore fans of turbid discolored sea water results from natural erosion which had been occurring over geological time but in some areas had now been worsened by the effects of gardening and logging. Mr. Anderson said the project brought with it substantial and long term benefits for the people of Madang Province, many of which he claimed were already apparent. "The Ramu project was subject to a stringent and lengthy consultation and approval process and has met all the statutory requirements of the State" he said.

Ramu: Highlands Pacific unhappy with claim Post-Courier 22.4.2010

By JONATHAN FARAPO

RAMU Ni-Co project mining partner Highlands Pacific have alleged that an interim court injunction filed last month arose from a claim that was not supported by legally recognised landowners. However the activities at the mine continue to face steep opposition from groups claiming to represent villagers from the Rai coast area in the Madang Province after it had been advised of the interim injunction by project manager Ramu NiCo (MCC) Management Limited. The mining company said the interim injunction only prevented work on the placement of the deep sea tailing displacement (DSTP) facilities while other construction and commissioning activities at the project would continue.

Highlands Pacific said it was advised by MCC that the project had complied with all the statutory requirements in obtaining and maintaining of environmental approvals including those for the DSTP. “MCC (as operator and manager), the Mineral Resource Authority of PNG, the Department of Environmental Conservation and the Independent State of Papua New Guinea, who are all defendants in the claim, are reviewing the situation in order to decide the next step in overturning the injunction,” managing director of Highlands Pacific John Gooding said. Landowners from the Ramu mine area have pledged their support for the mine according to the statement from Highlands Pacific. The interim injunction was upheld at the National Court in Madang last Wednesday which refused to grant the MCC application to set the injunction aside.

NEW CALEDONIA NICKEL PLANT REPORTS SPILL

Operators say 177,000 gallons of acid contained

WELLINGTON, New Zealand (Radio New Zealand International, April 22, 2010) – New Caledonia’s Vale-Inco nickel company says there has been a spill of 670,000 litres [177,000 gallons] of a solution containing acid. The company says nobody was injured and the spill was contained by the tailing dams. The plant, which cost about US$4 billion to build, is still in its testing phase although production was due to start last year. Last April, the company suffered a major setback when thousands of litres of acid was spilt into the lagoon which is a World Heritage site.

Letter to the editor

Mine waste affects many villages Post-Courier 21.4.2010

The Ok Tedi mine has done too much damage to the Fly River systems and its environment in Western Province. Since 1984, when discharge of mine wastes was approved by the Government, our Fly River systems have been destroyed and damages done that will take more than one hundred years for nature to correct. The The life is more important than money. Our ancestors have survived since time began from what nature had provided, from sago, taro, banana, kaukau, fish, marine resources, animals, birds and water. Since 1984, mine wastes have destroyed our resources that should have sustained us for generations to come. The Ok Tedi mine must close in 2013. The fisheries and marine resources must be protected for our future generations. What benefits Ok Tedi mine has brought about, there is nil, the Western Province is still the same. The present compensation packages are spoon-feed by Ok Tedi mining, and their trust agreements are never honoured by Ok Tedi. I have seen our people from Olsobip, Biami, Mogulu and headwaters of Strickland River still walk for two or three weeks to Kiunga or Tabubil – no roads. Our people along the Fly River and Ok Tedi River paddle every day to markets to Kiunga. South Fly and Middle Fly. The life is still the same – forgotten. It only feeds the Government. I support my Governor that Ok Tedi mine must close in 2013.

Western Province son

Catholic Bishops: Corruption 1st target for PNG

Post-Courier 21.4.2010

BY OSEAH PHILEMON

THE benefits expected from the liquefied natural gas project and the dreams espoused in Vision 2050 will not be realised until corruption is weeded out of the PNG society, the Catholic Bishops Conference has stated. In a detailed statement issued from their conference in Lae, the bishops have spoken specifically about PNG's Vision 2050. They echoed the words of Prime Minister Sir Michael Somare who described it as a "home-grown" initiative and Deputy Prime Minister Sir Puka Temu who described it as the "people's vision". The bishops stated: "Our elected political leaders at national, provincial and local levels as well as traditional and community leaders, both men and women, have an enormous task ahead of them as we go forward. "The National Government, because of the wealth PNG LNG will generate, has described an attractive dream for our nation with the PNG Vision 2050. "Everyone is called upon to participate. All are supposed to benefit.

"However, wealth that comes from PNG LNG and other projects will not, by itself, bring this dream to reality. "We will not even be at the starting point until the culture of corruption, which is firmly embedded everywhere in Government and society is eradicated and a new culture of honesty, service, transparency and accountability replaces it," the bishops said. "Today, many who, because of their position, have access to money for themselves, they are ruining our nation. This is stealing and it is wrong. These corrupt leaders are enemies of their own people. Wise leadership, competent governance and better law and order are necessary to realise PNG's dream. Political leaders and public servants surely know this and also know that if we continue along the path we are presently following, we are headed for disaster," said the bishops.

The Catholic bishops expressed grave concern about the state of health, education and other services that are supposed to flow onto the people as a result of the multi-million projects in the country. Their statement says: "Consider these questions - Why are health care and education services so poor in a country as rich as ours? Why is infrastructure development, such as roads and bridges, rural electrification and communications lagging behind so badly? What about governance, law and order, public service performance and political leadership? Why haven't these things gotten better over the years? "It is not an exaggeration to say the big development projects haven't helped as much as they should have," stated the bishops.

Ok Tedi mine to address grievances

National 20.4.2010

FOUR other major issues, besides the perceived unfair distribution of the shares in success scheme (SISS) funds, will be addressed by the Ok Tedi Mining Ltd (OTML) management under a memorandum of understanding (MoU) that ended a 16-day strike by 1,500 workers. The strike is estimated to have cost OTML K100 million in production loss. The MoU was signed between OTML, the Government and the Mining and Allied Workers Union last Friday. The major issues were the settlement of the home ownership scheme, end of mine life fund, mine closure packages and early retirement and redundancy tax concerns, which Mining Minister and Deputy Prime Minister Sir Puka Temu was pleased to note in the MoU. Safe and normal operations resumed with workers returning to work last Saturday.

The housing scheme is for mine workers to build their own homes using funds from the company. Both the workers and management are yet to agree on any fixed amount to be paid. On the early retirement and redundancy tax consideration, OTML and the workforce were seeking a favourable tax consideration from the Government on their retirement and redundancy packages. Sir Puka yesterday commended all the parties involved, especially the OTML management and the workforce, for reaching a definite “win-win” situation through the execution of the MoU. “You can all be proud that you managed what was a delicate situation and yet arrived at a compromise. “This is definitely a win-win situation for the parties, including the host community. “Not a single shot was fired, not a single employee was terminated and not a single person or property was damaged or destroyed during the strike,” Sir Puka said.

The MoU stipulated that all issues must be resolved by Aug 1, after which all parties will appoint an independent arbitrator whose decisions will be binding on them. It also required that the parties meet fortnightly and be guided and chaired by the Government to address commitments stipulated in the MoU. It was proposed that the matter of the SISS be dealt with through the appointment of an employee representative to be a director of the trustee of the SISS, in addition to the inclusion of an independent director. Currently, the two trustees are OTML management. Since the unfair distribution of the SISS was the cause of the strike, the union has engaged a law firm to take up the matter with the courts for interpretation on its fairness.

Sir Puka commended all the workers for the peaceful manner of the strike and acknowledged the efforts of the Industrial Registrar in the first week of the strike. He also commended the State team for putting together the MoU which captured the issues of contention and the mediation process. The Tabubil residents, surrounding communities and police were also acknowledged for assisting in maintaining peace and order. Despite all these, Sir Puka was disappointed that the media continued to carry wrong information, such as the nightly news on EMTV last Friday, claiming that police had intimidated and threatened the workforce.

Simberi mine deposits increase by 170% National 20.4.2010

Source: By YEHIURA HRIEHWAZI in Brisbane

DRILLING work at the new deposits at Simberi gold mine in New Ireland province continues to excite the developer, Allied Gold of Australia, with reserve estimates pumped up by 170%. In the meantime, the company has entered into agreement for contractors to start work on its new plant that will increase from the current 70,000 ounces of gold at Simberi to 100,000oz by mid next year and with work already starting on its Gold Ridge Mine in the Solomon Islands, Allied Gold is on target to produce more than 200,000oz of gold by 2012. The new resource estimate at Simberi’s Pigiput and Pigibo deposits shows a 170% increase in contained gold in measured and indicated categories compared with previous estimates. A statement by Allied Gold said the estimate showed 48.1 million tonnes at 1.38 grams/tonne in measured and indicated categories for 2.08 million contained ounces of gold, using a 0.5 grams/tonne cut-off.

The statement said there were also 38.5 million inferred tonnes at 1.0 grams/tonne for 1.24 million ounces of gold and 86.6 million tonnes at 3.70 grams/tonne for 10.3 million ounces of silver. It said that compared with the previous estimates, this represented a significant consolidation, with the equivalent of net 30.4 million tonnes at 1.34 grams/tonne gold converted to measured and indicated, and net expansion of total resources, by 29.4 million tonnes at 1.04 grams/tonne gold. Total measured and indicated resources at Pigiput are estimated at 41 million tonnes at 1.38 grams/tonne gold for 1.82 million ounces of gold. At Pigibu total measured and indicated resources are 7.1 million tonnes at 1.18 grams/tonne gold for 270,000 ounces. The statement said that phase three drilling is ongoing with efforts focused on testing down dip at Pigibo and the open north eastern side of Pigiput.

A further 17 diamond core holes for 4,360m, have been completed. The holes are part of a phased in-fill and step-out programme which started in May last year, designed to support the A$10 million (K26.5 million) sulphide and oxide expansion studies based around the Pigiput deposit. These studies target increasing annual total oxide and sulphide production to in excess of 200,000oz by 2012. The statement said that a particular focus of the phase three programme was to test the presently open north-eastern limit of Pigiput, with the aim of establishing a link with known mineralisation already immediately north at southeast Sorowar. The new estimates for Pigiput and Pigibo bring Allied Gold's total measured and indicated resources at the flagship Simberi gold mine and the Gold Ridge Project to 4.81 million ounces. With the increased size of deposits, the mine life on Simberi was expected to go before 10 years, it said.

Gas project: Blessing or a curse – Catholic Bishops Conference

By OSEAH PHILEMON Post-Courier 20.4.2010

IS the high-profile liquefied natural gas (LNG) project in the Southern Highlands Province a "Blessing or a Curse" for Papua New Guinea - that is the question the Catholic Bishops Conference is asking. The bishops meeting in Lae for their annual conference posed the question in a pastoral letter to the people of Papua New Guinea to answer. The bishops in a lengthy statement said that 60 years ago, once hidden fortunes of gold, silver, copper, nickel and oil were discovered in PNG. Today, Bougainville, Porgera, Ok Tedi, Lihir and Ramu are familiar names because of their mineral riches and the projects they generated. All these ventures promised to bring development and prosperity to our country, especially in the provinces where they are located. Landowners expected great benefits too.

But have these promises been kept? Or are these resources and amazing opportunities they present being squandered? "No doubt, a great deal of positive economic growth has taken place in our nation in recent years. "At the same time it is probably true that only a few people have benefitted significantly, some becoming enormously rich. "Most ordinary people haven't benefited much at all from the mineral wealth of our nation. "Wealth hasn't trickled down throughout society and so urban settlements are growing and rural areas are becoming poorer," the bishops said in their statement. The bishops stated: "Thus, for many people the most obvious outcome of so-called development has been more negative than positive, for example, widespread corruption, poverty and violence are on the rise.

"The years of crisis on Bougainville, which resulted in many deaths and deep division in PNG society, still weigh heavily on the minds of people. "The environmental damage to the Fly River system by Ok Tedi mining is another painful fact. "We also lament the ravaged forests of Madang, the Gulf and Western provinces and the social turmoil at Porgera. Kutubu oil continues to generate revenue but ordinary Southern Highlanders have seen very little gain from it over the years. And today, the people of the Rai Coast fight to save the waters of Basumuk Bay from pollution and potential damage to the fisheries there," the statement stated. "Papua New Guinea is now poised to begin the largest economic venture of them all - the LNG project. Will it be a blessing or a curse for PNG?, " the bishops ask. "According to analysts, the economic impact of the project will be positive. "The resource will produce great wealth, more than doubling the Gross Domestic Product (GDP) of the nation. "What is less certain is whether or not these riches will be managed wisely by national, provincial and local level governments as well as landowners, thus benefiting all of society," stated the bishops.

Analysis

GUADALCANAL MINING COULD LEAD DEVELOPMENT EFFORTS

By Alfred Sasako Pacific Islands Report April 2010

A decade or so ago, Guadalcanal, the largest island in the Solomon Islands archipelago, was drawing international attention for the wrong reason. It was here in 1998 that a civil uprising known locally as the "ethnic tension" had begun, drawing young men largely from Guadalcanal and Malaita to engage in a long drawn all-out war, resulting in the loss of many innocent lives, destruction of hundreds of properties and countless businesses. Many companies folded. Among these was the Solomon Islands Plantation Ltd [SIPL], with job losses in the thousands. SIPL, which operated the country's only large-scale palm oil development on the Guadalcanal Plains just east of the capital, Honiara, lost everything, and with it, about a 17 per cent in tax revenue loss to the government. [The company has since been taken over by Guadalcanal Palm Oil Ltd [GPOL], a subsidiary of the Malaysian conglomerate operating in neighboring Papua New Guinea's West New Britain Province]. Nearby, the Gold Ridge Mining Company, operated by Ross Mining was also forced to shut down after only two years of production. Thousands of workers were also forced out of their jobs. [Like SIPL, Gold Ridge has been taken over by Australia Solomons Gold]. The new outfit is now trying to raise US$140 million to restart production.

In the aftermath of the "ethnic tension" thousands of skilled, semi-skilled and unskilled workers have been left without jobs today particularly on Malaita where an estimated 20,000 former workers from different industries have been resettled. Appeals for international help at the height of the uprising went unanswered. Australia, for instance, said at the time that it was an internal matter for the people of Solomon Islands to resolve themselves. They didn't. The ethnic tension had all but torn the nation apart. [Australia finally relented five and a half years later. It put together a regional coalition of the willing by sending troops and police under the banner, Regional Assistance Mission to Solomon Islands [RAMSI]]. It now shares a billion dollar a year budget with New Zealand to rebuild Solomon Islands. Now Guadalcanal, the island where it all began more than 10 years ago, is again drawing international attention – this time it appears – for all the right reasons. In more ways than one, the island itself is a floating gold mine.

At just about every section of the island, shaped like a sea cucumber, there are mineral deposits of some sort. Gold, copper and even oil traces are found in just about everywhere. Satellite images are said to have indicated traces of the black gold in the Tangarare area on west Guadalcanal. At Koloula on the island's Weathercoast region, the hub for militant activities during the ethnic tension, a huge copper deposit reportedly three times the size of Bougainville copper, the world's largest open-cut mine, abandoned during the Bougainville uprising in the 80s, has been identified. Closer to the capital, Honiara, it is gold, gold and more gold. It seems to be confirming the first sighting of gold made some 441 years ago when Spanish explorer, Alvaro de Mendana, sailed into Point Cruz in 1568. Mendana's find was on the riverbed of Mataniko River that divided Honiara into halve, this time around gold is found in every spot imaginable – on the seabed, in the riverbed and in hard rocks in the mountains.

Located just 30km or so east from the heart of Honiara itself is Gold Ridge, a rich, sizable mine abandoned during the uprising after only two years of production. In that period, some 210,000 ounces of gold were extracted and exported. Proven reserves from the three deposits there stand at two million ounces of gold. More are being discovered in nearby ridges as prospecting work con-

tinues. Australia Solomons Gold, the company that has taken over the mine, is fighting to stay afloat. It needs capital injection of around USD140 million to get the mine in full production. Just eight short kilometres to the east is a place called Sutakama along the upper Balasuna River. In July last year, a relatively unknown New Zealand businessman was granted a prospecting licence for a 50 sq km concession there. Kelvyn Alp, little known in the mining industry, is the Managing Director of CARATAPA Group of Companies. A subsidiary of his company, Phoenix International [SI] Ltd was granted a full mining licence in March this year – just seven and a half months after he deployed local geologists in favor of foreign ones to ascertain gold deposit in the Sutakama area.
Alp is a lucky man.

Initial prospecting results on just two-thirds of the company's 50sq km concession at Sutakama suggest the deposit could hold as much as 42 million ounces of alluvial gold or approximately 1.33 million kilograms of the metal. Proven reserve right now is 1,104,501 ounces, a probable reserve of 11,503,215 ounces and a possible reserve (pending further exploration in the southern end of the prospect), of 42,757,235 ounces. Results gleaned from several targeted six metre excavated depths geologists sunk at the Sutakama site in the three months to March this year, showed that the deeper the hole, the higher the grade and the larger the quantity of the metal, first discovered some five thousand years ago. By comparison, the Sutakama find is potentially 28 times more than the proven reserves at the three Gold Ridge deposits nearby. There, the combined reserves is said to be only 2.0 million ounces of gold (62,200 kilograms) with an estimated mining lifespan of 10 years. Production on the Sutakama alluvial mining operation is expected in about July/August this year at the initial cost of USD10 million.

Little did Mr. Alp know that his involvement in Solomon Islands' mining industry is igniting a revolution of its own. It is not so much his involvement that has thrown the spanner in the works so to speak. His business model does. "My business model is of course a fair and just one. I supply finances, equipment and expertise and the landowners supply access to their land and resources as well as settle all of their own disputes and a 50/50 profit sharing in the business takes place," Mr. Alp who has drawn a large following, said. "The Company also identifies immediate things required by the people and attempts to address those while the business navigates all of the legal requirements to successfully operate. "The landowners via their trustees appoint an oversight committee for the company operations and have access to all of the books related to the operations on their land," he said. As well as that, locals from that area are employed and community packages are created to stimulate that local economy.

Mr. Alp's team of local geologists consists of three people, including the team leader, Cromwell Qopoto. A former Director for the Environment [Moses Biliki] was also deployed by Mr. Alp to assess the impact of the alluvial mining operations within the area. Since Pheonix International [SI] Ltd had celebrated the granting of the mining licence, Mr. Qopoto, a former Director of Mines in the Department of Mines and Energy, has been fielding calls from landowners drawn by Mr. Alp's business model on mining. "We want that man to come and do business with us. We have minerals in our land," they told Qopoto. "Man, they come from all over Solomon Islands. They want to see that their resources are shared equally as Mr. Alp has done with the Hokola Landowners Association," Mr. Qopoto told me. Others simply congratulated Mr. Qopoto's team for doing what has been perceived as a reserve for foreign geologists.

Mines, Energy and Rural Electrification Minister, Edward Huniehu, acknowledged in a recent interview that Mr. Alp's business model had the potential to revolutionize the future of the mining industry in Solomon Islands. "His business model, particularly his introduction of the profits being shared on a 50/50 basis with landowners, is going to be very difficult, if not impossible to match," Mr. Huniehu said. "I must admit it is the sort of thing our people want. Our people really want to see tangible results [from their resources] with their own eyes. In the case of Mr. Alp, they see money in their own hands". Mr. Alp's approach has filled a vacuum left by RAMSI's work. While RAMSI has addressed law and order, it has not fully focused on the economic dilemma of rural Solomon Islands where 85 per cent of the country's population lives.

This is where Mr. Alp comes in. But while the all round support has been strong; there are some dissenting voices as well. For example, Solomon Islands National Union of Workers' [SINUW] Tony Kagovai issued a public call, urging the government to investigate Mr. Alp's business background, a call the union boss now appears to be regretting. In his outburst, Mr. Kagovai described the New Zealand businessman as a 'conman" and that his business dealing was "shady" – descriptions vehemently rejected by Mr. Alp himself as well as Hokola Landowners Association of Sutakama. Association Chairman, Simon Tonavi rejected the characterization that Mr. Alp was a "conman". "Kelvyn is a man of his word. When he says he will pay he pays. When he says he will do this he does it. May be it is his straight forward honesty that causes discomfort to those who are now defaming his character," Mr. Tonavi said. "Kelvyn is a simple, approachable man. "He comes to see us and we go to see him anytime we need to. He even brought his family to see us in the villages. He talks to us about the progress of things like a true friend.

"Kelvyn is an organiser. Pheonix International (SI) Limited would not be where it is now if it is not for Kelvyn's strategic planning and organising abilities. He helped to organize and facilitate our landowners association into a bargaining body then negotiated with us through the association. "Kelvyn pays fairly and justly but only after you have completed the job to specification and acceptable standard. To the best of our knowledge he does not bribe. "For sure, Kelvyn does not entertain incompetent and lazy people. In this attitude we learned quite a lot from him. Kelvyn follow regulations to the best of his ability. "He does not take short cuts. If he is fast it is because he does not entertain delays and delaying tactics. "He used to remind us that doing business honestly and justly can also pay handsomely. "A person does not have to engage in dirty dealings to make good profit. One other advice he usually gives is common sense is a good guide in life. "In our association and dealings with him we found that he uses this simple common sense principle successfully. "Kelvyn trusts and believes in the raw ability of people. One of his common sayings goes like this, "I don't come to tell you what you don't already know, I only come to remind you of it".

Discoveries of gold-bearing ores are not confined to Guadalcanal. Strategically located on the famous ring-of-fire arc, indications are that Solomon Islands are shaping to be one hell of a pot of gold. New discoveries are being made in other islands from the Shortland Islands in the northern tip of the country to various island groups in Western, Choiseul and Isabel Provinces. Isabel in particular has a proven reserve of more than 52 million tonnes of nickel, according to the Kaiser Engineers' Report on the prospect in 1993. It is widely known that more deposits have been discovered since then. There are also indications of potential mineral deposits of diamond, platinum, gold and copper on Malaita, the only island in the archipelago that remain a virgin in terms of commercial mineral prospecting. Kelvyn Alp may be a relative newcomer in the mining industry in Solomon Islands. But he sure had set the cats among the pigeons – all it seems for the betterment of Solomon Islands' resource owners – in recognition of the plight of resources owners in Solomon Islands. "All I want to do is to stop the slave wages resource owners receive for their resources at the hands of foreigners," he said. While Kelvyn Alp is leading the revolution in resource sharing in Solomon Islands, Guadalcanal is definitely leading what can only be termed as the regional gold rush of the century.

Alfred Sasako is a freelance journalist who writes a weekly column for Solomon Star, a daily newspaper in Honiara and regularly contributes articles to the Fiji-based regional magazine, Islands Business. Alfred's reporting career spans some 30 years. In that time, he worked in Papua New Guinea, Australia and Fiji. In 1997, Alfred successfully contested the national general election in his home country of Solomon Islands. He subsequently became his country's first Minister of State, Assisting the Prime Minister. He also held two other senior portfolios – Agriculture & Livestock AND Infrastructure & Development.

PNG COURT UPHOLDS INJUNCTION AGAINST MINE WASTE

Residents object to Ramu Nickel deep sea disposal plan

By Joshua Arlo

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 19, 2010) - The RAMU nickel cobalt project will continue to be [withheld] from completing the construction of the U$S1.5 billion (PGK3.8 billion) deep sea tailings placement system (DSTP) approved by the State. This comes after the National Court last Wednesday [denied] the latest bid by mine developer, Ramu NiCo (MCC) Management Limited to set aside interim injunction orders against it. The injunction stems from a legal proceedings started by four individuals of the Rai coast community in Madang Province. It is an association that says it will be affected by the tailings discharged into the sea.

They claim these deep sea tailings will cause irrevocable damage to their lives and lifestyle and that it is better for the mine project not to start until a proper environmental report is in place to assess the potential risks this will pose on their environment. They claim they have credible and significant evidence of scientific biological effects on their lives and lifestyle. They have taken the mine, Mineral Resource Authority, the Director of Environment and Conservancy and the State to court in a writ of summons proceeding at the National Court to get the government and the mine developer to comply with the required laws. They question why the Government allowed it as there had been no indication of any consultants enquiring into the environmental impact.

PNG COFFEE INDUSTRY WARY OF MAJOR GAS PROJECT

Growers stand to lose work force to better jobs

By David Muri

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 19, 2010) - Papua New Guinea's multibillion-kina liquefied natural gas (LNG) project is good news but it may not be good for one industry that has been a major player in the country's economy for a long time. The coffee industry has earned PNG an estimated PGK500 million [US$185 million] annually and has been a major employer, providing employment to thousands of people, mostly from the Southern Highlands Province, which is the home of the LNG project. A coffee industry expert warned on Friday that the LNG project will lure the entire workforce away from the coffee plantations, a sector of the industry that produces more than 50 percent of the total coffee output annually.

Former head of industry affairs with the Coffee Industry Corporation (CIC), Ben Temon said the "green gold" would lose its labor force to the LNG if better conditions were not offered at coffee plantations. Western Highlands has a lot of coffee plantations and blocks that hire most of their workforce from Southern Highlands but many of them have returned to their homes in search of various benefits offered from the massive project. "Many plantations and blocks are not ready to offer better incentives for the general laborers and casuals. The influx of laborers migrating to Southern Highlands will have a severe impact on our coffee plantations," he warned.

Mr. Temon said many plantations and processors were not ready to keep coffee pickers from leaving during the coffee season. He said the anticipated labor shortage would result in cherries rotting away on trees. The Western Highlands is the country's largest coffee producer, accounting for between 42 to 46 percent (CIC – Coffee Report No. 34) of the country's annual exports. This yearly production rate directly represents about PGK250 million [US$92 million] in export earnings that Temon feared would likely drop in the years ahead due to the imminent labor shortage. He proposed that a strategic plan should be established by the CIC and the Agriculture Department to deter the anticipated exodus of laborers moving to the LNG project. He added that there were about 80 coffee plantations, 50 blocks of 10 to 30 hectares and 350,000 smallholder growers in the province. Temon, who owns the 60-hectare Koibuga Plantation, said his concerns were serious as the exodus of laborers would affect the industry if nothing constructive was done to stop the exodus. He said over the past 10 years coffee accounted for more than 40 percent of total agricultural exports and 12 per cent including minerals and 5 percent to gross domestic product (GDP).

City realty prices to soar National 16.4.2010
Source: By PATRICK TALU

THE real estate industry in Port Moresby is projected to boom with high rental and purchasing prices. A survey indicated that in light of the LNG project and economic growth, real estate prices are expected to escalate as of this year. Jonathan Gouy, an economic consultant to the National Government during the PNG Update seminar last week, said demand forces had been the factor behind the industry to an extent where ordinary tenants and buyers could not be able to afford. Mr Gouy said from the 340 commercial and residential properties that had been surveyed, it was found to be very expensive with the highest price for a property at K3.7 million in zone A which comprised of town, Paga Hill, Touaguba Hill, Konedobu, Ela Beach and 2-Mile Hill. To buy a house, apartment or unit at Zone A, an average price is K2.1 million and cheapest at K0.9 million. The average rental price for these areas is K200,000 per year, most expensive K520,000 and the cheapest is K42,000.

Mr Gouy said under Zone B, areas around Gordon, Boroko, Korobosea, 6-Mile, Hohola, Waigani, Koki and Badili, an average price to buy a house is K720,000, most expensive at K3.8 million and cheapest at K160,000. The cheapest for rent is at K35,000 year while most expensive is K310,000. To buy a house around Zone C: Gerehu, Kila Kila, 7-Mile, 8-Mile, 9-Mile, Tokarara, Rainbow, Ensisi Valley and Morata, the most expensive is at K2.2 million while cheapest is at K110,000. To rent, the cheapest is at K10,000 year while the most expensive is at K85,000. Mr Goys said the high prices were due to high demands and low supply making ordinary people to fend for themselves at squatter settlements. Due to the high property prices, city dwellers are faced with homelessness, financial stress and upward pressure on prices of domestic goods and encourages property speculation, rather than productive investment and, at the same time, discourages investment by locals and foreigners. He said it needed considerable efforts from price regulators to control prices.

Ramu mine suffers another blow

Post-Courier 16.4.2010

THE developers of the multi-million kina Ramu nickel project- Ramu NiCo (MCC) Limited have suffered another blow to their plans to commence blasting of coral reefs at Basamuk. The National Court in Madang yesterday refused their application and another filed by the Mineral Resources Authority to have the interim injunction which was obtained by a group of landowners from Basamuk on March 19 set aside. The interim injunction has stopped MCC from all preparatory or construction work on the mine's deep sea tailings placement at Basamuk. The applications were filed by MCC and MRA on March 24 and April 7 respectively. The Department of Environment and Conservation, who are the third defendant in the case, did not file an application. They informed the court when it sat on Monday that they too wanted to see the interim injunction lifted. The defendants had argued that though the plaintiffs had raised serious questions, a more thorough consideration of the issue led to the opposite conclusion that being there was no serious question for trial and that they were running a speculative case.

Their arguments were based on two propositions, that the legal basis that there were a number of previously undisclosed material facts that revealed fundamental flaws in the plaintiff's cause of action. Further their case was based on a flawed interpretation of Section 136 of the Environmental Act of 2000. The plaintiffs are seeking a permanent injunction to restrain MCC from committing various alleged nuisances arising from the proposed DSTP system. They have through their lawyer argued that while MCC had an environmental permit which claims to authorise the DSTP it was granted under the repealed Act and does not as a matter of law authorise the acts of private and public nuisance that will be committed if the DSTP is allowed to proceed. presiding Judge Justice Cannings when handing down the decision, said the lawyer representing MCC and Queens Counsel Ian Molloy had raised a number of significant legal arguments, especially concerning Section 136 that seemed to cast a doubt on the sustainability of the plaintiff's case and lawyer representing MRA Dianne Aikung had added weight to the argument by referring to the Environment Regulation 2002.

SCIENTISTS CONCERNED ABOUT PNG SEABED MINING

Proposed 'Solwara' project called threat to marinelife

By Yehiura Hriehwazi

PORT MORESBY, Papua New Guinea (The National, April 16, 2010) - Proposed seabed mining at PNG's Solwara 1 project and elsewhere in the Pacific is on a collision course with some leading scientists and oceanographers studying the ocean floor. Nautilus Minerals is pioneering the technology to extract precious minerals from ocean floors in what has been described as the "world's first" approach and the PNG Government gave the green-light to its environmental impact study (EIS) last September. "The recent approval of the Solwara 1 project environmental permit is an exciting and significant milestone for the company and represents the culmination of over three years of effort on the part of our Environmental team," the company announced on its website. The environmental team is led by the environment manager for Nautilus, Dr Samantha Smith.
[PIR editor's note: "Solwara" is Melanesian pidgin for "salt water"].

However, a conservation biologist Prof Rick Steiner, formerly of the University of Alaska, who was called in to examine the company's original environmental impact assessment study has expressed concern about the impact of the project. Interviewed by BBC news yesterday, Prof Steiner is concerned about the dumping of thousands of tons of rock on the seabed and the danger of spillages of toxic residue and destruction to vent chimneys and unknown species of marine life. Volcanic vents spew out hot water and precious metals like copper, gold, silver and zinc. "(At) The site that they mine, they're going to destroy all these vent chimneys where the sulfide fluids come out."

He added that it could cause the extinction of species that were not even known to science yet. "I think that, from an ethical stand point, is unacceptable," he said. Nautilus CEO Steven Rogers said he accepted that the mined area would be damaged, but said he was convinced it could recover. He believes deep-sea mining will be less damaging to the environment than mining on land. He said: "I think there's a much greater moral question…. here we have an opportunity to provide those metals with a much, much lower impact on the environment."

WORKERS END STRIKE AT PNG'S OK TEDI MINE

Two-week disruption costs company $30 million

WELLINGTON, New Zealand (Radio New Zealand International, April 16, 2010) – Striking workers at the Ok Tedi gold and copper mine in Papua New Guinea agreed to return to work this morning after a Memorandum of Understanding was signed yesterday. 1,500 workers began their stoppage over pay at the start of the month but the action was later ruled to be illegal, leading to the company sacking the striking employees. But late yesterday the mine's Managing Director, Alan Breen, and the Ok Tedi Mining and Allied Workers Union and the government signed an MOU.

The MOU commits all parties to resolve employee grievances by August the 1st, and that any matters still unresolved at that time are to be referred to an Independent Arbitrator for judgement. Mr Breen said following the signing that he will commit to the Memorandum of Understanding. He said it was regretful that the strike happened and the company must make every effort to learn from this. Alan Breen also thanked the employees for the peaceful way they conducted the strike. The company says it expects to recover a significant part of the more than 30 million US dollars of lost production in the industrial dispute during the remainder of the year.
Radio New Zealand International: *www.rnzi.com*

OTML workers refuse to resume

Post-Courier 15.4.2010

And threaten mass resignation

By Harlyne Joku

The National Court yesterday ordered striking workers at Ok Tedi mine to return to work but the workers have refused and are threatening to go on a mass resignation. They are urging the Government as the major shareholder of the Ok Tedi Mine to advise OTML to withdraw the order and listen to the workers concerns. "We do not want to be treated as second class citizens in our own country. Failure to withdraw the court order will leave the workers with no choice but to exercise their constitutional rights and that is to resign," the president of the PNG Trade Union Congress Michael Malabag speaking on behalf of the Ok Tedi Miners and Allied Workers Union said at a press conference in Port Moresby late yesterday. "Failure to withdraw the injunction leaves workers with no choice but to exercise their right for mass resignation. "All indications are that all workers are prepared to mass resign and ask the company to pay them their full entitlements within 30 days and fly them home. "Should they wish to rehire them, they will do so through the union company which will be set up with new terms and conditions for employment," he said.

Mr Malabag said the OTML management and union were negotiating over a draft MOU and the decision for an injunction was only adding fuel to the fire. "We call on the Government as major shareholder to implore management to withdraw the court order henceforth," Mr Malabag said.

Meanwhile, in a separate statement by OTML management, they admitted that meetings between Ok Tedi Mining & Allied Workers Union, the Government and OTML management over the past three days had failed to resolve the two-week strike action which has been declared by the Government Industrial Registrar as illegal. Managing director Alan Breen said the union refused discussions on a MOU and maintained its call for additional cash bonuses of $US10,000 from the company's 'Shares In Success Scheme' (SISS) to be paid immediately into striking employees' accounts.

CHINA COMPANY SEEKS INVESTORS IN PALAU OIL QUEST

Taiwan bristles at prospect

By Bernadette H. Carreon

KOROR (Palau Horizon, April 14, 2010) - A firm from China has reportedly agreed to look for oil in Palau and the deal is said to be amounting to US$40 million, creating a stir in Taiwan politics, Shenyang International Economic Technical Cooperation Co. Ltd. was identified as the firm investing in the oil exploration in Palau. According to an internet news [website], lawmakers from the Taiwan opposition Democratic Progressive Party warned [against] such deal that Palau is making since it could be a start of a diplomatic relationship between China and Palau. However, the company is actually interested in developing Ngardmau Free Trade Zone , not an oil project, according to President Johnson Toribiong. He said this company interest in Ngardmau has not materialized. He said the alleged deal with the group is based on "false rumor."

Palau Pacific Exploration (PPX) has secured a 1 million acre drilling concession on the North Block of Palau. PPX is the company seeking investors to fund the exploration program. The company is seeking investors to participate in a private placement to raiseUS$40 million to fund a drilling program. Jack Pierce, PPX coordinator however denied knowledge of such an agreement with the China firm. He said that the company has been talking to several firms based all over the world regarding investments in the oil exploration. President Toribiong meanwhile in an interview on Friday said that there is another firm interested in investing in the oil exploration but it is a firm based in Hong Kong. The president said the government has sought the advice of the United States government regarding acceptance of such investments from Hong Kong. He said he is still awaiting word from the U.S. government.

The said deal has caused controversy among Taiwan lawmakers. Taiwan lawmaker Chen Ying stated in the article since diplomatic relations between countries is often preceded by economic cooperation, Taiwan should be especially careful about this development. In the same article, Taiwan Foreign Minister Timothy Yang said relations between Taiwan and Palau were stable, and the Ministry of Foreign Affairs and the National Security Bureau would carefully monitor all relevant information. In the same article, NSB Deputy Director Yen Meng-han has said, "there was no evidence of imminent diplomatic recognition between China and Palau other than the oil cooperation project." Palau is among the six Pacific nations which has a diplomatic relationship with Taiwan. *Marianas Variety: www.mvariety.com*

Ok Tedi landowners pass resolution to support Kondra amendment National 14.4.2010

Source: By PATRICK TALU

OK Tedi Mine Ltd (OTML) resource owners in Kiunga, Western province, last week passed several resolutions for the "Kondra amendment" to be approved by Parliament next month. Western provincial branch of the Land and Resources Owners Federation (LROF) passed the resolutions in the presence of North Fly MP Boka Kondra, saying that the extension of the mine life be suspended until the Parliament passes the proposed amendments to the Mining Act 1992 and the Oil and Gas Act 1998. LROF president Phidelis Phile and national president John Endemogo Kua yesterday told The National from Kiunga that the mine extension must be suspended. The community mine continuation agreement must also be abolished and compensation be paid in full by OTML and the State before the end of the year.

Other resolutions passed were:
* The Kiunga-Tabubil Highway be sealed by OTML with actual work starting next year;
* Electricity and water supply be connected to all communities in North Fly and Western province;
* OTML and PNG Sustainable Development Program (PNGSDP) be implemented to support and promote local landowner companies;
* The provincial government, the National Government and the PNGSDP undertake an urgent feasibility study to construct a mega hydro dam to supply power and water to Australia;
* Kiunga Hospital be upgraded with specialist medical personnel; and
* That the federation take up the issue of transferring the ownership of PNGSDP to the people of Western province and not the provincial or national governments.

Mr Phile said the resolution paper would be given as a petition to Governor Dr Bob Danaya and his provincial administration on Friday during a meeting with LROF and landowners in Tabubil.

PNG BILL CHALLENGES STATE OWNERSHIP OF RESOURCES

Mining industry lobby opposes landowner bid

By Mohammad Bashir
PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 14, 2010) – The Chamber of Mines and Petroleum says that the private members bill proposed by North Fly Member of Parliament Boga Kondra to amend the Mining Act and the Oil and Gas Act will be devastating for the industry and the long term welfare of the country. The chamber said the supporting statements issued by Mr Kondra were simplistic, misleading, superficial and an emotional appeal to those fortunate enough to benefit from resource projects which would be at the cost of the majority.
In a commentary in its volume 13 ‘Bulletin’, the chamber stated that Mr Kondra’s statement ignored the enormous legislative, financial, social and political impact.

The Federation of Resource Owners (FORO) Inc which is backing the Kondra Bill said the amendments would give maximum benefits from resources such as land, agriculture, mining, oil, gas, fisheries, water resources, seabed mining and carbon trading to the indigenous landowners of the country. "Our objective is simple and that is to have rich people in a rich country and not poor people in a rich country," FORO president John Endemongo Kua said in a letter to Prime Minister Sir Michael Somare in January. The chamber however said the amendments removed the State as owner of minerals and removed the provision relating to compliance with section 53 of the Constitution which would result in very little of the current operative parts of the Act that would remain constitutionally valid.

The State will not directly regulate exploration and production of minerals and can not issue licences and leases unless requested by the correct landowners. "It is questionable whether the State could or would agree to do so and any such licence would not have any real utility because it would always be subject to the fluidity of customary landowner arrangements. Without confidence in the existence of a legal right to obtain mining lease, expenditure on exploration would be irrational," the Bulletin stated. The chamber believes a change to the ownership of minerals would turn the existing regulatory system on its head. An entirely new policy would need to be devised and the existing legislation replaced with something quite different. "This would bring the mining and petroleum industry into absolute chaos and gut the economy of the country overnight," the chamber stated, citing examples in Zambia which made major negative changes to the mineral legislation which took 25-30 years to recover from. The bill is on the parliament notice paper for debate in the next parliament session. Mr Kua said the legal basis of Federation's work will be Section 53 (5)(a), (c) and (d) of the Constitution and the United Nation's Convention on rights of Indigenous Peoples and especially Articles 26 and 27 of that Convention.

DEADLY CONFLICT AT PNG GAS PROJECT SITE

12 mangled bodies wash down Purari River

By Peter Korugl
PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 13, 2010) – A GOVERNMENT team from Papua New Guinea's Gulf Province is to go into Wabo, the site of InterOil Limited's Elk and Antelope gas project today to check on reports of a deadly fight among landowners at the Chimbu-Gulf border. The trip follows after 12 bodies, bearing axe, spear and knife wounds, were found floating down the Purari River over the last five days, starting last Wednesday. "I have arranged two dinghies for a police and medical team to go up the Purari River. We will go with a doctor and we may have to exhume the bodies as part of our investigation," provincial police commander for Gulf Province, Reuben Gisiu, said last night from Kerema town. "The bodies are confirmed to be Pawaian men, from Wabo. This is where the well head from the Elk 1 and 2 and Antelope gas project operated by InterOIL is located. "The coastal villagers have buried the bodies already and the reports reached us only now (yesterday).

"I have checked with InterOil and the company has confirmed the fighting in the area it was operating in. I have spoken with Kupana Rural Hospital and it has also confirmed the fighting. "These are river people so they obviously threw the dead bodies into the river," Senior Insp Gisiu said. He said villagers at Akoma and Ikinu in Baimuru District collected the bodies after they were found lodged under mangrove trees or washed ashore with other debris that came down the river over the week. The police chief said the bodies were found floating down the Aiviri and Apiope, two tributaries of the Purari River and were located by the coastal villagers who were out fishing. "The villagers at Akoma buried eight bodies, while Akinau villagers buried four bodies. There could be more floating in the river system or some could even end up as crocodile meat," the commander said, adding that they would have to move into the area to confirm the deaths and restore law and order.

Senior Inspector Gisiu said the landowners in Wabo were at loggerheads over the land where the well head was located and there had been minor skirmishes in the past but the recent dead toll indicated that the conflict had got out of control. Senior Insp Gisiu said villagers along the Purari and its tributaries were no longer using the water as they feared pollution and were concerned about their own safety.

Landowners support Ramu Management National 13.4.2010

THE new chairman of KBK Ltd, the principal landowner company at the Ramu Nico Management (MCC), has condemned the negative publicity against them and the developer. Edward Kurame defended the developer, saying the project had opened up access to goods and services to people who were neglected by successive Governments. He said KBK's approach to the developer was different from others where locals have engaged violently with the miner. "We will only negotiate and will not go to the extreme of fighting and using force. "We are mindful that if this project stops, we will not enjoy the current services made available. "Services have changed following the arrival of the MCC, with major positive effects also taking place, especially with the state of infrastructure," he said. MCC is currently concluding its construction phase and production is scheduled to begin before the end of the year.

Chamber concerned over Ramu project legal battle National 12.4.2010

THE PNG Chamber of Mines and Petroleum (PNGCMP) has expressed concern over the events leading to the interim injunction on the construction of the deep-sea tailings placement system (DSTP) approved for the Ramu nickel cobalt project in Madang province. The injunction resulted from legal proceedings initiated by four individuals of the Rai Coast community. Executive director for the Chamber Greg Anderson said the developer, Ramu NiCo (MCC) Management Limited, had been granted all necessary permits by the State to construct and operate the facility and had invested US$1.5 billion (K4 billion) in the construction of this world-class project which would significantly enhance PNG's mineral base. Mr Anderson said construction of the project was almost finalised and the injunction was delaying completion and commissioning, thus seriously impacting on the project costs.

"All officially recognised and Government-sanctioned landowner associations representing the communities impacted by the development have publicly expressed their support for the project and their opposition to the court action. "The chamber is particularly concerned about the broad security of tenure risk issues that such disruptive actions introduce," he said. Mr Anderson stressed that the issue had brought about insecurity and uncertainty in the mining and petroleum investment sector and sends a negative signal to current and potential investors. "The chamber is disturbed that outside groups may be funding litigation of minority interest groups, not officially recognised, to further their own ends and not the interests of the wider community, the PNG people and the nation. "The whole mining and petroleum industry is monitoring this case closely and the outcome of the hearing on today is critical to the future investment environment of the country," he said.

Ramu: Australia, China and PNG forge strong business ties National 12.4.2010

AUSTRALIAN High Commissioner to PNG Ian Kemish has commended MCC Ramu NiCo's active role in PNG and the region and promised that Australia is prepared to work with the company, and other stakeholders, closely. Mr Kemish made the remarks during his visit to Ramu NiCo office in Madang last week. Mr Kemish also paid a short visit to Ramu NiCo's Basamuk refinery. "Australia wants to see projects benefit the local people and PNG Government. Projects like this will transform PNG and it is important that we work together," the High Commissioner said about the US$1.37 billion Ramu NiCo investment.

Mr Kemish also noted that Australia, China and PNG are closely linked by resources, people and proximity. At the Ramu nickel project the shareholders include MCC from China, Australian Highlands Pacific Limited, and PNG's Mineral Resources Development Limited (MRDC). Executive vice-president Gu Yuxiang said the close working relationship between MCC, Highlands Pacific and MRDC in Ramu would strengthen the relationship between Chinese, Australian and PNG investment communities in the long run. MCC also has number of business establishments in Australia.

AUSSIE ACADEMIC PREDICTS WASTE OF PNG WINDFALL

Gas development wealth will fall into wrong hands

By Patrick Talu

PORT MORESBY, Papua New Guinea (The National, April 12, 2010) - The much talked-about "windfall revenues" from the mineral sector will be wasted because there are no effective and proper mechanisms to manage them. Australian National University academic Prof Ron Duncan said PNG had experienced two mining booms since Independence. "The first in the early 1990s was poorly managed with Government expenditure greatly exceeding revenues, resulting in a large increase in public debt and the devaluation and eventual floating of the kina. "The recent commodity boom has been managed more effectively, with the paying down of public debt and the setting aside of trust funds from the revenues for future expenditure on long-overdue refurbishment of important public infrastructure and development of essential services," Prof Duncan said. "Unfortunately, there was also a sharp increase in recurrent expenditure and there is now some doubt about how well the windfall revenues, set aside in trust funds, will be managed now and in the future."

He told the PNG policy seminar at UPNG last Friday that whether setting aside of the windfall revenues in various trust funds was a good idea or not, it was still an ad hoc reaction to the receipt of the commodity boom revenues. "It is certain that PNG will continue to experience commodity booms and slumps because of the high variability of global primary commodity prices. "When the LNG project comes on line, the Government’s share of resource revenue flows and fluctuations will increase significantly. "Therefore, it is important for PNG to have an in-depth discussion about how future National Government resource revenues could be managed on a consistent and effective basis," Prof Duncan said. "Even when the Mineral Revenue Stabilisation Fund (MRSF) was intended to be used in this way, it never achieved any of its objectives."

However, while good models have been developed to hold resource revenues like the Ok Tedi Development Foundation, it was important to note that the primary management problem has been in the effective expenditure of the resource revenues, he said, emphasising on the importance of differentiating between revenues held in trust and how to spend the money effectively. Effective spending, Prof Duncan said, had been PNG’s biggest problem. "Therefore, a major issue for discussion in PNG is whether institutional arrangements can be devised that would ensure that resource revenues collected by the Government in future would be spent more effectively. "PNG has a desperate need to see the resource revenues go towards the development of its physical and human capital. "However, if the past is any guide, one cannot be optimistic that Government expenditure of these revenues will deliver the desired results," Prof Duncan said.

Newcrest bid to purchase Lihir Gold turned down National 12.4.2010
Source: By YEHIURA HRIEHWAZI in Brisbane

NEWCREST mining, which is bidding to purchase Lihir Gold Limited (LGL) for A$9.2 (K24.9 billion), said last Friday it will spend A$1.91 billion (K5.2 billion) to build Australia's largest underground gold mine. The largest Australian gold miner's bid to buy Lihir last week was rejected by LGL board, saying the offer to buy 100% of Lihir was undervalued and Newcrest is currently discussing the offer with some of Lihir's major shareholders. Newcrest announcement to develop the Cadia East gold and copper deposit near Orange in central western New South Wales appears to be a strategic move to display its strength and financial ability after the cold shoulder reception from LGL. Newcrest CEO, Ian Smith, said this investment would enhance Newcrest's portfolio of long life, low cost assets and was a key part of Newcrest's organic growth strategy to increase annual production by at least 40% to 2.3Moz by financial year 2014.

In relation to the proposed combination with LGL, Mr Smith said the Cadia East development demonstrated the strength of Newcrest's organic growth pipeline and the growth options available to the company – whether or not the Lihir proposal proceeds. "As we have said from the beginning, the proposed combination of Newcrest and Lihir has a great deal of logic and is compelling – but not vital," Mr Smith said. "Newcrest shareholders – and potentially existing Lihir shareholders also – will benefit from an increase in the underlying long-term value of this company as we continue to generate and implement high quality projects such as Cadia East."

Newcrest Mining Limited is Australia's largest gold miner and third largest mining company. One of the top 10 gold mining companies in the world, Newcrest has seven operating mines in Australia, Indonesia and Papua New Guinea, with a market capitalisation of nearly A$17 billion. The Cadia East orebody is one of the world's largest gold deposits, comprising a Mineral Resource of 2,347Mt containing 33.2Moz of gold and 6.59Mt of copper, along with a current Ore Reserve of 18.7Moz of gold and 3.16Mt of copper. It will underpin production from the Cadia Valley for at least the next 30 years. The project is based on the construction of an underground mine adjacent to the existing Cadia Hill open pit mine, and an expansion of the existing Cadia Valley processing plant capacity from 24mtpa to 26mtpa. It will be Australia's largest underground mine and one of the largest underground mines in the world. Newcrest is also developing Hidden Valley gold mine in Morobe province in join venture with Harmony Gold of South Africa.

Threats result of unclear info on LNG project: Duma

Post-Courier 12.4.2010

By JONATHAN FARAPO

A GENERAL lack of information surrounding the PNG LNG project and its related benefits has been blamed for the threats and accusations against government officers and its properties. Minister for Petroleum and Energy William Duma said this in a statement last week outlining key issues related to the project that he said required explanation. Mr Duma said memorandum of agreement (MOA) or development agreement (DA) projects were non cash benefits and commitments by the Government to provide infrastructure projects. He said the agreements covered benefits that would improve the welfare of people in the project area communities. Mr Duma said because of the misunderstanding surrounding the purpose of MOAs and DAs projects, people from various petroleum areas were demanding funds to undertake various commitments on behalf of their governments. However, the minister said the Government had recognised this as problem during the License Based Benefits Sharing Agreement (LBBSA) forums and committed some MOA funds to finance projects that are yet to be implemented.

Mr Duma said the project areas marked for the MOA funds worth K125 million include Kutubu, Gobe, Moran central and Hides Gas to electricity. He said contrary to landowner claims the K120 million allocated for business development grants were to be disbursed to all PNG LNG project area licenses. Mr Duma said his department anticipated that the state would pay out 100 per cent of landowner business development grants (LBDG) to successful companies that vetted by it. He said that companies identified and agreed to in various landowner benefit sharing agreements (LBSA) would be the focus of these grants. To show support by the Department of Commerce and Industry the minister said his department expected that those state agencies assigned with the task of distributing the LBDGs would confer to certain licensed areas that were not included in the LBSAs. However, Mr Duma pointed out that were there no signed LBSAs he would determine the distribution of the business development grant in accordance with a ministerial determination.

ONGOING STRIKE COSTS PNG MINE $5 MILLION A DAY

Walkout reaches 11th day at Ok Tedi gold, copper mine

By Harlyne Joku
PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 12, 2010) - Ok Tedi Mining Limited (OTML) has lost about US$55 million (PGK149 million) in its production of copper and gold as a result of the illegal strike. OTML's public relations manager Jane Salin said the mine produces approximately 450 tons of copper a day, worth about US$7,800 per ton and approximately 1,500 ounces of gold a day worth about US$1,100 per ounce. That would be worth about US$5 million a day. The stand off by the workers has stopped production for 11 days indicating that the mine has lost about US$55 million as of yesterday in copper and gold production. The PNG government owns 30 percent of the mine as a shareholder while PNGDSPL (PNG Development and Sustainable Programme Limited) owns 52 percent and Inmet Canada, 18 per cent.

It was reported in the media last week that an estimate cost of losses at the mine is reaching up to about tens of millions of kina due to the standoff by the 1000 plus workers mostly miners working in the pits and tunnels. The workers are members of the Ok Tedi Mining and Allied Workers Union. (OTMAWU). The workers went on strike since the 1st of April over the alleged distribution of the SISS (Shares in Success Scheme) scheme pay outs. They were concerned at disparities in the pay out. PNG Trade Union Congress General Secretary said the union affiliates were behind the strike which is the longest ever in the history of industrial disputes in PNG. OTML's Managing Director Alan Breen met with Deputy Prime Minister and Minister for Mining Dr. Puka Temu last Friday and requested for government assistance in resolving the strike. Mr. Breen said following the meeting, Temu dispatched a team of mediators to Tabubil on Saturday to assist in reaching a peaceful resolution of the dispute and an orderly return to work.

The Government officers met with the OTML management and the executives of the union and other stakeholders on Sunday and today to develop a plan to get all parties to a round table agreement and the workers back to work. Breen reaffirmed in an earlier statement that OTML were amongst the highest paid in the country and receive substantially more benefits than other companies. But the PNGTUC's General Secretary Mr. Paska said the issue was not about being highly paid but the huge disparities in the payout. The Ok Tedi Mine produces 170,000 tons per year of copper metal and a million ounces of gold annually from its Mt Fubilan open cut mine. The mine in 1999 was found to have caused major environmental damage to the surrounding area as it had since 1984 pumped millions of tons of tailings into the Fly River system.

Queensland LNG set to boom

Post-Courier 9.4.2010

THE amount of gas development across Queensland's Bowen and Surat basins, if the four major liquefied natural gas plants planned for Gladstone all proceed, will be huge, a Brisbane conference has been told. Each LNG proposal would cost something like $US15 billion ($A16.3 billion), taking into account spending on "two train" Gladstone plants and the "up-stream" development of the gas wells that would be needed to feed them. Coal seam gas well development is a much less intrusive activity than, say, open-cut coal mining. And over the life of an LNG plant, gas field development will continue, year in year out, providing a steady long-term economic boost, and jobs - hopefully balanced by an increase in social infrastructure - to communities around the gas fields, and further afield.

Grahame Baker, a long-time industry consultant with RLMS (Resource and Land Management Services), told the CSG 2010 conference in Brisbane last week that for each one million tonnes a year of LNG capacity that was built, 65 petajoules of gas would be required - something like 60PJ as feed stock and 5PJ to run the LNG plant. If only 10 million tonnes of LNG capacity were built, he said - and that is less than the most advanced proponent, BG Group, is planning - some 650PJ a year of gas would be required. That would double demand for gas in eastern Australia from its current level. And Mr Baker said producing that extra 650PJ a year would require 4900 gas wells, covering a combined area of 6150 square kilometres. He said if LNG capacity at Gladstone was to reach 28 million tonnes a year, requiring some 1820PJ, 13,700 wells would be needed, that would take up an area of 17,150 square kilometres.

At 40 million tonnes of LNG a year, the level that could be reached if three of the four projects went ahead and expanded to their planned maximum capacities of three or four LNG processing trains each, 19,600 production wells would be needed, which would take up 24,500sq km. Meanwhile, Mr Baker didn't have any problem with the fact that CSG had not yet been used, anywhere in the world, as an LNG feedstock. Despite that, he said CSG was generally very low in carbon dioxide content, which should reduce the capital and operating costs of the Gladstone plants, when compared with plants in Western Australia that have to strip CO_2 from their product and capture it and reinject it to sequester the greenhouse gas.

Inmet: Ok Tedi strike big trouble

National 9.4.2010

TORONTO: Canada's Inmet Mining Corp confirmed that the Ok Tedi mine in Western province, which was subject to what it called "illegal work action" by unionised employees a week ago, would also hurt its 2010 production. The work action by union employees at the Ok Tedi mine was due to concerns on distributions under an employee retention bonus arrangement that was not part of the industrial agreement, Inmet said in a statement. Inmet said that the PNG Department of Labour and Industrial Relations, called in to facilitate talks between the company and the union, indicated that the strike action is “unlawful” and that employees should return to work. The base metals miner said that discussions between the parties were continuing and that it was currently not possible to say how long the work action would last.

Toronto-based Inmet’s estimated that for each day the work action continued, its 2010 copper production would be hurt by 80 tonnes a day, while its gold production would be hurt by 300oz a day. Inmet estimates that it has already lost about 0.4% of its forecast copper production this year and 1% of its forecast gold production to date. In January, Inmet had said its expected share of copper production at Ok Tedi would be 39,300 tonnes, while gold production would be 109,3000oz. Inmet shares were down C$1.35 at C$59.70 (K160.40) in morning trade yesterday on the Toronto Stock Exchange**. –** Reuters

Court allows Ramu NiCo to lay pipe National 9.4.2010

THE National Court has allowed Ramu NiCo Management (MCC) Ltd to commence fabrication and floating of pipes work for the Ramu nickel mine project in Madang province. The proposed deep sea tailings placement project involves laying a 1km off-shore pipeline along the sea bed to pump mine wastes into the ocean. Aggrieved parties Eddie Tarsie and others from the ward 3 Saidor local level government went to court and successfully took out an interim injunction on March 19. They had argued that the planned deep sea tailings placement system would affect the offshore environment and, inevitably, be an environmental hazard.

However, on April 1, Ramu NiCo returned to court to seek clarification on the effect of the March 19 decision. It argued that it had to start preparatory work immediately in order to mitigate the losses incurred daily because of the court order. Ramu NiCo also said work would not involve any damage or disturbance to the offshore environment, therefore, not breaching the March 19 court order. After going through the submission, Justice David Cannings said he was satisfied that the activity proposed by Ramu NiCo would not amount to a breach of the court order and, therefore, it was appropriate to make a declaration to that effect. “For the avoidance of doubt, if Ramu NiCo, in the course of undertaking the propose activity, does any work that directly or indirectly damages or disturbs the offshore environment, then it may expose itself to contempt of court,” Justice Cannings said.

Ramu landowners paid royalty Post-Courier 9.4.2010

By FRANCO NEBAS

THE first royalty payment for Kurumbukari landowners was paid yesterday by Mountain Transport Limited, IPI Group. IPI Group was engaged by Kurumbukari landowners for fuel cartage on an understanding that the company pays a portion of its profits to the landowners. The first payment of K24, 026.28 was presented by IPI Group general manager Mr Maso Magape at a ceremony held at Melanesian Hotel on Wednesday. Mr Magape said when presenting the cheque that the payment made was according to the delivery of fuel onto the mine sites. He said the project didn’t start off well due to the approach and structures of the Chinese developer Metallurgical Construction Company. “It’s very difficult dealing with Chinese developers for spin off projects within the mine,” he said. However, the projects were finally awarded to the landowners where Kurumbukari under the understanding engages IPI Group on fuel cartage.

Mr Magape said IPI Group only started delivery of fuel on March, which the first royalty payment was being made to the landowners. Under the agreement between IPI Group, Inter Oil and Kurumbukari landowners, a monthly portion of two toea per liter be pay to KBK landowners. Mr Magape also stressed that the delivery of fuel in March were not consistent enough due to various reasons such as natural disasters. Meanwhile KBK general manager Solomon Kangku when thanking IPI Group said the payment was a historical event for the landowners.

Landowners show support for Kavo National 9.4.2010
Source: By PATRICK TALU

HIDES PDL1, Hides PDL7, Angore PDL8 and Juha PDL9 landowners from the LNG project areas have aligned to support Gulf Governor Havila Kavo in the fight against possible environmental damages by the project. On Saturday, Jackson Waruai and Simon Ekanda, Hiwa-Tuguba Landowners Association chairmen representing Hides PDL1, presented a letter of engagement to Bafike Krongu, principal consultant of Chem Clean Environmental Services who undertook the review of the environmental impact study (EIS) conducted by ExxonMobil. Mr Ekanda said the possible environmental damages to the Gulf waters and seas and along the pipeline route and project sites were serious issues and landowners and stakeholders would pursue the matter until the value of damages are ratified. “We believe the environmental plan and the EIS report submitted by ExxonMobil and partners to the State are inadequate and superficial,” he said.

He also described an advertised statement placed by Environment Minister Benny Allan on April 1 as “lacking in substance and sincerity”. “The minister wants PNG to believe that everything that ExxonMobil does is perfect. “He speaks like an ExxonMobil CEO. Isn’t this pathetic, especially when ExxonMobil’s work, in respect of social mapping and landowner identification studies (SMLIS), is highly questionable? “Our view is that ExxonMobil had done a superficial job in relation to SMLIS, which is a mandatory regulatory requirement under section 147 of the Oil and Gas Act,” Mr Ekanda said. He said the minister needed to finance independent environmental scientists to work with the affected communities to quantify and qualify ExxonMobil’s work on the two key environmental areas. Mr Allan and his secretary Dr Wari Iamo and ExxonMobil could not be reached for comments.

SOLOMONS GOLD MINE CALLED BOOM TO ECONOMY
Operation to create 500 jobs

MELBOURNE, Australia (Radio Australia, April 8, 2010) – Gold has been touted as an alternative source of income for Solomon Islands, with earnings from logging expected to decline in the next five years. The Solomon Islands is expected to face a massive economic upheaval as it struggles to cope with the end of commercial logging. At the moment 60 to 70 per cent of Solomons foreign exchange earnings come from logs. Gold from the newly re-opened Gold ridge mine on the main island of Guadalcanal is being promoted as a possible alternative.

Gold Ridge's Executive Chairman, Mark Caruso, says he's confident the operation will contribute to the Solomon Islands economy. "The gold mine will contribute some 25 per cent of GDP which is significant and more particularly and we will deliver 500 jobs during operation and a construction force of several hundred during the redevelopment phase," he said. "Of course we are very optimistic we will have exploration success, and with that, comes a significant employment factor as well." *Radio Australia: www.abc.net.au/ra*

Nautilus must explain first: Dion National 8.4.2010
Source: By ELIZABETH VUVU

EAST New Britain Governor Leo Dion says the impacts of the proposed seabed mining by Nautilus Minerals must be thoroughly explained to the provincial government so that the people are well informed. “Experience has shown that major development projects today failed to deliver due to lack of consultation, monitoring and implementation. “The people are also ill-informed. “All stakeholders must be mindful that the coastal people depends on marine resources to sustain their livelihood,” he told the Government, Nautilus Minerals company officials, Mineral Resources Authority executives and Department of Mineral Policy and Geohazard Management at the opening of the two-day Solwara 1 project consultative forum in the Vunapope conference centre in Kokopo yesterday. He acknowledged the Somare-Temu Government for addressing the issues and that the consultative meeting demonstrated the Government’s commitment to improve the long-term interest of the people.

Mr Dion said: “Stakeholders need to be mindful of the people’s perception. I am glad this consultation forum is addressing the outstanding issues. “Technically, the environment will be protected and machines will be used to explore the seabed. But experience from other provinces need to be considered seriously.” He said the provincial executive council had approved the work of Nautilus Minerals in providing assurance to the public to be open and frank in finding out more information about the proposed seabed mining. A series of community awareness and consultation meetings, focusing on districts and local level governments had also been held.

Government to give go ahead to Nautilus Post-Courier 8.4.2010
By GRACE TIDEN

THE National Government after reviewing and evaluating all documents submitted by Nautilus Minerals is prepared to permit the undersea mining Solwara 1 project to go ahead. Deputy Prime Minister and Minister for Mining, Lands and Physical Planning Sir Puka Temu announced this yesterday during the opening of the Solwara 1 Project Consultation Forum in Kokopo. He said he was prepared to grant the development licence once the State was satisfied that all relevant and necessary steps had been taken. Sir Puka said that the Government was comfortable, confident and convinced that the undersea mining project was a goer. “I am pleased to announce as Minister for Mining that the Solwara 1 project will be the first project to be permitted under the recently established Mineral Resources Authority,” he said.

The Deputy PM said the Somare/Temu Government had a duty to this country and its people to have this project approved as a matter of national importance and global interest. Sir Puka said The Solwara 1 project was unique project and a new concept and the commencement of the project would prove significant for the country and the global community as it signified the start of a new industry and a move away from the traditional land based mining to deep sea bed mining. He said it was a new frontier and PNG was proud to be at the forefront of this historical development. He said the Government’s “take” from the project would help to boost the nation’s foreign exchange and revenues given that Misima Mine was now closed and Ok Tedi Mine will close by 2013.

Australian miner shows interest in Engan gold deposit Post-Courier 8.4.2010
By FRANK RAI

PARADISE Gold Play Holdings Limited, an Australian company, has shown interest in developing an alluvial gold deposit in the Koe-Timin Plateau of Kompiam district in Enga Province. Landowner company, Koe Resource Development Corporations (KRDC) chairman Bob Muiyo told Post Courier yesterday that he was happy to announce that Paradise Gold Play Holdings had shown great interest to develop the gold project. “I think my time and effort over the years to engage a company has come to fruition at last. My heart is settled and I am happy that this development will bring many changes into the lives of my people,” Mr Muiyo said. He added that he was not only at ease because of the money and gold which would change the lives of the people but more importantly the equal opportunity provided by the company to bring in much needed services.

Mr Muiyo said successive governments had failed to provide basic services to the remote Timin area for the last 36 years, adding that now the project would bring the world closer to their door-steps in terms of infrastructure developments. The chairman said all gratitude should go to Enga Acting Administrator Dr Samson Amean and Kompiam MP John Pundari for their time to inspect the area and to make arrangements for the company. Mr Muiyo added that the two leaders had provided the support required during negotiations for a possible project developer. He also commended the Ministry for Mining and Mineral Development Authority (MRA) for allowing the local villagers to have their Mining Lease Licence (ML153) renewed.

The chairman said representatives from both the company and five major tribes within the area had signed a memorandum of agreement (MOA) in February for Paradise Gold Play Holdings Limited to develop the area. Mr Muiyo also urged all the tribes in the area to support and co-operate with the developer for site constructions and other primary tasks that need to be done for the project. It is understood that Paradise Gold Play Holdings is in the process of sending heavy equipments and workmen into the Koe Plateaus.

STRIKE ENTERS SECOND WEEK AT PNG OK TEDI MINE

Wokers at Ok Tedi Mine protest benefits tax

By Harlyne Joku
PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 8, 2010) – In Papua New Guinea (PNG) Ok Tedi miners continued their indefinite strike since last Thursday despite the Ok Tedi Mining Limited management (OTML) describing their action as illegal.

[PIR editor’s note: According to the previous Post-Courier story, the strike occurred as a result concerning the disparities in the bonus payouts. Recently the Ok Tedi Mining Limited had boasted a profit of 4 billion kina [US$1.5 billion] and the bonus payments have not met the workers expectations. Another issue stated in the previous article is that of outstanding heavy taxing. The workers were seriously concerned about the 35 percent tax imposed on the workers retirement benefits.

Their action is affecting normal operations at PNG’s largest copper and gold mine in the Western Province. The managing director of OTML Alan Breen confirmed this in a statement received yesterday. It is also understood that the Industrial Registrar Helen Saleu is at the mine site and has been attending meetings with the management and union executives. Mr. Breen said about 500 employees were taking part in the illegal strike, predominantly those from the day and night shift mine and mill operations areas.

The company employs 2000 people of whom 1600 are members of the Ok Tedi Mining and Amalgamated Workers Union, he said. Mr. Breen added that the employees had not advised the company of their reasons for the dispute and have decided to work outside the company’s grievances and dispute procedures as set down in the Industrial Agreement. He said OTML had contacted the Department of Labor and Industrial Relations and that Ms. Saleu had confirmed that the strike action was illegal.

SOMARE WINED, DINED AT GALA NEW YORK PARTY

PNG leader hosted by gas project developer Exxon Mobil

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 7, 2010) – Prime Minister Grand Chief Sir Michael Somare has told a gala dinner in New York the US$15 billion Papua New Guinea Liquefied Natural Gas (PNG LNG) project "is a history-making, nation-changing, life transforming project". Speaking at a dinner organized by project operator ExxonMobil in New York's Metropolitan Art Museum on Thursday to commemorate financial close for the Liquefied Natural Gas (LNG) project, Sir Michael said the hope and optimism the LNG project was creating "will transform the future landscape of Papua New Guinea (PNG) forever". Sir Michael told 200 guests representing the co-venturers in the project, project financiers and LNG customers from Japan, China and Taiwan and PNG Government and PNG US-based diplomats the various steps that had been taken to attain financial close.

A new generation of young Cabinet ministers and Members of Parliament, he said, had been involved in moving the LNG project forward and in the PNG Government's "task of securing economic independence and national prosperity". "This reminded me of my younger days when I was at the helm of a sovereign Government, after having led a core group of Papua New Guineans in our quest to secure political independence from Australia in 1975," he said. Sir Michael said the common resolve of all stakeholders in the LNG joint venture had produced "valuable fiscal security" for the project and made it possible for a mutual agreement "on optimal taxation arrangements" that represented a win-win situation for all parties, including the 60,000 landholders living within the project footprint area.

"Our ministerial economic committee and state bureaucrats outlined a broad tax structure that ensured that over the medium to long-term any major upside in oil and gas prices would be equitably shared by project participants and the PNG government," he said. Sir Michael said ExxonMobil, had secured for PNG a remarkable project by concluding technical, marketing and financing agreements "in record time". Six export credit agencies from the United States, Japan, China, Italy and Australia had provided most of the loan funds, along with 17 commercial banks. Sir Michael said ExxonMobil had provided a significant amount of co-financing and had gone "the extra mile" to ensure the development of the LNG project.

Sir Michael said that in view of the unique challenges the project would face during the construction phase, he was instructing his ministerial colleagues to also "go that extra mile in the coming four years to make this project come together as smoothly as possible. "Any delay in the project schedule would result in cost blowouts that would hurt overall achievements and goals. Having negotiated such a large loan we will only be able to service this loan once LNG exports commence," the Prime Minister noted. Sir Michael said the success of the 20-year Development Strategic Plan developed by the Department of National Planning would depend on revenues from this LNG project to underpin ambitious development targets. The plan, which will be launched soon, aims to make PNG a middle-income country by 2030 by creating a four-fold increase in per capita incomes in that period.

Moving ceremony held for LNG

Post-Courier 7.4.2010

Papua New Guineans wept openly and others were deeply moved at the financial close ceremony for the PNG LNG project held in New York last Thursday. Joy that an immense development was underway was tinged with sadness at the realisation the nation's founding father, Grand Chief Sir Michael Somare, is preparing to hand over national leadership to a new generation. Sir Michael had made it clear Government revenues from the PNG LNG project, which is now under construction, would enable the Government to fund development programs that would underwrite growing national prosperity. “We felt we were witnessing the end of an era and the start of a new one,” commented Kandrian-Gloucester Member of Parliament, Mr Tony Puana.

Also deeply touched by Sir Michael’s speech at a dinner held at New York’s Metropolitan Museum of Art to mark the financial close for the PNG LNG project was Mrs Ruby Zarriga, Deputy Secretary (policy) at the Department of National Planning and Monitoring. Sir Michael’s characterisation of the LNG project as “life transforming” and his comments about the role of the younger generation in leading the government’s negotiations struck a strong chord with Mrs Zarriga, who wept at the New York dinner. Cabinet ministers, bureaucrats and diplomats attending the function were deeply moved, as were many foreigners who witnessed the event. The MP for Komo-Magarima, Mr Francis Potape, felt a surge of nationalistic pride that the natural gas resources of his people in the Southern Highlands was going to transform the PNG economy and become an important supplier of clean energy. “This ceremony and the Prime Minister’s speech brought home to me the real importance of this project and reinforced my desire to do everything I can to help make this project a reality,” Mr Potape said.

Mr Mathias Lasia, who as Acting Secretary of the Department of Public Enterprises, was closely involved in negotiations over the LNG project, experienced the sadness of seeing Sir Michael, PNG’s founding father, speak of the role of the new generation of leaders. He also felt elation that some three years of hard work on the PNG LNG project was bearing fruit with the company becoming a party to the biggest capital raising for any global oil or gas project. “Listening to the Prime Minister gave me this overwhelming sense that I, and my colleagues in this endeavour, were the equal of anyone in this room,” Mr Lasia said. Among the attendees were some of the big names in the corporate oil and gas world, including the president of the ExxonMobil Development Company, Neil Duffin, and Oil Search managing director Peter Botten.

Mr Augustine Mano, Managing Director of the Mineral Resources Development Corporation, said he felt a deep sense of sadness while listening to the Prime Minister and nation’s founding father talk about the growing role of the younger generation. “It was very clear to me it was a historical moment - a moment that would probably not repeat itself again; a moment that will have immense ramification in all aspects of our society for PNG,” noted a prominent lawyer, Mr Kerenga Kua. He said the financial closure for LNG will trigger impacts on PNG’s religious, social, political and economic fabric.

Mine pays off landowners Post-Courier 6.4.2010

By GRACE TIDEN

THE landowners of the Sinivit gold mine in East New Britain Province received their first spin-of-benefit recently since the establishment of the mine years ago. Local company Sarakolok West Transport which is in a joint venture with the landowner company Uramot Limited, gave 10 per cent to the landowners as commission for the use of four heavy duty machineries at the mine site. The cheque of K32,000 was presented to the landowner company executives recently by SWT managing director Eremas Wartoto. SWT and Uramot had signed an agreement for a joint venture to hire out machines to the mine developer, New Guinea Gold Limited. Uramot then gets 10 per cent of the commission that the machines make. There are four heavy duty machines being hired by the developer which includes bulldozers and excavators.

SWT managing director Eremas Wartoto called on other companies contracted at the mine to recognise the landowners and involve them in their business deals. He said the infighting by the landowners in recent years resulted in companies including his not recognising the landowners and involving them in any spin-off benefits. However the landowner company has a new board of directors and executives and Mr Wartoto called on the developer to make sure that the landowner umbrella company was given priority in terms of spin-off benefits.

Chairman of the landowner company Eric Doman together with appointed managing director for the company Nakikus Konga, thanked SWT and added that this was the first payment made to them in terms of spin-off benefits. They also called on the developer to give first preference to the landowner company as agreed to in the 2009 Memorandum of Agreement. They said NGG must increase the number of machines at the mine from four to 20 so the landowners can fully benefit.

PNG MINE WORKERS STRIKE AT OK TEDI

Reasons behind walkout unclear

By Harlyne Joku
PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 6, 2010) - Workers at Papua New Guinea's (PNG) largest copper and gold mine site, Ok Tedi in the Western Province, went on strike last Thursday morning, shutting down operations at Tabubil, Kiunga and Bige. Members of the Ok Tedi Mining and Amalgamated Workers Union called last Thursday morning to confirm the strike action but refused to be named. The PNG Trade Union Congress, on the same day, called a press conference on behalf of the striking union, (Ok Tedi Mining and Amalgamated Workers Union) to confirm that their 1600-plus members had walked off their jobs that morning and would remain on strike for an indefinite period. General Secretary John Paska said it was an unfortunate situation that had arisen to that extent. He said although the exact areas of discontentment were unclear, the situation seemed serious enough to cause the workers to walk off their jobs.

Mr. Paska said the union members were engaged in a cross section of the Ok Tedi mine site including Tabubil, Kiunga and Bige. They had walked off their jobs as a result of their concerns of the disparities in the payout of bonus. Recently the Ok Tedi Mining Limited had boasted a profit of 4 billion kina [US$1.5 billion], Mr. Paska said. "Their bonus payments to their national workers have not met the workers expectations. They claim that more was paid to expatriate workers and management than to national workers at the bottom level," he said.

[*PIR editor's note: According the Ok Tedi mine website, it started operations in 1984, and has become the single largest business contributor to the economies of both the Western Province and Papua New Guinea. In 2007, it states that the export earnings were at 4.6 billion kina [US$1.7 billion], which represents approximately 32 percent of PNG's total export earnings.*]

Another outstanding issue is that of heavy taxing. He said the workers were seriously concerned about the 35 per cent tax imposed on the workers retirement benefits. Mr. Paska said this did not just affect Ok Tedi Workers only but everyone across the country. The Government had imposed a 35 tax on the retirement package which practically took a big slice of their finish pay, he said.
He said this was a serious issue that needs to be addressed by the government and employers.
Mr. Paska called on the Ok Tedi management and the union members to fast trek their negotiations and reach an outcome that is satisfactory to all parties. Meanwhile the Ok Tedi Mining Limited management responded in a brief statement over the Easter weekend, claiming that the strike was illegal and the workers claims uncalled for because they were better paid with more decent benefits than other workers throughout the country. The management called on the union members to return to work. But as of yesterday it was still not clear whether the union members had returned to work.

Australia pans Rio Tinto trial Post-Courier 1.4.2010

China and Australia have traded criticism in the wake of the jailing of four Rio Tinto executives for corruption and commercial espionage. Australian Prime Minister Kevin Rudd said that there were “serious unanswered questions” about the section of the trial held behind closed doors. A Chinese spokesman accused Australia of making “irresponsible remarks” about the case, which ended on Monday. The Shanghai court jailed the Rio Tinto group for between seven and 14 years. The men - Australian Stern Hu and three Chinese colleagues - had admitted taking bribes. They were also convicted of stealing commercial secrets. The part of their trial relating to commercial espionage was held in secret, with Australian diplomats barred.

Mr Rudd said this left “serious unanswered questions about this conviction”. “In holding this part of the trial in secret, China I believe has missed an opportunity to demonstrate to the world at large transparency that would be consistent with its emerging global role,” he said. Foreign Minister Stephen Smith said the case could raise concerns for foreign companies doing business in China, saying it was not clear whether “we are dealing with what the international business community... would simply regard as the normal ebb and flow of commercial discussions or commercial information”. Asked about the case at a press briefing, Chinese Foreign Ministry spokesman Qin Gang said the Australian comments were cause for “serious concern”.

SOLOMONS LANDOWNERS WANT STAKE IN NICKEL VENTURE

Claims government bypassed them in seeking bids

HONIARA, Solomon Islands (Solomon Star, March 31, 2010) – In the Solomon Islands, landowners in Isabel say the government did not consult them about its plan to put out to international tender a nickel mine in Isabel Province.
[*PIR editor’s note: Tokyo-based Sumitomo Metal mining has been exploring for nickel-ore deposits since 2006 on San Jorge and Takataka in Isabel Province.)*

The Minister for Mines, David Day Pacha, says the announcement is a signal that the country is now a good place for investment. But the Bogotu Landowners Association, which represents the tribes that have a claim on the area, says it was not involved in the decision. The association’s chairman, Josiah Riogano, says the landowners are not opposed to an international investor, but they want the government to choose one which will involve the landowners in extracting minerals. "We don’t oppose entirely this development. What we really want is that we are going to be involved and get the maximum benefit out of our resources." Mr. Riogano says there is provision to challenge the government on issue, but they are waiting to see what will happen after the general election. He says previous reports suggested the mine could be worth about US$180 million.
Solomon Star: http://www.solomonstarnews.com/

TOKYO UTILITY TO BUY HALF OF PNG GAS OUTPUT

20-year deal pegged at $100 billion

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 31, 2010) - The Prime Minister Grand Chief Sir Michael Somare met his counterpart Prime Minister Yukio Hatoyama in Tokyo last night. Prime Minister Somare is currently in Japan on an official working visit and held bilateral discussions with Prime Minister Hatoyama as well as officiating at the opening of the new PNG Chancery and inaugurating the second Air Niugini flight to Narita. The two leaders covered various areas in their discussion including PNG liquid natural gas (LNG) projects, trade, investment and economic relations, environment and climate change and international co-operation. Sir Michael said relations between the two countries were reaching new heights spurred by Japanese interest in the gas commercialization program. "As you know in December last year, my country achieved the Final Investment Decision on our first LNG project," he said.

Sir Michael told his counterpart that as a direct result of this project, PNG would experience rapid development that would transform the lives of Papua new Guineans and provide greater co-operation in the fields of economy, energy and environment for Japan. He said Tokyo Electric Power Company and Osaka Gas would buy more than 50 per cent of PNG’s LNG export and make PNG one of the largest "Clean Energy" suppliers to Japan over a 20 year period at the value of US$100 billion. On environment and climate Change, Sir Michael said the partnership between the two countries would deliver clean energy through the LNG Project and was consistent with their strong support for the Kyoto Protocol and the Copenhagen Accord. Sir Michael said that Japan continued to provide support to developing countries under the Hatoyama initiative with $US15 billion over the next three years towards adaptation of mitigation of the effects of climate change.

New Ireland Province wants autonomy Post-Courier 31.3.2010

NEW Irelanders want autonomous powers because they have been deprived of projects and hundreds of millions of kina in mining royalties for many years, says a provincial spokesman. The chairman of the New Ireland provincial autonomy committee Stephen Mokis has called on the National Government to give the people of New Ireland the powers and functions they had asked for under the autonomy report. Mr Mokis said the call by the people for greater autonomy had become louder and louder every day. This call has been backed by community leaders in the province, former national parliamentarians and two former provincial premiers. At the forefront of this call is former prime minister and governor for New Ireland Sir Julius Chan. Mr Mokis said the cry of the people was an expression of their disappointment about the manner in which New Ireland had been consistently and deliberately left out by the National Government when major impact projects were awarded in the regions or the provinces.

New Ireland is a major contributor to the national economy, Mr Mokis said. “It therefore deserves more recognition, more attention and more support than what it gets,’’ he said. “It is a sad contradiction that a province that gives so much to the nation has become a province that receives so little from the Government.’’ Mr Mokis said in 1995 the National Government, Lihir Gold Mine Limited and the provincial government signed an agreement. The National Government was required to pay royalty payments to the provincial government. “Since 1995 the National Government has not made any payments of any form to New Ireland. It is estimated that what is owing to New Ireland is more than K450 million to K500 million, he said. New Ireland contributes K700 million to K800 million to the country every year. “What New Ireland gives, goes to help provinces that are disadvantaged,’’ Mr Mokis said. “This is a huge contribution. In many respects it is also a huge sacrifice on the part of the people. The fair and reasonable thing for the Government to do is for the Government to give as they become due,” said Mr Mokis.

Letter to the editor

Real estate prices ‘sky high’ in Port Moresby Post-Courier 31.3.2010

The writing is on the wall for all real estate companies and agents in PNG. With your gullibility, naivety and favouritism of the “sellers market” in PNG, you will chase the prospects of the LNG projects away with your high rental prices/property sales. And further disadvantage hard working Papua New Guineans, who only want affordable housing in their lifetime. The PNG real estate market, especially in Port Moresby, is small and a relatively closed-in industry. With the prospects of LNG, this has exacerbated property prices when there is no regulatory body to prudently manage these prices. On an international level, these rental/property prices are associated with a developing country that has a lack of administration associated with capabilities in place, to manage and minimise the negative outcome.

The direction of this letter is to gauge the fact of the high rental/property prices in PNG; the logical questions are directly posed: Why would you buy property in PNG when you can buy an equitable property or two, at the same price, given the foreign exchange (forex) rate of the day, in either Australia, other Pacific countries, or New Zealand?; and
Is Cairns the new hub of the PNG LNG project? With the first question posed, you look at residential property prices of K10 million at Boroko or rental prices of K5000 per week at Korobosea. How do real estate/property companies and agents justify these ludicrous prices when the average Papua New Guinean family living in PNG can only afford, on average, property prices of K500,000 or rental prices of K600 per week?

These real estate/property companies and agents' reasoning behind these prices is "the positive aspects of the LNG project"; if that's the case, then it is also the negative aspect. The same property prices that are seen in PNG could be further gauged, that given the policies of property ownership in close countries like Australia, one can buy an equally prospective property in an equitable neighbourhood, for a lesser price, and receive the equitable return over time, if it's bought as a property investment. If you don't believe me, do your own calculations and compare residential properties as investments between PNG, Australia and New Zealand. Current property/rental prices are pushing the demand market to Cairns, Australia. - PNG property mourner"

Editorial

PNG GAS PROJECT POSES THREAT OF SEXUAL DISEASES

PORT MORESBY, Papua New Guinea (PNG Post-Courier March 31, 2010) - The headline is the sort that reinforces the fears of many ordinary citizens of Papua New Guinea – "STI [sexually transmitted infection] high in Basamuk". It referred to the direct experience of HIV/AIDS coordinator Lynette Dawo at Basamuk, the site for the new nickel mine in the Madang Province. Ms Dawo told our Madang reporter Rosalyn Evara that the number of sexually transmitted infections in that area had risen at an alarming rate recently. She did not single out one ethnic group, but said it was caused by the influx of workers local and foreign who were offering money to local women. Many of the affected women were married, compounding the dilemma. It's not just Basamuk. Hard experience overseas and within Papua New shows that resource projects bring in a rush of development, resulting in workers having pockets full of money and the tendency is for mostly male workforces to seek women. Usually, the surrounding villagers are relatively poor.

When the hard working "imports" seek friendly company and have heaps of money, the barriers of rural reluctance fall rapidly! This is something that largely falls into the domain of responsibility of the Government. If our government is serious about the resource projects being for the common good of our people, it will have to do a lot more to cope with the social pressures that result. Government workers who work in the Highlands areas where much of the gas resource is found have recently told our readers of the disastrous effects of male landowners virtually living in Port Moresby and enjoying themselves before going home briefly to pass on the social diseases to their home-based families. Even the protracted period in which LNG talks were held in the relatively sophisticated East New Britain Province led to social disruption. This was just the beginning of the $US15 billion project!

There is a lot more social trouble to come, unless the Government aided by responsible corporate entities in the joint venture can predict and prepare to cope with the potential social calamity. It will take a relatively small percentage of the huge inflow of money for the project, but it will be essential if we are to survive the LNG project and similar resource ventures, without social collapse in the areas slated to benefit. The time is now, not after the disruption happens. Where are the plans?

Editorial

PNG GAS PROJECT 'RIPPLE' EFFECT EXPECTED

PNG Post-Courier, March 30, 2010
PORT MORESBY - As predicted, the onset of the huge Liquefied Natural Gas (LNG) project in Papua New Guinea is having some major ripples flow through our society. In just 24 hours, it can be seen that women from the LNG project areas are worried about what they will get from the gas wealth; that a major locally owned hotel business is going on a major expansion, that a provincial governor is unhappy at what the gas project will do to his rural province and another potential source of gas is being looked at. There will be more ripples. A venture that is predicted to cost US$15 billion to construct is sure to be hard for some sectors to digest in various ways. It will be a massive injection of money and people into the current hard-pressed society.

These are the sorts of challenges that were predicted by sage observers and they are coming through, even in these early stages. The Gulf Governor may have a good point, but his claims are yet to be verified and balanced up with other research and studies done by the National Government and the developers, ExxonMobil and their local partners, Oil Search Ltd. It would be unusual if such a large venture, in the hands of one of the biggest companies in the world, had done a sloppy job or signed contracts with a weak link in the chain. That will be tested, perhaps in our courts of law, or more productively in meeting rooms with State and developer officials and the provincial representatives.

The fears of some women leaders that the females in the project areas will be left out of much of the gas wealth have to be confronted and dealt with. The talks in Port Moresby and Kokopo have been dominated by the men folk, who cut a swathe through society with their pockets full of money. The women may well have a justified fear. This is something the Government and developers can team up on, to ensure all who deserve a share get that share. As for the new holiday development, it will create many construction jobs and eventually more permanent jobs in the hospitality profession, a long overdue boon to our people. This is the sort of news that we welcome and say should be fostered as the foreign LNG worker start to come here and spend their high salaries. Let's learn to handle all these things sensibly.

Developer denies

Post-Courier 31.3.2010

By TODAGIA KELOLA

ESSO Highlands Limited (EHL) has refuted claims by the Gulf Provincial Government that an environmental impact study funded by them did not take into account the negative impacts of the areas that will be directly affected. In a statement EHL said the PNG LNG project's environmental impact statement (EIS) was one of the most comprehensive environmental assessments in PNG's history. EHL said the Department of Environment and Conservation approved the EIS six months ago in accordance with legislative procedure. The EIS covers factors such as community needs, sensitive environmental habitats, fisheries and biodiversity.

EHL said it explained the EIS procedures to Governor Havila Kavo and his lawyers and will defend its position in court. It was inaccurate to claim that the project was not subject to a rigorous and thorough environmental analysis. “The PNG LNG project is committed to operating in an environmentally responsible manner and is being managed with an in-depth scientific understanding of the environmental and social impacts of our operations. “The project’s 6000-page EIS was the most detailed environmental assessment ever completed in PNG, developed in two years with input from regional marine biology experts.”

Villagers protest mine company court battle to dump waste in bay National 31.3.2010

THE Chinese Metallurgical Construction Co (MCC) has failed in its bid to move the hearing of a case filed by Madang landowners. Judge David Cannings ruled last Friday that it was not appropriate for the case to be moved to another province for hearing. Instead, the judge ordered the Chinese mining company to return to court in Madang on April 12. MCC, developer of the Ramu nickel mine in Madang province, went to court last Friday to request the injunction, against its plans to dump 100 million tonnes of mine waste in the Basamuk Bay, be lifted.

Local landowners protesting against the plan were not intimidated by a heavy police presence. After failing to get the court to move the case out of Madang, MCC lawyer Ian Molloy told the court his client was not yet ready to proceed with its application, prompting the adjournment to April 12. Landowners and local people protested peacefully outside the court house by holding placards showing their dismay. Plaintiff’s Eddie Tarsie, Sama Melambo and two local council members expressed their satisfaction with the court’s decision. The plaintiffs are fearful of the environmental damage the proposed dumping would cause. An injunction was obtained last week preventing the company from laying the pipeline into the bay.

PNG GULF PROVINCE TO SUE EXXON MOBIL OVER PROJECT
Government says environmental damage not addressed

By Todagia Kelola
PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 30, 2010) – Papua New

Guinea's Gulf Provincial Government says it will sue the State and the developer of Papua New Guinea Liquefied Natural Gas (PNG LNG) project - ExxonMobil - for more than two billion US dollars for what they claim to be failings in an Environmental Impact Study (EIS) on the areas that will be directly affected by the project. In a news conference yesterday Gulf Governor Havila Kavo said the environmental study funded by the developer had not taken into account the negative impact this large scale project would bring to his people, especially the destruction to the marine life along the 400 kilometers from the Kikori River and along the Gulf coastline where the gas pipeline is planned to be laid under the seabed.

Mr. Kavo decided to take this course of action after engaging a locally based environment company (Chem Clean Environmental Services) to undertake further study and to review and verify the EIS report. The environmental review and verification of the EIS report has been finalized and was officially presented to the Gulf Provincial Government yesterday. The Governor expressed satisfaction that the report had provided some statistical and empirical information which now provided the basis for the Gulf Provincial Government to go to court to begin court proceedings against the State and the developer to restrain the developer from undertaking early works and construction until all environmental concerns are adequately addressed and resolved amicably.

The provincial government is claiming that the Environmental Impact Study (EIS) undertaken by the developer and subsequently approved by the National Government through the Minister for environment and Conservation was now considered to contain significant anomalies and did not address the main concerns of identifying potential environment damage and suggestions for appropriate compensation to be paid by the State and the developer. The environmental review and verification of the EIS report by Chem Clean Environmental Services highlighted substantial negative impacts on the environment in which it is saying that the study (EIS) undertaken by the developer did not take into account the following key concerned areas;

The laying of the gas pipeline will be within the provincial seas boundary and within the exclusive economic zone area of the coastline and this will significantly affect the lucrative prawn industry in the Gulf of Papua and significantly reduce the economic return of the prawn industry and consequently affect the existing internal revenue for the Gulf Provincial Government.

- The traditional fishing and livelihood of the 10 to 12 major tribes living along the Gulf coastline and the commercial prawn industry and other forms of maritime activities will be greatly affected. This was clearly evidenced by the fact from the existing Oil and Gas Act (1988) that once the gas pipeline was laid down along the sea bed, a total of 20 nautical miles within the pipeline area will be totally restricted to public access and this will affect the local fishermen and the commercial prawn industry. An evidence of such is the current restriction for prawn trawlers along the site of the Kumul Terminal for oil export.
- Gulf Province is rich with bio-diversity and with a beautiful coastline, with big river systems and tributaries, swampland, mountains, plains, and provides the perfect natural breeding habitat for some rare and endangered species. The gas pipeline project will disturb and destroy the natural marine habitat and eco-system of the rare and endangered plants and animal species. The EIS report does not provide any remedies to address this potential environmental concern.
- The pipeline under the seabed will be a main cause for rapid sedimentation and this will destroy the marine ecosystem, especially the prawns and other fish species. There were also concerns raised on the effect this project will bring as a result of the global warming and climate change and the disturbance to the natural environment poses a great threat of king tides that will erode the coastal villages that are already being experienced.

Exxon Mobil when contacted said they could not comment at this stage but will develop a response to clarify the situation today.

TONGA EYES JOB OPPORTUNITIES IN PNG GAS FIELDS

Exxon Mobile project promises 'massive' employment

NUKU´ALOFA, Tonga (Matangi Tonga, March 28, 2010) – His Royal Highness (HRH) Crown Prince Tupouto'a-Lavaka presented his letter of credence, as the Tongan High Commissioner to Papua New Guinea (PNG) to the PNG Governor General, Sir Paulius Matane in Port Moresby last week, and learned of future employment opportunities for Tongans in PNG. On March 26 the Tongan High Commission's office in Canberra, Australia, stated that when the Crown Prince presented his letter of credence he was told of a US$15 billion deal that PNG Prime Minister Grand Chief Sir Michael Somare had signed with the energy giant Exxon Mobil.

The project "Esso Highlands" is expected to produce more than six million tones of liquefied natural gas for export annually. The project offers massive employment opportunities beyond the capability of Papua New Guinea to provide and he was told that PNG will welcome Tongans and other Pacific Islanders to fill some of these jobs. A report by a group of Emerging Pacific Leaders Dialogue that visited Papua New Guinea recently revealed in Nuku'alofa last week that about 16,000 workers would be needed by PNG for its Liquefied Natural Gas (LNG) Project, but PNG can provide only about 1,500 workers.

Tonga has had diplomatic relations with Papua New Guinea for a number of years, but prior to that the two countries have had friendly relation established by some Tongan missionaries who had worked and died there. Crown Prince Tupouto'a Lavaka is based in Canberra.

News Release
InterOil Corporation
Cairns, Australia
March 29, 2010

INTEROIL RESPONDS TO ALLEGATIONS

InterOil Corporation (NYSE: IOC) (POMSoX: IOC) believes that allegations made in an article concerning certain litigation which has been ongoing in Texas since 2005, have been raised now in an attempt to divert attention from the successful operations of the company. Operations conducted by the company which were evaluated by independent engineering evaluations consultants, GLJ Petroleum Consultants Ltd., resulted in an increase in our gross best case contingent resources estimate by 889 million barrels of oil equivalent resources, to a revised total of 8.2 tcf of natural gas and 156 million barrels of condensate, in the past fiscal year. The article was timed to benefit recent short selling activities. The "short" interest in InterOil increased to 3,548,056 shares in mid-March. InterOil's policy is to not provide commentary on ongoing litigation beyond the description of it appropriately and consistently set forth in our Annual Information Statement and Form 40-F available on our website or from the SEC. In our Annual Information Form (AIF), filed on March 1, 2010 the Company continued to disclose that Company's Chief Executive Officer, Phil Mulacek, and his controlled entities Petroleum Independent & Exploration Corporation and P.I.E. Group, LLC, together with the Company and certain of its subsidiaries, are defendants in Todd Peters, et. al. v. Phil Mulacek et. al.; Cause No. 05-040-03592-CV; pending in the 284th District Court of Montgomery County, Texas (see page 43). Appropriate details concerning this long running action are provided. InterOil and its subsidiaries were not party to, nor otherwise involved in, the Nikiski Partners filing referenced in the article.

InterOil Corporation is developing a vertically integrated energy business whose primary focus is Papua New Guinea and the surrounding region. InterOil's assets consist of petroleum licenses *covering about 3.9 million acres, an oil refinery, and retail and commercial distribution facilities, all located in Papua New Guinea. In addition, InterOil is a shareholder in a joint venture established to construct an LNG plant on a site adjacent to InterOil's refinery in Port Moresby, Papua New Guinea.*

News Release
Fraud Discovery Institute, Inc.
San Diego, California
March 26, 2010

IS PNG'S INTEROIL BUILT ON FOUNDATION OF FRAUD?
A potentially massive lawsuit by many of InterOil Corporation's (NYSE: IOC) original investors, who are seeking up to $1.3 billion in damages, worried company CEO Phil E. Mulacek so much that a certain company he controls filed a bad-faith bankruptcy in an apparent attempt to derail litigation set for trial this May. In fact, federal Judge Marvin Isgur said that Mulacek's credibility "diminished" by building a key argument in bankruptcy papers upon a lie. In a special report released today by iBusiness Reporting ('http://www.ibizreporting.com') - a division of the Fraud Discovery Institute Inc., former Los Angeles Times journalist William Lobdell details stunning allegations made by about 20 original investors in what is now InterOil. Among the claims: InterOil CEO Phil Mulacek forged documents, secretly created a shadowy Bahamian company, and ignored "crippling conflicts of interest" in order to enrich family, friends and himself.

So desperate was Mulacek to evade the consequences of his actions relating to a case going to trial this May, that he filed bankruptcy for a company he controls in what seems an attempt to derail the lawsuit, which is asking up to $1.3 billion in derivative or stockholder claims. In one candid admission, Mulacek and his attorneys testified that even a $50 million judgment for the plaintiffs would be "devastating" to InterOil. The bankruptcy testimony also showed the precarious financial condition of InterOil, with $60 million in cash and massive amounts of money needed to drill wells ($1 billion), construction of a pipeline ($900 million) and the building and construction of a liquefied natural gas (LNG) plant ($5-7 billion). To date, InterOil hasn't found any commercial oil or gas.

Federal Judge Marvin Isgur ruled that Mulacek had filed the bankruptcy in bad faith, and the executive's credibility was "diminished" by building a key argument for bankruptcy upon a lie.
"It's hard to know where to start - there's so much in this special report," said Barry Minkow, cofounder of the Fraud Discovery Institute (FDI). "The most serious of these claims is the most obvious - the very foundation on which InterOil was built is a fraud based on the intentional inflation of an asset costing $250,000 which allowed InterOil to refine unleaded gasoline. It was reported to investors by Mulacek to have cost $15 million. "It is the very artificial inflation of assets that is at the core of the InterOil scheme. Mulacek simply added zeroes in the current scheme - instead of a refinery component not being worth $15 million, he now touts oil and natural gas exploration sites in PNG as being the largest find in the world, yet to date, not one drop of commercially viable reserves has been sold by the company."

The lawsuit also alleges the deception started with one of the company's first assets and that scheme gave an offshore company secretly controlled by Mulacek 5.1 million shares of InterOil - 25 percent of the company's stock at the time - in exchange for nothing. "This would be nearly unbelievable if this was any company other than InterOil," Minkow said. "All you get is hype-feeding-hope, and criminals know people live on hope and exploit that hope with spin and lies. The company lied about fees paid to Clarion and John Thomas. The company hyped with an endless string of press releases, and yet there are still no commercial reserves and no partner." Because this information can be found in court documents in the public record and available on IBizReporting.com at 'http://www.ibizreporting.com', it cannot be refuted "no matter how many diversion names supporters call me or other detractors," added Minkow.

China gas deal to add $14b to Queensland economy

ABC News 25.3.2010

BG Group will supply 72 million tonnes of LNG over 20 years from its coal seam gas plant at Curtis Island in central Queensland. The State Government says a coal seam gas deal will add $14 billion to southern Queensland's economy over the next decade. The Queensland Gas Company (QCC) will pipe gas from the Surat Basin in the state's south to Gladstone in the central region, and then ship to China from 2014. The deal is hailed by the Federal Government as the biggest liquefied natural gas (LNG) contract in Australian history, with 72 million tonnes of gas to be exported to Asia over the next 20 years. Geosciences Australia estimates Queensland has enough coal seam gas to power the entire state for more than 1,000 years. The State Government says it will generate $200 million a year in royalties for Queensland. The China National Offshore Oil Corporation signed a deal with the British-owned BG Group yesterday. The deal is subject to environmental approval as well as from the Foreign Investment Review Board.

'Ready to go'

Queensland Treasurer Andrew Fraser says he is confident the project will clear any hurdles to its approval. He says work on the 500-kilometre pipeline from the Surat Basin to Gladstone will start this year. "There's certainly a range of approval processes that are undertaken in a project this massive, but what this deal means is that as far as the financing of the LNG development goes, this one's cooked and ready to go," he said. But the state Opposition says the Government has to make sure there is appropriate infrastructure for the gas development. Opposition spokesman Jeff Seeney says the Government should plan ahead. "It's not good enough for the Government to do what they've done in the past and wait for the infrastructure to become overloaded and then talk about allocating some money," he said. "The Government knows these projects are going to happen in central Queensland. They should be allocating some money now."

'Enormous' benefits

Meanwhile, Queensland Resources Council chief executive officer Michael Roche has welcomed the deal. Mr Roche says it will make Queensland one of the world's major energy exporters. "There will be hundreds of millions of dollars in extra royalties ... $10 billion a year in revenue and 18,000 jobs," he said. Gladstone Ports Corporation chief executive officer Leo Zussino says the potential benefits for the city are enormous. "It really cements the potential for the LNG industry to actually happen in Gladstone," he said. "Obviously what it means is it gives BG enough sale gas to build three production trains, and what we look forward to now is BG getting through their EIS [environment impact statement] process and hopefully us getting through our dredging approvals " Mr Zussino says the region will be transformed. "Subject the environmental approvals being obtained, I have no doubt that Gladstone is going to be converted into one of the most significant LNG production centres in the world," he said.

Environmental concerns

Queensland Conservation Council spokesman Toby Hutcheon says he is not entirely opposed to a gas deal. However, Mr Hutcheon says coal and LNG are big polluters but environmental groups could support the idea if the gas replaced coal exports. "Both of them are fossil fuels," he said. "We are not dead-set against it. The gas is cleaner than coal, but we are still exporting coal. "This proposal will add to global emissions unless it displaces coal. If Queensland wishes to continue to export coal and export gas it'll do nothing for climate change."

Royalties concerns

The Federal Member for Maranoa, Bruce Scott, has welcomed the deal but says at least a third of the royalty needs to be spent in the Surat Basin. "I think whilst the agreement to sell LNG to China is important, there should also be an agreement written with the regional councils and the community so that there's a guarantee of royalty money coming back to the region," he said. Meanwhile, the State Member for Condamine, Ray Hopper, says the Government needs to keep a closer eye on QGC's mining operations. The Petroleum and Gas Inspectorate has issued a compliance notice to QGC to inspect its gas wells in the Tara region, west of Toowoomba, for leaks. Mr Hopper says it should not be left to residents to monitor operations in the region. "It is amazing that it has to be the people that actually make the complaint come forward," he said. "This should have been catered for and monitored right from day dot, because if anything was leaking that could be detrimental to a lot of things and it's got to be done properly right from the word go."

Western Downs Regional Mayor Ray Brown in southern Queensland says the Government must not be swayed by the lucrative royalties generated for the new coal seam gas deal. Councillor Brown has welcomed the deal but says there are still issues about coal seam gas mining that need to be addressed. "We do have a lot of concerns on the ground, right through from land access to are they addressing the issues of underground water acquifiers, salt issue, gas extraction issues," he said. "They're regulated by the State Government. It's just to make sure the State Government don't look at the huge dollar signs." **-** Reporting by Fidelis Rego, Sam Burgess, Francis Tapim

How a guilty plea from Stern Hu could be good news for Rio and the government

MALCOLM MAIDEN , Sydney Morning Herald, *March 24, 2010*
Rio execs face secrets charge

Four Rio Tinto executives face charges of stealing commercial secrets in China after pleading guilty to taking bribes. The interests of Stern Hu, the Australian government, Rio Tinto and other companies looking to establish links with China have never been perfectly aligned. Hu's interests were best served if the charges were withdrawn, or if he was found to be innocent. The details are still sketchy, but his reported admission in a Shanghai court on Monday that he accepted bribes to allocate iron ore appears to shut down that outcome. Political concerns for the government, Rio and other companies raised by the arrest of Hu and his three co-workers, on the other hand, were arguably best addressed if Hu and his colleagues were found to have acted as rogue traders. This week's hearing has shifted the range of possible outcomes towards that result, but several scenarios remain.

Hu was arrested last July as iron ore pricing talks were coming to a head, and as Beijing reasserted control over the Chinese steel industry after burgeoning demand spawned a black market in which Chinese mills resold contracted, fixed-price iron ore to other mills at higher prices based on the spot price (immediate delivery).

The Rudd government had also responded to a wave of Chinese foreign investment applications by declaring that it would subject acquisitions of Australian assets by either sovereign funds or state-owned enterprises to special scrutiny (an announcement widely and correctly interpreted as being aimed at China), and Rio Tinto had just walked away from its $US19.5 billion alliance with China's state-owned Chinalco group to strike a new iron joint venture deal with BHP Billiton. The full-blown synthesis of the arrests and the events that preceded them was that China was indulging in payback, punishing Rio in particular but also the Australian government and Australian companies generally. The fears and noise about them in government, business and media circles were serious enough last year to undermine relations between Australia and China.

Since then, high-level contact between China and Australia has resumed, Beijing has let it be known that it believes last year's market rebound was the main reason Rio settled on an alternative to Chinalco, and Chinalco itself has entered into a new iron ore development venture with Rio at Simandou in Guinea. The unpleasant scenario for Hu but arguably the best one for the government and Rio is that he and his colleagues are found to have acted unilaterally, without reference to Rio. The Rudd government would seize on that result to assert that the rules of engagement with China did not break down irretrievably in the first half of last year. Rio would be criticised for failing to detect the payments, but would not be directly implicated.

But Rio still has a hurdle to clear as the court closes to the public now to hear allegations that Hu and his colleagues also stole commercial secrets. These allegations have not been detailed and, with the court closed, are unlikely to be. Scenario two - a worse outcome for Rio but still much less of a political problem for the Australian government than feared last year - would see Hu and his colleagues admitting corporate espionage but claiming that they acted with Rio's support. There is nothing in what Rio has said so far and nothing that has trickled out of the court to suggest that Rio's belief that it acted properly at all times has changed. Reports out of the hearing yesterday did not contain suggestions that Rio was involved in extracting payments, and a defence lawyer was quoted saying Rio was "not aware" of the bribes.

But Rio is the commercial enterprise that employs Hu and his colleagues, and is therefore still exposed as the second stage of the trial begins, dealing with the corporate espionage. Iron ore producers routinely gather information about the steel industry and customers - levels of production and demand, for example - to arm them for pricing talks. If limits were breached during this process, Rio is open to criticism for lax supervision. Another scenario, less troubling for Rio but more so for the government and other companies seeking stable rules for engagement with China, is that it becomes clear the limits to intelligence-gathering changed last year, as Beijing reasserted control over the steel industry and other sectors of the economy.

One thing the hearing has already done is help build the case for a move away from contract pricing towards spot pricing for iron ore. Annual fixed price contracts are being stranded as spot prices react more quickly and move alternately to big premiums and big discounts to the contracted price. The push that BHP began, and that Rio and Brazil's Vale now support, to load shorter-term market-based price adjustments into fixed term deals promises to reduce the spot-contract price mismatch and reduce the temptation to rort the contract that accompanies it.

News Release
Solomon Islands Government
Honiara, Solomon Islands
March 24, 2010

SOLOMONS TO SEEK OVERSEAS BIDS ON NICKEL MINE

The Solomon Islands Government yesterday has announced that it will soon put to international tender the Nickel Mine in Isabel Province. Minister for Mines, Energy and Rural Electrification, David Day Pacha made the announcement during yesterday's reopening of the Gold Ridge Mine in Central Guadalcanal. The announcement is testament of the CNURA government's strong commitment to expand the local mining industry as one of the major revenue earners when logging weakens in the next five years. Tokyo-based Sumitomo Metal Mining has been exploring for nickel-ore deposits since 2006 on San Jorge and Takataka in Isabel Province. "This is a sign of a growing mining industry in Solomon Islands," Minister Pacha said.

The reopening of the Gold Ridge mine and the ongoing nickel exploration in Isabel signals that Solomon Islands is back on track to develop its economy after years of ethnic tensions. "This is good news for Solomon Islands because it sends a signal of confidence to stakeholders especially investors that Solomon Islands is now a good place for investment," said Minister Pacha..In a 2008 tour of Isabel, Prime Minister Dr Derek Sikua expressed strong backing to nickel exploration in the province. At that time he said nickel investment is a potential investment opportunity for the people of Isabel and Solomon Islands at large. Sumitomo Metal Mining is also expanding nickel explorations to Choiseul province starting last year.

Indian group eyes LNG slot National 26.3.2010

Source: By YEHIURA HRIEHWAZI in Brisbane

INDIA's state-owned oil and gas company Gail India Ltd is considering to join InterOil Corp to develop the second LNG plant in PNG. InterOil office in Port Moresby yesterday confirmed that the company is in discussions with Gail. "Yes, InterOil is in talks with Gail, but we do not comment on discussions until any transaction is complete," spokesman on behalf of CEO and chairman Phil Mulacek said. Gail's chairman and managing director BC Tripathi made the announcement during a sideline press conference where a regional gas conference is in progress this week. It received wide coverage by local media including the Calcutta Daily Telegraph and major financial websites like Bloomberg and Dow Jones. He said Gail was planning to invest in gas infrastructure globally and is looking at projects in Papua New Guinea, Nigeria, Ghana and Egypt. "We are examining the possibility of having a stake in the Papua New Guinea LNG terminal," Tripathi told reporters.

The state-owned firm is talking to Canadian firm InterOil Corp to buy a stake in its proposed liquefied natural gas project (LNG) in Papua New Guinea. "In Nigeria, we, along with partners Total and Shell, have been shortlisted as one of the companies to develop the Nigeria gas master plan worth about US$7 billion (K`19.4 billion)," he said. Nigeria is estimated to hold 184 trillion cubic feet of gas reserves, most of which remain unexplored. The short-listed companies would be invited to build three major gas gathering plants and pipelines that would supply fuel to power firms.
Tripathi said: "In Ghana, we are talking. Once gas production starts, we will process the gas and transport it to the desired location." The firm has a presence in city gas distribution projects in Egypt and China. "We are also exploring the possibility of expanding our city gas operations in Egypt," Tripathi said.

Ramu Mine intent on local economy National 26.3.2010
Source: By PATRICK TALU

RAMU NiCo Management (MCC) has, to date, awarded K80 million worth of business contracts to landowner companies for its spin-off businesses. It has also paid more than K5.1 million in environmental and land compensation to landowners since 2006. Speaking at the 2010 Women in Mining and Petroleum Conference in Madang last week, Ramu NiCo Management (MCC) Ltd president Luo Sho said six community assistance projects under project MoA were completed last year. The projects include a primary school, a health centre and agricultural assistance. The company created two model farms which are used as training centres for local farmers.

Ms Luo said MCC management work with joint-venture partners to ensure that projects are completed on time and that benefits are delivered to stakeholders and landowners. “My view is that important players in private sectors, like mining and petroleum, need to join hands with the Government to address communal problems. “At Ramu NiCo, we are committed to an investment philosophy of win-win cooperation and sustainable development. “The company has carried out economic and social development assistance programmes extensively in project affected areas to fulfil its commitments. “I believe mining companies in PNG can complement the Governments development plans by working towards boosting and contributing to related industries and other areas like education, medical and social causes in project areas,” she said. Ms Luo said Ramu NiCo was proud to join OK Tedi, Lihir, Porgera, and other mining companies as essential project developers to expand PNG’s economy.

Mining: meeting for women cites policy flaws Post-Courier 25.3.2010
By ROSALYN EVARA

MADANG Governor Sir Arnold Amet says not enough attention has been given by stakeholders including the Government to the impact of mining activities on women and children and it must change. In his address to the Women in Mining and Petroleum Conference, which got underway in Madang yesterday, Sir Arnold said there were inadequate policies to deal with the impact of the development activities, especially on women and children. Sir Arnold said so much “lip service” had been offered to the pressing issues the vulnerable group had been facing and it was time the stakeholders and other interested ones started putting money where their mouth was. He admitted that even the Madang Government did not have any policy ready nor had paid any attention to the issues of the impact of the resource development on women and children in the impacted districts and local villages. However, he said he intended that after the conference the Madang Government together with the development partners and stakeholders would make it a matter of policy discussion.

Highlands Pacific suffers big profit slump Post-Courier 25.3.2010
By JONATHAN FARAPO

PARTNER company in the Frieda Gold and Ramu nickel mine project, Highlands Pacific Limited, has posted a significant 91 per cent decrease in its 2009 net profit compared to 2008. Investment and share management company BSP Capital made the announcement yesterday after Highlands Pacific posted a less than healthy net profit after tax of $US1.1 million (K3.2 million). However, BSP Capital said in 2009 there was no revaluation of the company's non-current assets compared to 2008. Highlands Pacific has been strongly focused on exploration and the finalization of the construction phase of its two major projects – Frieda Gold and Ramu Ni-Co mine. BSP Capital reported that Highlands Pacific had a cash reserve of $US23 million (K68 million).

The company recorded an increase in its equity share of the Frieda Gold project from 16.95 per cent to 18.18 per cent following the decision of a junior partner Japanese consortium OMRD to decline to fund its share of the $US77.5 million (K230 million) 2010 exploration and development budget. The company also expects to increase its 8.56 per cent interest to 11.3 per cent at no cost after repayment of the project debt in the Ramu Ni-Co project over the next eight years. BSP Capital said this year looked promising for Highlands Pacific as production in the Ramu nickel and cobalt mine was expected to commence by midyear. According to BSP Capital research analysts, Highlands Pacific was expected to show strong growth potential with its world scale projects.

Frieda mine set to boost local economy Post-Courier 25.3.2010
By ERIC TAPAKAU

THE Frieda River copper/gold mine project will become another major contributor to the national purse after the mine life of Ok Tedi ends by 2013. It is also likely to boost Papua New Guinea's standing in the global mineral mining world with its resource estimate likely to put PNG among the top four copper and gold producers in the world. Xstrata Copper executive general manager project evaluation, Peter Forrestal, said that the latest results confirmed Frieda River as potentially a very significant copper-gold producer in the Asia-Pacific region. "Since assuming management control of the Frieda River project in January 2007, Xstrata Copper has conducted an aggressive evaluation program, completing 65,000 metres of drilling as part of scoping and pre-feasibility studies. The increased scale of and confidence in the resource indicated by this revised estimate for the Horse-Ivaal-Trukai deposit underlines the success of this approach," Mr Forrestal said early this year.

Meanwhile, major partner in the Frieda River prospect, Highlands Pacific Limited has increased equity in the prospect from 16.95 per cent to 18.18 per cent following the decision by junior partner OMRD, a Japanese consortium of companies, to decline to fund its share of the $US77.5 million 2010 exploration and development budget. Highlands' equity share in the Nena deposit also increases as a result of the OMRD decision to withdraw, from 93.75 per cent to 100 per cent. OMRD's 6.75 per cent interest in the Frieda project (excluding the Nena deposit) will be distributed pro-rata between Highlands and farm-in partner Xstrata Frieda River Limited, a subsidiary of Xstrata Copper. Xstrata now holds an 81.82 per cent share subject to the delivery of a bankable feasibility study by January 2012. OMRD's 6.75 per cent interest in the Nena deposit returns in full to Highlands subject to an option that Xstrata holds to acquire 81.82 per cent by payment of $US10.8 million to Highlands.

"The move by OMRD had been expected for some time and reflects a change in their business priorities," Highlands Pacific Limited managing director John Gooding said. The Frieda copper project is one of the world's largest undeveloped copper/ gold resources. Frieda River is 170 kilometres northwest of the giant Porgera gold mine. An extended scoping study released in early 2009 indicated a 40Mtpa plant with a 27 year mine life averaging 160,000 tonnes per annum of copper and 240,000 ounces of gold (with higher output in the first 10 years). The pre-feasibility study due in the third quarter of 2010 is currently considering larger output and production options. Subject to the project continuing to meet its hurdles, a 12-month feasibility study is planned to begin in the third quarter of this year with possible construction of the project mine site in 2012 and production in 2017.

PALAU ENVIRONMENTALIST SUPPORTS OIL EXPLORATION

President's brother says no coral in area

By Bernadette H. Carreon
KOROR (Palau Horizon, March 24, 2010) - Francis Toribiong, a known environmentalist is in support of oil and gas exploration in Kayangel State. Toribiong is the Marine Biology Coordinator for Palau Pacific Exploration (PPX) which has secured a million acre drilling concession on the North Block of Palau located at the Velasco Reef in Kayangel State. Toribiong said Velaso Reef has no corals, thus the planned drilling will no impact the environment. "There is no reason why we need to preserve the Velasco Reef," Toribiong said. He is working with the PPX to ensure that the company complies with the environmental impact requirements. Toribiong who is a diving industry pioneer and a staunch advocate of environmental protection is pushing for the project and is confident that there is oil and gas at the Velasco Reef. PPX is seeking investors to fund a two-well drilling programme to test over 1 billion The Company is seeking investors to participate in a private placement to raise US$40 million to fund the drilling program.

Toribiong said the company has until May 2012 to drill two test wells to a target depth of approx. 5,000 feet. He said that as an environmentalist, he will make sure that all drillings will not harm the environment. He said in reality there are more spills occurring from oil tankers than from oil drilling. The company he stated will also make sure that anchors will not be dropped during the exploration. "There is a good chance that there is oil in Palau," Toribiong said. Toribiong said a public hearing will be scheduled by the company to determine the community's inputs on the project. Toribiong's brother, the president has earlier executed an agreement to another company, Palau Pacific Energy .

The license to PPE is issued for 10 years and that drilling of an exploratory well should commence by no later than May 15, 2011. The agreement stated that if no oil or gas of commercial quantities is discovered by May 15, 2012, the agreement will continue in effect on a year-to-year basis with licensee paying a rental of ten cents (US$0.10) per acre times the number of acres in the Palau North Block. The agreement further added that is commercial hydrocarbons are discovered then rental ceases. Palau's Kayangel state is located on the northern edge of the 300-mile long archipelago. PPE and PPX officials say the area is likely home to one of the world's largest oil fields.

PREPARATIONS TO REOPEN BOUGAINVILLE MINE UNDERWAY

Many hurdles yet to be cleared

PORT MORESBY, Papua New Guinea (The National, March 24, 2010) -Preparations to resume active exploration and mining at the Panguna copper mine in the autonomous region of Bougainville are in progress. The mine will cost about US$3 billion (PGK8 billion) to reopen. But access to the mine by the company, Bougainville Copper Ltd (BCL), is still not possible, according to BCL as stated in its annual report for the year ending Dec. 31, 2009. "Nevertheless there have been regular and positive interactions with landowners and the Bougainville (ABG) Government," it said. In its financial report for the same period, BCL chairman and managing director Peter Taylor said BCL posted a net profit of PGK8.7 million (AU$4.3 million) last year compared with a loss of PGK4.8mil (AU$2.3 million) in 2008. The higher net profit last year was on the back of realized gains on the sale of investments and exchange gains.

In addition, there was an unrealized PGK63.6 million capital gain which, together with the net profit, amounts to a 24.6 percent increase in shareholder funds. Operating expenses during the period in review were in line with those of 2008, he said. And due to the relatively modest profit and the need to preserve cash for future development, BCL will not pay a dividend. In investments, he said BCL's liquid assets continue to be cash and Australian equities. The weak Australian equity market in the previous reporting period resulted in an adverse impact on both value of and return on investments. "It is pleasing to report that despite the global financial crisis, the company was able to maintain its portfolio save for modest sales for operating purposes and is now benefiting from the recent strong growth in the Australian Stock Exchange (ASX) 200.

Ok Tedi sets K35m water, sewage plan

National 24.3.2010

WESTERN province miner Ok Tedi Mining Ltd (OTML) is set to upgrade the water and sewage system in Kiunga at more than K35 million under the tax credit programme. The project, expected to start this month will include the upgrading of the town's water supply system and the construction of a new sewerage treatment facility. OTML manager for regional engineering department John Iru, said the current water and sewerage systems could cater for the town's rapidly increasing population and there was an urgent need to upgrade the facilities. OTML said in a statement over the last few years there had been a surge in Kiunga's population, which had seen the number rising from around 9,000 to over 12,000 people.

This has placed a major strain on the town's water and sewerage systems, which OTML operates as a free service to the town's residents, which also included almost 140 OTML employees. Mr Iru said the upgrading of the water supply system would also include the construction of two new one-mega litre water storage tanks, the rehabilitation of all the boreholes, construction of a new borehole and new raw water and reticulation system. "The work on the new sewerage system will involve the construction of a new pump station and new sewer main, which will run from the pump station to the new sewerage treatment ponds at the back of the Kiunga Secondary School," Mr Iru said. The project has been awarded to C&M Engineers and is expected to be completed by this year end.

Solomons Nickel Mine Up For Tender Soon

Isabel province has investment potential

HONIARA, Solomon Islands (Solomon Times, March 24, 2010) - The Solomon Islands Government yesterday has announced that it will soon put to international tender the Nickel Mine in Isabel Province. Minister for Mines, Energy and Rural Electrification, David Day Pacha made the announcement during yesterday's reopening of the Gold Ridge Mine in Central Guadalcanal. The announcement is testament of the CNURA government's strong commitment to expand the local mining industry as one of the major revenue earners when logging weakens in the next five years. Tokyo-based Sumitomo Metal Mining has been exploring for nickel-ore deposits since 2006 on San Jorge and Takataka in Isabel Province. "This is a sign of a growing mining industry in Solomon Islands," Minister Pacha said.

The reopening of the Gold Ridge mine and the ongoing nickel exploration in Isabel signals that Solomon Islands is back on track to develop its economy after years of ethnic tensions. "This is good news for Solomon Islands because it sends a signal of confidence to stakeholders especially investors that Solomon Islands is now a good place for investment," said Minister Pacha. In a 2008 tour of Isabel, Prime Minister Dr. Derek Sikua expressed strong backing to nickel exploration in the province. At that time he said nickel investment is a potential investment opportunity for the people of Isabel and Solomon Islands at large. Sumitomo Metal Mining is also expanding nickel explorations to Choiseul province starting last year.
Solomon Times: http://www.solomontimes.com/

LNG project lures public servants National 24.3.2010
Source: By ZACHERY PER

AN exodus of highly-skilled public servants to the LNG project is being experienced as workers are quitting their jobs in search of greener pastures. Several public servants in Simbu province have attended interviews with developers of the project, according to president of the Public Employees Association Simbu branch Peter Nulai. He told The National in Kundiawa yesterday that there would be an acute shortage in public service workforce after an exit of several highly-skilled and experienced public servants. “The onus is on the Government to re-negotiate their remuneration packages to keep them serving the people at their current respective levels,” Mr Nulai said.

He said public servants not only in Simbu province but also other provinces and in the National Government were opting to join the LNG work force. “Most of those who expressed interests to work in the project are likely to leave public service as so much money is involved. “The Government will make millions of kina because of the LNG projects, so they should increase the salaries and improve working and living conditions of its workers to keep them in the public service,” Mr Nulai said. It has been revealed that PNG lacked the manpower capacity for the LNG project to start and developers were looking at recruiting skilled manpower overseas to meet the requirement of the project.

Stop misleading people, says Potape National 24.3.2010

PEOPLE who are not signatories to the Kokopo umbrella benefit sharing agreement must stop making misleading statements in the media, Komo LLG president Thomas Potape said yesterday. “We, the legitimate landowners, support the LNG project and are eagerly waiting for the launch of the project. “We do not want comments from the people on the street and across the country who have not participated in the benefits sharing agreement forums,” he said. Mr Potape said Petroleum and Energy Minister William Duma had done a good job despite the pressure from landowners.

He was responding to remarks in the media yesterday of a purported landowner in Lae who called on Mr Duma to release the K300 million of MoA funds promised to landowners in Kokopo. Mr Potape said there was no such promised K300 million MoA funds made in the Kokopo forum. “The minister never made such commitments to landowners in Kokopo. Legitimate landowners who attended the forum know that,” Mr Potape said. He said such media reports were misleading, raising unnecessary expectations of landowners who are in Port Moresby following-up on their outstanding MoA payments. “Such misleading statements give false hope to landowners who are now gathering in numbers outside Vulupindi House demanding the payments,” he said.

PNG GAS PROJECT FACES LANDOWNER DISPUTES

Group alleges being excluded from benefits

By Andrew Alphonse PORT MORESBY, Papua New Guinea (The National, March 24, 2010) - Work on the proposed LNG township and International Airport in the Southern Highlands province is likely to be affected by landownership disputes. This follows a faction of the landowner group in Komo protesting for being excluded from the project benefit sharing and agreement. Already, the group, through their landowner company Komo Resource Development Corporation (KRDC) Ltd, has written a 20-page petition letter dated February 22 demanding clarification on their position. The letter was addressed to Southern Highlands Governor Anderson Agiru with copies to State agencies like departments of Petroleum and Energy, Treasury and Finance, National Planning and developer ExxonMobil.

In the petition signed by the 11 major clan leaders of the project impact areas, they called on the State and ExxonMobil to recognize KRDC as the second umbrella landowner company, besides Hides Gas Development Corporation (HGDC) for any spin-off business activities in the construction of the township and airport. KRDC chairman David Harabe said: "We own about 80 percent of the land area for the proposed township and airport. "Why are we not included in the benefits for impacted landowners?" he asked. He said the call was now for the developer and the state to recognize KRDC as the second landowner company and consider it for any spin-off contracts. Clans that make up KRDC and signed the petition include Imini Kela, Imini Ne, Tagima, Yumu, Undupi, Mogoralai, Maiya, Tamburuma, Tapamu, Tope and Tapu clans who are traditional landowners of the land on which the airport and township are to be located.

"There are 4,000 of us, who are furious at being left out. We have already made physical confrontation with ExxonMobil workmen surveying the land in Komo. "A roadblock was mounted recently at the bridge over Waguba River near Komo station to make our position known to the state and the developers," he said. Mr. Harabe said several meetings had been held on the issue at Komo district office, St Pauls Primary School in Komo and at Nogoli camp with representatives from ExxonMobil, like Noel Wright, business development Officer and ExxonMobil’s community affairs team. "We have been told our demands would be looked at and addressed accordingly," he said. "As time is running out, we are also losing patience. Any delay or failure to address the dispute quickly will affect the current work at the project sites," he added. It is understood ExxonMobil would be meeting with the disgruntled group in Nogoli this week.

Landowners to shut down ExxonMobil camp

Post-Courier 23.3.2010

By MOHAMMAD BASHIR

ExxonMobil’s Kobalu Camp may be closed tomorrow by landowners who claim to have been deprived of their rights to get government funding. The PNG LNG project is headed for problems if the Government does not honour its commitments to landowners of the Kobalu Camp site as promised during the two benefit sharing agreements in Kokopo and at project sites. Chairman of Kobalu Camp Joint Venture and Hewai Investment Ltd Andrew Pulupe yesterday warned of the impending closure of the Kobalu Camp if the Government failed to deliver its promised MOA funds and business development grants on time as promised during the benefits sharing agreement. Mr Pulupe, who was in Port Moresby, is flying out today to Kobalu to mobilise his clansman to close the ExxonMobil camp, which is the lifeline to the project.

Mr Pulupe said his people were spectators and not partners in the LNG project despite all the activities happening on his land. He wants the Government to immediately pay the Memorandum of Agreement funds and business development grants or face the risk of disaster. There are 180 containers in the camp, machinery and equipment worth millions of kina in the camp which is in danger of being affected. "Until the Government comes good and is genuine in dealing with us, we will keep the camp closed and we mean business," Mr Pulupe said. Mr Pulupe said he was prepared to take over the materials and equipment in the camp site if "worse comes to worse".

Is PNG a failing state and what to do? Post-Courier Focus 22.3.2010

There is much recent literature on what constitutes a failed or a failing State. Recently, there has been some discussion within PNG on whether PNG constitutes a failing State, with some leaders, including the forthright Morobe politician Sam Basil confirming it is. It seems extraordinary that with all its resources, positive economic growth and entering a further resource boom PNG's State could be failing. PNG is clearly not a failed State; that is reserved for countries, like Somalia, with no widely recognised government, run by multiple warlords and the State's remit barely stretching beyond the capital. But is the PNG State failing? Sadly, the evidence is all too apparent, with so many of the institutions comprising the State clearly not performing. The services they are mandated to provide the public are simply inadequate or non-existent, while PNG's human development indicators remain the Pacific's worst and among the lowest worldwide, with the highest maternal and child mortality and nearly half the youth never entering school.

Our roads have decayed widely, with many impassable, rural airstrips closed with few or no air-services, health facilities closed, schools without teachers and so on, (while the Works Department receives less for road maintenance for the country than the Falcon jet's reputed annual lease, for example for hopping to Cairns). From a solid start PNG's institutions are dying of neglect and much of its population suffering and likewise neglected. We're drowning in good intentions, with fine plans and multiple policies, but the commitments don't match reality, that is no-one makes the tough decisions to make the system operational again. That must come from the top, but with broad consensus from the whole community.

Currently, our solutions are confused or plain wrong; many leaders see new facilities or institutions as solutions, without fixing underlying problems. The country has resources, they say, we're wealthy, so let's have new hospitals or executive aircraft! PNG has resource wealth underground, in the land, plants and seas and especially in its people, but it requires major capital to open up this potential, including through investment in education, infrastructure and services; the country and most of its people currently remain relatively poor, with many talents untapped. New hospital and other facilities have been built over the years but then not staffed, equipped or provided adequate recurrent funds to be maintained and function. It's not grand new facilities which are needed, but looking after what we have, enabling them to function effectively, while progressively expanding capacity to meet growing demand and improving standards. Why have flashy new hospitals in NCD, if rural villages have no basic services and cannot even reach town if needing urgent treatment, or if the new facility has routinely no nurses, doctors or needed medicines and equipment?

Some say, doesn't government matter? Everything can be handled by the private sector and markets. Exxon will build LNG facilities and boost the economy, while Digicel invested and expanded telecommunications access massively, while competition pulled down mobile phone prices and some international air-services. Countries, like Italy, have had incessant changes of Government, but the economy has largely progressed regardless. Much of that is true; the private sector is the engine of growth, entailing both big corporations, like Exxon and Digicel, and small enterprises, including village farmers selling cash crops for export or supplying local towns with food, while supporting their own household needs. While major projects invariably provide infrastructure and services to local communities, this is not their primary focus and their footprint is often very localised and the project life of non-renewable resources projects limited, as also with logging (when harvested unsustainably).

Widespread household access to land, forests and marine resources has been PNG's great safeguard, allowing the majority to survive and even thrive, supported by the readiness of churches and other traditional and current community and civil society organisations, to support community needs. But despite many attributes of traditional life, it was not all roses, with many prevalent diseases, periodic food shortages, high child and maternal mortality. Access to cash incomes and public and private goods and services has certainly reduced seasonal and staple foods deficiencies (including protein), reduced mortality and morbidity and provided households extensive opportunities. People's expectations have been raised, but then denied, as the State's resources have been squandered, even under recent programs to restore district infrastructure and services, using hopelessly inadequate mechanisms (like DSIP, NADP etc), clearly open to abuse.

The State's functions are dependent on a narrow tax base, notably comprising Ok Tedi and Porgera mines (nearing their lives' ends), a small number of other corporate and household income taxpayers and GST payers, and backed by donors, often band-aiding the provision of core infrastructure, health and education services, which are the State's primary functions, along with law and order, etc. Innumerable extended tax holidays have been granted, including to some mining operations, and even the Four-mile hotel and casino, which, while providing needed extra beds in NCD, may also impose extra burdens on the authorities and society from potential money-laundering, extortion, kidnapping, addiction and other problems associated with major gambling operations, while logging operations were granted unnecessary log export tax reductions, despite doing extremely well without!

Following its construction phase, the LNG project will employ only around 500 (professional) staff. Spin-off business opportunities will be very limited. We know from wide international experience that major oil/gas projects can have devastating effects on the rest of the economy, severely undermining agriculture, manufacturing, other industry and employment, even when careful. Unlike agriculture, where benefits go direct to households and associated businesses (in processing, transport etc), the main benefits to PNG from LNG will be channelled through government, and quasi-government bodies like IPBC, provincial and local governments, plus landowner bodies. So LNG's local contribution is largely dependent upon government bodies, which are currently widely non-functional from years of politicisation and patronage in appointments and expenditure, under-funding of core functions, staff demoralisation, inadequate oversight and penalties for abuse or non-performance by some political or public service leaders and staff.

Effective State institutions (maintaining roads, ports and airstrip, schools, colleges, ensuring fair competition, and applying other laws fairly, including against corruption) remains critical both to opening opportunities for (most) private investment and business, which create broad-based jobs, as well as for households seeking equitable access to work, market outlets, quality education and health services. With LNG, government's role is even more critical, as the project, while potentially providing major economic opportunities, also poses major threats, as experienced in many countries suffering from the "Dutch Disease" undermining other sectors, triggering conflicts and fuelling corruption. With the State's role so critical to whether the country benefits or is undermined by LNG, current severe governance problems must be addressed, with State institutions made more accountable to the public, through the courts, an effective Parliament, and constitutional offices, including the Ombudsman Commission, Auditor General, and directly to a better informed public.

In the next few years government revenue will probably remain tight, but the need to restore and upgrading decaying infrastructure and services will grow steadily. Reliable data, firm prioritisation of expenditure and adherence to priorities will be required, and the severe wastage of recent years (including through poorly scrutinised trust funds) must be halted. Revenue should improve markedly (from LNG) in six to seven years, but the population will have grown and PNG will still be trailing with its social indicators and failing to meet the Millennium Development Goals. Investing prudently and making public funds have maximum benefit is essential (while sanitising a suitable portion in a closely scrutinised sovereign fund).

Even with Public Private Partnerships and contracting out, more public servants will be required, not less, in many institutions, requiring adequate terms and conditions to attract and retain professionals of integrity and calibre (in an increasingly globalised economy). For example, while a merged and publicly accountable National Works and Road Authority, may not implement extensively itself, it will certainly require a strong team of professional engineers for design and oversight and operating funds to ensure contracted partners fulfil standards.

In summary, despite the considerable efforts of many dedicated leaders and public servants, the PNG State has been failing its people badly for many years, especially in rural areas. The leadership must be held largely to blame for this neglect and putting short term political and personal expediency (and sometimes greed) above wider public interest, good governance and the need for resolution and reform; but the wider community must also take responsibility for the quality of its leaders and the delivery of quality services, by not accepting electoral bribes, urging incompetent wantoks to fill key positions, demanding extortionate compensation for local infrastructure or services, or showing inadequate civic interest in the laws or whether funds are properly spent locally.

LNG has the potential to further undermine PNG's ailing public institutions and severely damage the broader economy and society. Or it could reinforce the State's ailing performance and provide some new economic opportunities, but only if the governance challenges are recognised and addressed now. There are already winners and losers from the recent urban-focused economic boom. The country cannot handle extensive failure in major (largely rural) employment generating industries.

If governance challenges are not addressed, some leaders, as in Equatorial Guinea, may become extremely wealthy from enclave industries, surrounded by their foreign palace guards, while the rest of the community are left tapping begging bowls outside the palace gates. This dire forecast would apply particularly if vast portions of customary land continue being allocated through backdoor deals to shady land speculators and disguised loggers taking advantage of failing institutions, corrupt officials and inadequate audit processes. With such weak governance and massive financial abuse, as highlighted by the Finance Inquiry and PAC report, this is certainly not the time to weaken the Ombudsman Commission's restraining powers over administrative abuse, as proposed in clauses of Maladina's Bill to Parliament, but to reinforce them and penalties!

LANDOWNERS WIN TEMPORARY INJUNCTION AGAINST RAMU MINE

Work on tailings pipeline frozen

PORT MORESBY, Papua New Guinea (The National, March 22, 2010) - Landowners in Madang have won a David-and-Goliath battle to freeze a Chinese nickel miner's construction of a massive pipeline to dump waste into the sea. The National Court in Madang last Friday ordered work to stop on the nickel mine's previously approved submarine tailings disposal system. The Ramu mine in Madang, operated by the Chinese Metallurgical Construction Group Co (MCC), plans to dump five million tonnes of slurry waste annually into Basamuk Bay. The company was preparing to start blasting coral reefs for the tailings pipeline to be laid. The stop-work order is another setback for the Chinese project, which had suffered a series of problems with the mine's construction and relations with local people.

Tiffany Nonggorr, the lawyer representing the Madang landowners, said MCC must find an alternative to dumping the mine waste into the bay. "This injunction is a massive victory for us, definitely a David-and-Goliath struggle. "Landowners have stopped the Chinese, who have spent US$1.4 billion (K3.8 billion) to build this mine," she told AAP. "The mine's proposal is just too risky. There are grave environmental concerns," she said. Despite having Government and environmental approval, the proposed deep sea tailings pipeline would destroy the environment and local people's livelihoods, Mrs Nonggorr said. Judge David Cannings granted a temporary injunction forcing MCC to stop work "that involves directly or indirectly damage or disturbance to the offshore environment including all coral blasting or popping of dead or live coral and laying of pipes". MCC "shall not carry out directly or indirectly any such work, pending determination of the substantive proceedings" to be heard at a later date, he said.

Last July, construction of the mine was briefly stopped due to health and safety concerns, while in May outbreaks of violence exposed simmering tensions between Chinese management and PNG workers. The Ramu mine is expected to yield 143 million tonnes of nickel over 20 years and, during construction, will employ 3,000 workers including 700 Chinese. Revenue from the mine is expected to add to the country's GDP growth, and forms part of PNG's growth strategy under the National Government's Vision 2050. No Government or mineral resources authority officials were available for comments last night, but they are expected to join MCC in fighting the injunction.

Frazer predicts 'China-type' growth for PNG

National 19.3.2010

BRISBANE**:** Papua New Guinea is set to record "China-type" growth of 8% this year, Queensland treasurer Andrew Fraser says. Fraser, who returned from a trade mission to PNG on Wednesday night, told an infrastructure summit in Brisbane the neighbouring nation was on the cusp of "game-changing, nation-changing, development". "The PNG economy is poised to take-off," Fraser said. "The frontier of development there is in many ways a similar dynamic to the fundamental optimism and practicality that lies at the core of the Queensland economy's recent development. "Resources growth is crucial to the future of PNG and its people." He said he had been advised PNG's economic growth was expected to hit 8%, following growth of around 5% last year. While the massive Ok Tedi mine contributed about 17% of PNG's GDP, the "dimensions" were about to change with financial close on a A$14 billion (K35.8 billion) LNG project that is set to deliver A$30 billion (K97 billion) to the PNG Government over the next 30 years, Fraser said. – AAP

Bougainville mine reopening still remote

National 19.3.2010

PREPARATIONS to resume active exploration and mining at the Panguna copper mine in the autonomous region of Bougainville are in progress. The mine will cost about US$3 billion (K8 billion) to reopen. But access to the mine by the company, Bougainville Copper Ltd (BCL), is still not possible, according to BCL as stated in its annual report for the year ending Dec 31, 2009. "Nevertheless there have been regular and positive interactions with landowners and the Bougainville (ABG) Government," it said. In its financial report for the same period, BCL chairman and managing director Peter Taylor said BCL posted a net profit of K8.7 million (A$4.3 million) last year compared with a loss of K4.8mil (A$2.3 millionl) in 2008. The higher net profit last year was on the back of realised gains on the sale of investments and exchange gains.

In addition, there was an unrealised K63.6 million capital gain which, together with the net profit, amounts to a 24.6% increase in shareholder funds. Operating expenses during the period in review were in line with those of 2008, he said. And due to the relatively modest profit and the need to preserve cash for future development, BCL will not pay a dividend. In investments, he said BCL's liquid assets continue to be cash and Australian equities. The weak Australian equity market in the previous reporting period resulted in an adverse impact on both value of and return on investments. “It is pleasing to report that despite the global financial crisis, the company was able to maintain its portfolio save for modest sales for operating purposes and is now benefiting from the recent strong growth in the Australian Stock Exchange (ASX) 200.

Australian BHP cautious of world economy Post-Courier 19.3.2010

MELBOURNE: BHP Billiton Ltd is cautious about the state of the world economy and is warning governments to be careful about tax changes and winding back stimulus packages. The world’s largest resources company plans to spend about $US20 billion on capital expenditure next year, BHP Billiton chairman Don Argus said in his final letter to shareholders before his retirement on March 30. “We remain cautious about the state of the global economy and note the recent International Monetary Fund (IMF) report, which highlighted the gap in growth between developed and developing economies,” Mr Argus said. “The IMF predicts that between 2007 and 2011 the output from advanced economies will grow by just 1.9 per cent, while the developing countries will be 22.1 per cent,” he said.

Mr Argus said most countries had difficult decisions to make regarding winding back stimulus packages and, in a possible reference to Australia’s Henry taxation review, warned them about making tax changes. According to the reports, the Henry review, which was handed to the federal government in December, recommended scrapping state-based royalties on mining projects and replacing them with a resource rent tax (RRT) set at 40 per cent. The tax change would raise billions of dollars more in revenue than the current system and could reportedly cost mining giants BHP Billiton Ltd and Rio Tinto Ltd a combined $US5 billion ($A5.42 billion) in earnings each year.

“It is imperative that the impact of any policy and tax changes of governments around the world on sectors of economies should be well understood and do not hinder investment and the capacity of economies to grow,” Mr Argus said. “Ultimately policies which reduce free cash flow available from profits generated after paying tax could affect a company’s capacity to pay future dividends to shareholders,” he said. Mr Argus praised incoming chairman Jac Nasser and said he had no doubt that his replacement, in conjunction with chief executive Marius Kloppers, would deliver long-term value to shareholders. Shares in BHP Billiton closed down 14 cents to $A43.16.

LNG may pose risks Post-Courier 19.3.2010

By MOHAMMAD BASHIR

Social and security issues associated with the multi-billion-kina PNG LNG project provided a conducive environment for another crisis much bigger than Bougainville. Outspoken Hides landowner Simon Ekanda joined former PNG Defence Force Commander Jerry Singirok to voice similar concerns on the engagement of foreign security firms in the LNG project. Esso Highlands Limited yesterday said it had contracted G4S as its main security contractor to provide unarmed security support. G4S PNG is a local PNG subsidiary of the international company G4S. “This company provides security services for numerous organisations in PNG including nearly all the diplomatic missions located here, Esso’s public and government affairs manager Miles Shaws said.

He said the security services to be used by the PNG LNG construction contractors were reserved for the umbrella (representative) lancos who preside over the geographic area where the work is to be performed. “In a number of cases, the umbrella (representative) lanco will choose to enter into a joint venture with a local PNG security company.” Mr Ekanda however questioned why G4S was connecting with the PNG Defence Force. Mr Ekanda said the developers were trying to test the sovereignty of this country and called on the Government to come out clearly and explain.

Ramu Ni-Co mine worker killed Post-Courier 19.3.2010
By ERIC TAPAKAU

A CHINESE miner employed at the Ramu nickel and cobalt mining project was killed last week while working at the site. Project partner Highlands Pacific Limited reported to the Port Moresby Stock Exchange after being advised by operator and manager of the project Ramu Nico (MCC) Management Limited. Highlands Pacific Ltd managing director John Gooding said that there had been a fatality at the mine site last Thursday and the incident resulted in the death of the Chinese worker. He said the operator and manager was cooperating with the regulatory bodies regarding investigations into the incident.

The incident is not expected to cause any significant delays to the project which is in the commissioning stage. “The JV (joint venture) partners have always had safety as a priority at the project and we are deeply saddened by the accident and our thoughts are with the family and work colleagues of the deceased,” Mr Gooding said. Meanwhile Highlands Pacific is bracing for a good year ahead after recording a profit of $US1.1 million and increased its cash reserves to more than $US23 million (2008: $US20 million) for the year ended December 31, 2009. Net profit was down from $US12.3 million in 2008 while cash reserves increased from $US20 million in 2008.

Firms sign major deal Post-Courier 18.3.2010
By PETER SEA

A LANDOWNER company, Gigira Development Corporation and Petroleum Exploration Development Joint Venture, has forged an alliance with a Chinese engineering firm Covec PNG Ltd.
A memorandum of understanding to enforce the alliance was signed in Port Moresby on Tuesday night in front of Transport, Works and Civil Aviation Minister Don Polye, Trade and Industry Minister Gabriel Kapris and the Chinese Ambassador to PNG Wei Rui Xing. Chairman of GDC and PEJV Chief Stanis Talu said Gigira had been the face of the Huli people as far as the Hides gasfield was concerned. He said the alliance with Covec had been sanctioned because it is a way for the landowner company to grow, especially with the new liquefied natural gas project. “We the landowners believe in this great project for PNG. However, at the same we want to have a significant share of the benefit from the contracts,” Mr Talu said. “We have now established an alliance with Covec PNG Ltd. We believe that if anyone in business who wants to survive, having an alliance with the Chinese company is the way to go as China is the emerging world economic power.

“Covec has been in PNG for some time and establishing this alliance will further strengthen the growth of Gigira Development Corporation and PEJV. We are looking at the PNG LNG project as well as other contracts.” Mr Talu, however, called on the Government to release outstanding business development grants and MOA funds to landowners. “The landowners have given their blessings and undivided support under the licence-based benefit sharing agreements and we are yet to receive these funds,” he said. “As chief of chiefs, I call on the Somare Government to honour its commitment and release these funds immediately. Our patience is running out by the day especially since the early works have started three months ago.” Mr Talu said GDC, however, is not waiting. “This alliance with Covec will give us an opportunity to talk to the EPC contractors for a part of contracts in the project. “This alliance will give us confidence to be competitive and bid for major contracts within the corridor of the gas project.” He said GDC/PEJV and Covec will bid for major early works contracts.

US$ 14 billion loan secured Post-Courier 18.3.2010
By JONATHAN TANNOS

CO-VENTURE partners in the multi billion-kina LNG project have been thanked for diligently and loyally working closely with the Government in bringing it to reality. Prime Minister Sir Michael Somare expressed his government's gratitude when announcing the securing of the $US14 billion project loan on Tuesday in Parliament. This is the biggest single loan financing ever secured for any project in PNG. Over the last 15 months, a detailed front end engineering and design (FEED) study was completed at a cost of $US500 million - again another record especially for the oil and gas industry. "Technical and financial experts ascertained in great detail the cost of building this project and in providing a high level of assurance about its economic viability," Sir Michael said. "Once the green light was received from FEED, ExxonMobil's marketing team successfully concluded sales and purchase agreements with four prominent Asian customers.

"This in itself would have been a difficult and sensitive exercise in view of the global financial crisis, but they got the job done. "We are thankful that China's Sinopec, Tokyo Electric Power Corporation plus Osaka Gas in Japan and CPC Corporation in Taiwan have underpinned this venture by agreeing to purchase 6.6 million tonnes of LNG annually over the next 20 years. "PNG's bilateral ties with these three economies are going to enjoy a tremendous boost as a result. "These long-term contracts enabled ExxonMobil to then conclude negotiations to raise the $US14 billion in loan finance." Sir Michael said the government was grateful to government-owned credit agencies for providing the bulk of the funding including US Exim Bank, JBIC and NEXI from Japan, China Exim Bank, SACE of Italy and the Finance Insurance Corporation of Australia. Additional financing was provided by 17 commercial banks.

PNG LNG COMPANY FACES DEREGISTRATION

Largest equity holder fails to submit annual reports

By Mohammad Bashir
PORT MORESBY, Papua New Guinea (PNG Post-Courier, Mar. 18, 2010) - The company holding Papua New Guinea (PNG) government's largest on-shore equity in the multi-billion-kina Liquefied Natural Gas (LNG) project has been marked it could be deregistered for failing to submit its annual returns. Kroton No2 Limited is a company under the Independent Public Business Commission (IPBC) and holds 16.6 percent shares in the LNG project for the Government. In a paid advertisment spread over 10 pages, Registrar of Companies Ivan Pomaleu acting in pursuance to section 368(1) of the Companies Act stated that unless he is satisfied by April 19 that returns were submitted and formed part of the registered document, he would remove them including Kroton No2 Ltd.

IPBC however expressed surprise that Kroton No2 Ltd which was recently registered and has not passed the mandatory 18 months to furnish its annual returns has been put on notice. "Yes we are surprised. We should not be on the list. Kroton No 2 Ltd is a recently registered company and as such has 18 months in which to furnish its first annual report. "We have not reached that time frame as yet. We are advising the Registrar of Companies that this should be the case," IPBC's public affairs boss Brian Gomez said when contacted. Investment Promotions Authority (IPA) records nevertheless indicate that Kroton No2 Ltd was incorporated on June 20, 2008 and is just over 19 months old, a month behind in submitting its annual returns. Kroton No2 Ltd was among more than 600 companies given notice for deregistration by April 20, 2010 for failing to submit annual returns under Section 366(1)(f) of the Companies Act.

The registrar stated in his notice that the companies concerned were at least six months late in submitting their annual returns. Kroton No2 Ltd holds 16.6 percent in the PNG LNG project while the other PNG direct equity stakes are Mineral Resources Development Corporation (MRDC), on behalf of landholders 2.8 percent and Petromin's subsidiary, Eda Oil 0.2 percent. Those equity stakes bring the total PNG stake in the project to 19.6 percent. Attempts to get comments from Kroton No2 Ltd's shareholder Ian Ray Sheppard and secretary Moses Samboro Koiri were unsuccessful while director Glen Robert Blake is reportedly operating from Brisbane.

Baining people want business benefits from mine National 17.3.2010
Source: By ELIZABETH VUVU

BAINING landowners want assurance from the Sinivit gold mine operator that spin off business activities must go to them first. Uramot Landowner Company chairman Eric Doman made the call in Kokopo last Friday when he received a K32,000 cheque from SWT Limited managing director Eremas Wartoto. The money is part of the commission payment by SWT to Uramot for hiring four of its heavy duty machines contracted to Niugini Gold Limited and used at the mine site. Mr Doman thanked SWT and other stakeholders, who have been supporting the landowner company under the memorandum of agreement for its joint venture operations. He said the resource owners must be given first preference when giving out small business activities to support the mine.

Uramot managing director Nakikus Konga called on Niugini Gold Limited and stakeholders such as the Mineral Resources Authority, the national and provincial governments to spell out their sustainable programmes after the mine's closure. "The resource owners, particularly the landowners through their company, must be prepared to go into sustainable activities like agriculture and fresh food production after the life span of the mine," he said. Mr Wartoto said his company was privileged to be partners in the development process of the Sinivit gold mine and was pleased that Uramot had been selective in nominating locally-owned companies to be part of its joint venture operation with Niugini Gold Limited. He, however, expressed concern over the engagement of overseas companies in small sub-contracting jobs at the mine, saying there were experienced people of ENB who could perform the same jobs.

Plans to avoid 'Dutch Disease' National 17.3.2010

THE Government is aware of the "Dutch Disease" implications of the PNG LNG project and are exploring options to set up stabilisation, infrastructure and future funds, Prime Minister Sir Michael Somare told Parliament yesterday. "We are aware of the warnings by some of our external development partners regarding the adverse macroeconomic implications of the PNG LNG project in as far as the 'Dutch Disease' is concerned. "I want to assure this House that my Government is looking at the issue now, almost four years ahead of first revenue from the project. "In fact, we are exploring options to set up a stabilisation fund, an infrastructure fund and a future fund," he said.

Sir Michael made the statement in Parliament yesterday with regard to finalisation of the Financial Close for the PNG LNG project. "It is with pleasure that we have now received confirmation that financial close for the PNG LNG project has taken place and that US$14 billion in loans has been raised to develop our natural gas resources. "Not only is this the biggest loan raised for any oil or gas project worldwide, it is also the biggest project ExxonMobil, the world's biggest oil company, is undertaking as the project operator." Sir Michael assured the House that the Government was looking at the issues in setting up the funds. He said the stabilisation fund would focus on the management of the 30% corporate tax and additional profits tax revenue streams with the aim of minimising any potential "Dutch Disease" impacts.

“This fund will be set up by Treasury, Bank of PNG, and National Planning, and will be geared towards the prudent management of these two revenue streams to responsibly finance the annual budgets within the confines of our development, fiscal, and debt management strategies,” he said. Sir Michael said the infrastructure fund would focus on optimising the use of dividends from the State’s equity in the project to leverage and mobilise financing for critical nation-building infrastructure like power, aviation, ports, water, roads and others. “My Government wants PNG to make a quantum leap from its current low income status to become a middle income level country within 20 years. “As a country, we want to achieve our national development targets which are clearly articulated in the recently approved long term development strategy from 2010 to 2030,” he said.

‘Kina 75 billion increase in GDP by 2030’ National 17.3.2010

PAPUA New Guinea can expect its gross domestic product to increase from its current K23 billion per annum to K98 billion by 2030. This was the bold statement issued in Parliament yesterday by National Planning and District Development Minister Paul Tiensten when discussing the development strategic plan (DSP) 2010-30. He said by utilising its development modelling capabilities and quantitative analysis, the Government was able to frame a 20-year plan that had clear targets for each sector of the economy. “The plan was developed in close consultation with all sectors of Government,” Mr Tiensten said. “In putting together the plan, we were guided by three important questions of where PNG as a country was now, where it wanted to be, and how it would get there.”

He said the DSP 2010-30 would:
* Sustain a huge economic growth performance at 8% per annum in real terms;
* Create over two million additional jobs by 2030;
* Crime will be reduced by 55% which will increase private investment by K2.5 billion per annum;
* By 2030, 20% of traditional land will be made available for commercial use, appropriate land reform models will be used to ensure landowners maximise their benefits from rents and, as equity participants, will lead to an increase in national income by K12.7 billion over the next 20 years; and
* Tax revenue will rise significantly from its current K6 billion per annum to K33 billion by 2030.

Mr Tiensten said the investments would stimulate intense economic activity, boost employment, generate expansions in agriculture output and tourism and reduce law and order problems and reverse the rural-to-urban drift. “The heart of the plan is to revolutionise the under-developed rural poverty corridors of this country into rural economic corridors. “The development of economic corridors will transform the poverty corridors of rural PNG into service hubs,” he said. “It is the only plan that has been modelled so that we, as leaders, can clearly see where we are heading and provide the leadership and clear policy directions towards achieving these common objectives,” Mr Tiensten said.

Kina 10 million windfall for Ok Tedi villagers National 17.3.2010
Source: By SHEILA LASIBORI in Tabubil, Western province

A TOTAL of K10 million has been paid to Star Mountain landowners in Western province on the back of high gold and copper prices in recent years. And strong words for the proper use of the dividend money through investments and in productive, sustainable projects were echoed in light of Ok Tedi Mining Ltd’s (OTML) mine closure plan for execution in 2013. Augustine Mano, managing director for Mineral Resources Development Corp (MRDC), said the K10 million was the dividend earnings due to Mineral Resources Star Mountain (MRSM). The amount was reflected on

MRDC’s 2009 financial year ending Dec 31.

Representatives from 10 villages in the vicinity of the OTML mine each received a cheque for K1 million in a ceremony yesterday in the mining township of Tabubil. It was witnessed by several hundred locals from the 10 villages along with representatives from MRDC and OTML. MRSM is an umbrella landowner company which represents the 10 villages and which owns among others Tabubil Engineering and Fubilan Catering Services. Mr Mano said since 2000, when the Government transferred MRSM ownership to MRDC, a total of K28 million had been paid in dividends to date. He said in terms of investment from 2001 to 2005, MSRM did not have investment strategies or policies in place.

This prompted MRDC in 2005 to roll out an investment plan which has since seen MSRM grow in capital and asset value. Mr Mano said annually, OTML contributed about K15 million to K20 million in dividend. He stressed that once the mine ceased operations, this (dividend) would be no more, as he challenged the locals to put to good use their dividend payment. “So that when Ok Tedi closes, things would be available,” he said. MRSM chairman Bill Menim told his people to use the dividend payment in business investment that would benefit everyone in the long run, especially during the time of the mine closure plan by OTML.

Ok Tedi: Good plan for mine extension key to getting OK

National 16.3.2010

Source: By SHEILA LASIBORI

WESTERN province miner Ok Tedi Mining Ltd (OTML) says good planning for mine life extension (MLE) is the key to getting consent for further operations beyond 2013. But if OTML fails to get consent for such extended run, then the operations would focus on the orderly closure of the current mine in 2013, according to Musje Werror, OTML general manager for business support and corporate relations. “A delay in consent does pose a risk to the project, but our aim is to avoid this situation through good planning,” he said when responding to questions on the update of OTML’s proposed extension.

However, Western province Governor Dr Bob Danaya does not want any extension for OTML and that it should “pack up and leave instead”. He claimed the giant mine had done a lot of damage to the nearby communities and the river system, so OTML should cease operations by 2013. But OTML maintained it had over the years provided over K14 billion in benefits. “Our workforce and host province can be proud of our contribution to national building,” Mr Werror said, adding the national and western provincial governments would be kept abreast on the progress of studies and will be consulted.

Mr Werror said plans and processes could not be put in place until the feasibility study was complete. The study is being conducted by OTML and is expected to be completed by December this year. “The mine life extension consultation process will run parallel with the feasibility study and as more information becomes available, this will be shared with the impacted communities and government. “OTML expects major portion of the feasibility study associated with west wall stripping to be completed by late 2010,” Mr Werror said. He said consent would be sought for MLE. He also said during the consultation process OTML would provide information on the benefits and impacts associated with MLE to the community and Government so the stakeholders could make an informed decision on whether they support MLE or not. “The study will be delivered in sufficient time to allow waste mining to start”.

Gas plan clears last hurdle National 16.3.2010

MELBOURNE: First production from the A$16 billion (K40.65 billion) Papua New Guinea liquefied natural gas project is on track to flow in 2014 after the development cleared its last financial hurdle with the signing of its final long-term sales agreement. The final deal converts an earlier agreement to a binding sales and purchase contract. Energy giant ExxonMobil, which has a 33.2% stake in the project and operates it via its subsidiary Esso Highlands Ltd, announced financial closure last Friday. "Finalising all sales and purchase agreements with LNG buyers and completing the financing arrangements with lenders are major milestones for the project," Oil Search managing director Peter Botten said. Oil Search has a 29% stake in the project. "A total of US$14 billion (K38.89 billion) of debt funding has been secured for the project, with commitments from key export credit agencies, commercial banks and lending from co-venturers," he said. "Securing this financing during one of the most difficult financial markets seen in modern history was a major achievement."

The project will supply four major LNG customers in Asia through long-term sales, including Taiwan's CPC Corp, Osaka Gas Co Ltd and The Tokyo Electric Power Co, in Japan, and Unipec Asia Co Ltd, a subsidiary of China Petroleum and Chemical Corp (Sinopec). Partners in the PNG LNG project in December announced the US$15 billion (K41.67 billion) project would go ahead, conditional on sales and purchasing agreements being signed-off and finance being secured. Other partners include the PNG Government with 16.6%, Santos Ltd with 13.5%, Nippon Oil Exploration with 4.7%, PNG landowners, who hold 2.8%, and Petromin PNG Holdings Ltd, with 0.2%. The PNG LNG development includes gas production and processing facilities in the Southern Highlands and Western provinces of PNG, liquefaction and storage facilities north-west of Port Moresby on the Gulf of Papua, and over 700km of pipelines.

Santos chief David Knox also praised the project's financial completion. "PNG LNG will provide Santos with long-term production and cash flows," Knox said in a statement. "Our share of project production is expected to be approximately nine million barrels of oil equivalent per annum at plateau including LNG and associated liquids," he said. The existing sales and purchase agreements now account for all of PNG LNG's production capacity of 6.6 million tonnes per year for 20 years from the start of production expected in 2014. Deutsche Bank analyst Damian Pearson said most investors had been expecting the final agreements to be signed-off. "It is all done and dusted, so that is good news," Pearson said. – AAP

Tensions rise as LNG recruitment begins National 16.3.2010

A COMMUNITY leader in resource rich Hela region has called on PNG LNG project developer ExxonMobil to set up a recruitment base in the region. Hela chief Timothy Hayara, who claimed to represent more than 100,000 youths eligible for LNG project employment from the region, said it was only fair for ExxonMobil to have a recruitment base in the region and give first preference to eligible skilled potential employees from Hela. Mr Hayara made the call in Mt Hagen last Friday, after learning that the first phase of recruitment had been completed outside the region. He said no consideration was given to eligible skilled youths in the region.

"I get so many complaints from the youths in the region that they have been overlooked by ExxonMobil," Mr Hayara said. "The majority of the people of Hela wants ExxonMobil to have its office in the region to cater for employment in the project areas, instead of from outside," he said. Mr Hayara cautioned that if the recruitment was completed outside the project areas, there would be problems between the landowners and the resource developer. "There is just not enough consultation in terms of recruitment of workforce for the multi-billion kina LNG project with the people of Hela. “ExxonMobil must take heed of the resource owners’ pleas,” he said.

Landowners to get royalty Post-Courier 16.3.2010
By GRACE TIDEN

MORE than K500,000 in royalty monies will be paid out to landowners of the Sinivit gold mine in East New Britain Province this quarter. The mine was commissioned in 2007. It was revealed at the first quarter review of the gold mine that the main developer, New Guinea Gold Limited, will pay out at the end of this quarter royalties due to principal landowners under the revised Memorandum of Agreement of 2009. New Guinea Gold manager of Sinivit project Eric Namaliu said since the mine came into production, total record of gold was 6753 ounces in 2008 while 2009 recorded 6361 ounces of gold and 978 ounces of silver. However it did not reveal the monetary value of production for both years.

Mr Namaliu said according to the MOA, 50 per cent of the royalty payout will go toward trust of deeds while the other 50 per cent will go to Sinivit landowners. He said the mine’s lifespan was three years. Only one-and- a-half years remains and the developer would like to rehabilitate the land after it closes its operations. ENB deputy provincial administration policy planning and evaluation Bernard Lukara backed Governor Leo Dion’s call during the Baining Development Forum for the Bainings to reconcile for the betterment of development in the province. He said a trust account is being prepared for the funds coming from the National Government facilitated by Mineral Resources Authority (MRA) for more than K500,000 specified for health, education and roads. Mr Lukara thanked the Department of Environment and Conservation, National Planning and District Services, Commerce and Labour Employment for attending the first review.

PNG to be exclusive LNG exporter Post-Courier 16.3.2010
By ERIC TAPAKAU

PAPUA New Guinea’s bid to become a member of the exclusive liquefied natural gas exporters will soon become a reality as financing arrangements get finalised. Prime Minister Sir Michael Somare was first to congratulate the project proponents for the announcement which was made on Friday. Esso Highlands Limited, a subsidiary of Exxon Mobil Corporation and operator of the PNG LNG Project announced that sales and purchase agreements with LNG buyers and financing arrangements with lenders are now complete and that the project is proceeding with full execution. The integrated development includes gas production and processing facilities in the Southern Highlands and Western Provinces of PNG; liquefaction and storage facilities with capacity of 6.6 million tons per year, located northwest of Port Moresby on the Gulf of Papua; and over 700 kilometers (450 miles) of pipelines connecting the facilities.

The investment for the initial phase of the project, excluding shipping costs, is estimated at $US15 billion. Over its 30-year life, PNG LNG is expected to produce over 9 trillion cubic feet of gas. First LNG deliveries are scheduled to begin in 2014, following a construction period of about four years. Peter Graham, managing director of Esso Highlands said “The project will be developed in compliance with the highest standards for health, safety, environmental and social safeguards and will support the PNG government’s objective to strengthen its economy and infrastructure base for the benefit of its people. The comprehensive national content plan focuses on development of the local workforce, expansion of supplier capability, and strategic community investment.” He added, “Funding for the PNG LNG project will come from the co-venturers and through market-rate loans arranged with export credit agencies and commercial sources. The project team successfully negotiated this complex transaction for the project in a very difficult financial market."

In May 2009, the Independent State of Papua New Guinea, representatives of project area landowners, and four provincial and 10 local-level governments approved the PNG LNG umbrella benefits sharing agreement, confirming support from landowners and all levels of the PNG government. The overarching agreement outlines the sharing of revenue streams from royalties, development taxes and equity dividends totalling about K15 to K20 billion ($US5.6-7.5 billion).

Extra profit tax on LNG project

National 15.3.2010

THE additional profit tax has been reintroduced in the PNG liquefied natural gas (LNG) project, according to Prime Minister Sir Michael Somare. The tax scheme was abandoned in early 2003. During negotiations between the National Government and project developer ExxonMobil Corp on the PNG Gas agreement, the Government did not provide any tax concessions, Sir Michael said. He said this in a statement as he expressed congratulatory sentiments to ExxonMobil Corp and project development partners led by operator Esso Highlands Ltd, a subsidiary of ExxonMobil Corp. "We have had positive economic growth every year since then and I am especially thankful that the PNG LNG project will push this nation's economic performance to an even higher level. "The challenge for my Government is to convert the benefits of this project to meaningful development that would improve the lives and living conditions of every Papua New Guinean. "The co-venturers in this project will spend US$15 billion (K40 billion) during construction. "This has to be managed in an effective and efficient manner to avoid cost blow outs that would negatively impact on profitable operations and potential returns to the National Government," he said.

The Independent Public Business Corp (IPBC) through its subsidiary company Kroton No. 2, is State's nominee to venture into the project on behalf of the Government. In total, the Government has 19.6% equity stake in the project, where 16.6% is held by IPBC (Kroton No. 2); an additional 2.8% is held on behalf of landowners by the Mineral Resources Development Co (MRDC); and 0.2% by Petromin PNG Holdings Ltd through its subsidiary Eda Oil Ltd. The overall US$15 billion (K40 billion) cost of developing the PNG LNG project, which excludes shipping costs, will enable PNG to export 6.6 million tonnes of LNG annually to customers in China, Japan and Taiwan. This would involve the processing of more than nine billion cubic feet of natural gas from gas fields in Southern Highlands and Western province over the 30-year project life.

Lihirian trio committed to higher court

National 15.3.2010

Source: By ELIZABETH VUVU

THREE Lihirian men were committed to stand trial in the National Court for obstructing the operations of the Lihir gold mine by trespassing and placing traditional gorgors at the mine site. Last Friday, Lihir District Court magistrate Bruce Tasikul committed Penias Tadak, Emmanuel Tanle and Philemon Toizik to the National Court, saying there was sufficient evidence to put them on trial. Mr Tasikul said this was the first time people involved in placing gorgors at the mine site to signify a "stop work" were charged by police and more cases were pending. The trio appeared before the court on charges that each obstructed the work of Lihir Gold Limited (LGL) by obstructing machinery, appliances and apparatus used, essential for the operation of the mine and its contractors by trespassing and placing gorgors at the mine site. They were each charged under section 447(b) of the Criminal Code Act which states that a person who, with intent to injure a mine or to obstruct the working of a mine, is guilty of an offence.

According to files tendered, police obtained statements from six witnesses, including the record of interviews from two investigation officers. The witnesses were LGL security officer Jolam Bart, Dennis Cowen of LGL occupational health services, security department's Sam Gela and LGL security coordinator Garry Oliver. The evidence by these witnesses clearly identified the three defendants as traditional leaders who led trucks full of people, mostly youths from the village, and forcefully entered the mine site last September. Upon entering the project site, they placed the gorgors in and within the mine site and, as a result, all operations within the mine came to a halt. They even went to the extent of assaulting some security officers who tried to stop them. Magistrate Tasikul said due to the complexity and the nature of the evidence, there was sufficient evidence to commit the trio to stand trial in the National Court, fixed on April 5 in Lihir.

Minister raps Government over human development National 15.3.2010

PNG's human development indices have slipped on all fronts, perhaps because the Government's focus is on economic development. The Central Agencies in the Department of Prime Minister and NEC, Department of Finance, Department of Personnel Management, Department of National Planning and Implementation and Attorney-General and Justice Department are focused on the gross domestic product rather than the human development index. There are no social sector departments in the central agencies. This is a "fundamental flaw" in the whole Government scheme which might be responsible for the critical situation PNG is placed in when it comes to achieving its millennium development goals and its own medium-term development strategy.

The frank assessment comes from Community Development Minister Dame Carol Kidu. Dame Carol told a meeting of civil society organisations and churches last Friday in Port Moresby that so long as the policy focus and attention, as well as the percentage of the national budget allocated to the social sector, remained relatively small, development would continue to be dysfunctional. She urged civil society to be aggressive in questioning the Government and to hold it accountable for its actions and live up to its promises. "Parliament is there to hold the executive accountable," Dame Carol said.

"And civil society must hold the whole of Parliament accountable. "The system of democracy is not working as well as I would like to see it. Government will not do it. It has not for the last 30 or 33 years. We will do it in partnership with the people like you." Dame Carol made her comments during the visit of Minar Pimple, regional director for UN millennium campaign for Asia and the Pacific. It would appear that the Melanesian countries lag far behind the rest of the pacific in their achievement of MDGs. And PNG, which is the richest and biggest of Melanesian countries, is the last in fulfilling its goals.

East Timor threatens to scuttle gas development

ABC NEWS, March 13, 2010

East Timor's government wants the gas processing plant built in East Timor.
(Reuters: Dadang Tri, file photo)

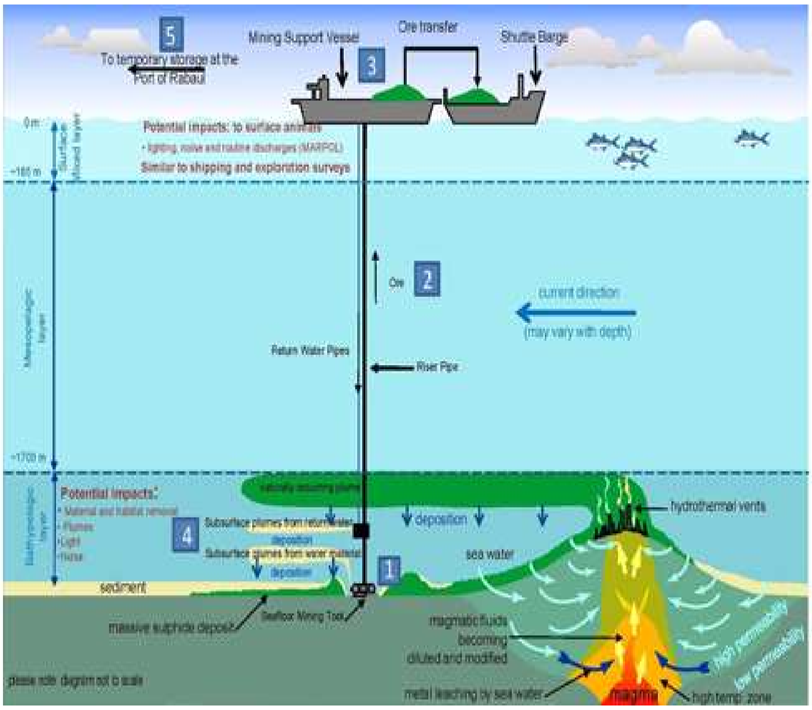
East Timor's president Jose Ramos-Horta says his country is serious about making sure its interests are not ignored in the development of the Greater Sunrise Gas field. East Timor's government wants the gas processing plant built in East Timor. The field's developer Woodside says it will soon make a choice between building a floating plant in the Timor Sea or a pipeline to Darwin. Dr Ramos-Horta says it is possible East Timor will not allow the development to go ahead. "If it's an arbitrary decision that we know is politically motivated, based on prejudices about a small developing country - if the decision is based on that and seems like it's based on that rather than technical and commercial considerations - then obviously we can not agree," he said. "For Australia, one pipeline more, one pipeline less to Darwin - it wouldn't make a terrible difference. "But to Timor, it would ensure its prosperity into the future. "So this is a political question. It's a moral, ethical question besides the commercial consideration."

$15 BILLION PNG GAS PROJECT TO BEGIN

ExxonMobile plans to start construction

MELBOURNE, Australia (Radio Australia, March 12, 2010) – Exxon Mobil says it has finalised agreements for its US$15 billion gas project in Papua New Guinea. The US-based energy giant says financing and sales deals have been signed and it is ready to begin construction. The massive liquefied natural gas project could potentially be Papua New Guinea's largest ever such deal. The project will supply several major customers, including Taiwan, Japan and China and is estimated to have a 30-year life. The PNG government holds a 17 percent stake in the project and local landowners own three percent. Analysts estimate the project could double PNG's income.

Sea is the final frontier for mining National März 2010
Source: KESSIE TADAP



SEA bed mining will be the next frontier in the mining industry for the future, according to Nautilus Minerals. This was the message to PNG Ports Corporation managers and senior executives last week by Stephen McLay of Nautilus Minerals when giving an update of the company's activities and its sea floor mineral explorations with mining potential in PNG. Mr McLay, who is a project manager for Nautilus Minerals, said that, although mining started on land, the trend would turn seaward. As there will be fewer discoveries in the mining frontiers on the land, the next frontier in the mining industry will be the sea.

Nautilus Minerals has been conducting mining exploration in what is called Solwara One in the Bismarck Sea between northern Rabaul and New Ireland and also in the Woodlark area. There are also other undersea mining potential sites in the Pacific including Tonga and the coastline of Fiji in which the company has interests. These potential undersea mining areas were found within the active volcanic Pacific Ring of Fire where there are literally thousands of ore deposits found across the sea-floor due to volcanic activities along the crusts.

Minerals that have been found to be contained in ore deposits under the sea include zinc, gold and silver, to name a few. Mr McLay said that due to these large deposits under the sea, there was "enormous potential" for undersea mining in PNG. He said many undersea explorations had already been carried out and the company aimed to actually put minerals on the world market. "Our current focus is the Solwara One in PNG in the Bismark Sea", Mr McLay said. "We have got our environment permit issued last month but what we are doing now is community consultations with the stakeholders before work kicks starts in early 2010."

Gas project 'enormous challenge' National 12.3.2010

BEING a massive project in a small economy, the PNG liquefied natural gas concern has become an enormous challenge. And the usual trouble with a big resource project for a small economy is that if the revenue is not carefully managed, the project could end up giving very little to boost the domestic economy's growth, Roger Donnelly, chief economist of EFIC said on Wednesday.
The International Monetary Fund (IMF) has estimated that the project would increase gross domestic product (GDP) by 15% to 20% and the national income by 6%.

Mr Donnelly was speaking in Port Moresby during the economic outlook seminar. The event is part of a series of activities marking the Australia week 2010. Also present was Bank of PNG Governor Loi Bakani and Australian High Commissioner to PNG Ian Kemish. Mr Donnelly, who claimed to have been watching the changes in the PNG economy over a decade, said PNG's record showed it did not have a good track record for growth despite having some of the biggest resource projects. "Now, there is no reason in principle why resource wealth should keep you poor," he said this as he acknowledged that the PNG Government was aware of those issues and responded with the medium-term fiscal strategy.

Ramu Nico pipeline 'risky' Post-Courier 12.3.2010
MCC refutes claim saying there's no cause for alarm

By ROSALYN EVARA
WORRIES have been raised on the slurry pipeline to be used by Ramu NiCo (MCC) Limited and the kind of engineering work that goes into laying it but developers say there is no cause for concern. A miner and a local from Basamuk claimed the pipeline had flaws and was a threat to workers and the environment and public. George Chimi, a local from Masi village who also has a mining background, said it was standard safety practice for pipelines in any mining operation to be rubber lined. The material MCC would be piping was not only toxic but corrosive and without the rubber lining the pipe would not last long. He said while the slurry would be pumped over a long distance there were only water pump stations and no air valves to push the material successfully. Mr Chimi claimed there were no joints along the pipeline for maintenance needs. "When there is no air bleeding valves it becomes very dangerous. There is a risk of a buildup in pressure which will consequently damage the pipe. Should this happen there is a risk of chemical spillage causing serious environmental pollution. The blockage will require maintenance and that means they will have to remove the pipe by using oxy or a grinder to remove the pipe and replace it with a new one.

MCC responded saying that unlike the other copper and gold mines in the country there was no floatation circuit in this one. It said the slurry that would be piped was a mixture of natural soil and water and that the sulphur content in the mix would be very low. "The slurry contains only laterite mud and water, without corrosive chemical. The corrosivity of slurry was tested in the laboratory of BRASS Engineering International Inc, USA. The test result shows the corrosion rate is low to carbon steel pipes and therefore no rubber lining is needed for this pipeline for corrosion consideration. "Nevertheless, we have exerted extra caution in the engineering design of pipeline depth for erosion considerations, which allows the pipeline to be used for 20 years," it said. MCC said the pump station would be able to adequately pump the slurry all the way to Basamuk. The company said it had have pressure transducers along the pipeline and could detect the leakage or rupture of pipeline in an emergency situation.

Ramu Nico told to preserve wildlife Post-Courier 12.3.2010
By PORENI UMAU

LANDOWNERS at the Ramu nickel and cobalt (Ramu NiCo) mine site in the Kurumbukari area have called on the developer to preserve wildlife in their area. The call was made by Krumbukari Landowners Association chairman David Tigavu during the launch of the 2010 environmental impact awareness program by Ramu NiCo at the company's office in Madang early this week. Mr Tigavu said with development gaining passage into the remote area, rare plants and animals were being disturbed. He said the removal of forests to make way for the pipeline from the Krumbukari mine site to the refinery at Basamuk Bay was a threat to many endangered plant and animal species.

He did not provide details of the flora and fauna that would be affected but Mr Tigavu said that there were unique plants and animals living in these forests that needed to be preserved. He said some of these wildlife were not found anywhere near the coastal or the highlands region and but were only found within the forests where the mine is situated. He said it would be sad to lose these plants and animals and has appealed to the Ramu NiCo management to conserve the forests at Krumbukari and surrounding areas where such plants and animals live.

Mr Tigavu has also called on the developer to install environmental stations in the oceans, rivers and bushes to collect data for future references especially environmental impacts. He said such instruments were used to record wind, rain, sedimentation, ocean currents and relevant information on the forces of nature invited by such development. He said that with some instruments already damaged, there was a need to replace them and has appealed to the company to intervene.

> "We are fully aware that land is a matter of significance in PNG and as you probably know better than I do, at resource projects the title can be a quite fluid issue as well. In this regard, we're in a similar situation faced by other mining companies''
> . . .Ramu nickel company responds to critics

Ramu: Mining company wants to work with landowners Post-Courier 15.3.2010

LAST WEEK, Focus published an article by Madang-based journalist Scott Waide on the dilemma facing some landowners because of relocation from the Ramu nickel mine site. Today, the mine owners put their side of the dispute and it comes from Wu Xuefeng, general manager corporate office at Ramu NiCo Management (MCC) Limited.

"First we would stress that our overall relationship with local communities, including landowners are healthy and constructive. Otherwise without their continuous support, it is unthinkable that the progresses we have so far are achieved in a relatively short time span. "The company has carried out an economic and social development assistance program extensively in the project affected areas to fulfil the commitments. "Here are a few figures: up to 2009, spin-off businesses worth K80 million have been contracted to landowner companies and over K5.1 million as environment and land compensation paid to landowners. In 2009 alone, six community assistance projects under project MoA have been completed and donated, including primary school and health centre upgrading and construction. Goods worth more than K120,000 have been donated for various social events. Agricultural assistance has been progressing well and two model farms have been set up as training centres for the passing of agricultural skills to local landowners.

"On the subject matter, we do not try to underestimate the importance and sensitivity of land matters in Papua New Guinea. While we should all be aware that mining development will inevitably have an impact on people's lives. Saving the argument on the great positives that a mining development could bring to affected stakeholders, it is still a less straightforward issue than some might believe. “We are fully aware that land is a matter of significance in PNG and as you probably know better than I do, at resources projects the land title can be quite a fluid issue as well. In this regard, we are in a similar kind of situation as faced by other mining companies in Papua New Guinea. “Now in the KBK mine site, there are over 50 land title disputes registered at the PNG Lands Title Commissions pending for hearing and decisions. Many have been accumulating since the late 1990s. “In other words, before the decision is made by the LTC, the plaintiffs (supposing Mr Peter Kepma and John Kepma have also filed the application) are not legally recognised as landowners (and therefore not eligible for the landowner benefits under the Mining Act including compensation and relocation houses). We understand the frustrations that can be caused over a lengthy and sometimes overly slow process. However, the immediate danger for the project to cater to everyone’s request will be creating tension and conflict between the ‘real’ and ‘self-claimed’ landowners, let alone we do not have any authority to do so.

“We have been pushing forward the progress on this matter through actively coordinating with the national and provincial governments. The recent good news was that the National Government has allocated special funds and appointed three commissioners for Ramu cases who are supposed to start work shortly. “Also like some other mines, with Ramu getting developed, there has been an influx of outsiders to the mine site. Most of them are looking for jobs while others are invited by the landowners because they are relatives or there are unresolved financial obligations between them. “They come and stay, competing with locals for the resources, adding to the confusion and in some circumstances creating social problems with the local communities. “This concerns us very much as the developer and we understand these matters have also caught the attention of the Madang Provincial Government.” “Ramu NiCo will continue to work with the governments and other stakeholders and assist in whatever way it can in addressing outstanding matters and challenges that will greatly impact us and the project communities like the decision of land title ownership and managing the outsiders.’’

Former TV journalist cum documentary producer Scott Waide highlights the homeless plight of some Kumbukari landowners at the hands of Ramu Ni-Co mining company MCC

Ramu — people homeless Post-Courier Focus 11.3.2010

By Scott Waide

We came to Benny Mangua’s village at about midday. This trip was for a story of how a foreign company allowed into the country by the government of Papua New Guinea was treating the local people - the original owners of the land. I had packed a camera and several tapes, not expecting anything major apart from a few disgruntled landowners who had not been paid their dues. As I was going to discover, I’d come to Kurumbukari mine site quite unprepared mentally. Benny Mangua, an elderly man in his mid sixties, greeted a teammate of mine, Steven Sukot - quite warmly but then while I shot a few seconds of footage, the old man broke down and wept. Steven responded as any Papua New Guinean would – embracing the old man and tried to calm him down as best he could. “My tears keep falling. I’ve lost my land. I’ve lost my home.”

He continued to weep as I brought the camcorder around to him and clumsily adjusted the audio settings. In 10 years of television this, to me, was truly a rare moment. I never dreamed that I would live to see the day when this happened. This was a Papua New Guinean landowner who had been forced off his land by a foreign company. Benny Mangua of the Mauri clan was born and raised on this land on which his ancestors had settled many generations ago. In a matter of months, he had become a landless Papua New Guinean. “I’ve become like a parasite. I have no place to stay.” He wasn’t exaggerating when he said it. For Benny Mangua’s entire clan’s land area contains some of the richest nickel deposits in the Southern Hemisphere. It is here that the Chinese owned company – MCC - will begin the controversial $US1.4 billion nickel mining project.

About 50 of his clan members left for a temporary resettlement area – a forbidden, sacred site where Benny Mangua's ancestral spirits dwell. It was a kilometre from where we were. But sacred as it was to the Mauri clan of Kurumbukari, the site has been designated as a stockpile area for nickel ore. Only two houses now stand on Mauri clan land. Both belong to Benny Mangua's two sons - Peter Kepma and his younger brother, John. They've refused to leave. "There is a permanent relocation area. But the land belongs to another person... another clan, says Peter Kepma. "If we go and live on the blocks of land there, we won't be able to plant food gardens or hunt." MCC began issuing food rations to the Mauri clan when the relocation began. But the clan members say the food rations can only last them a few days. "The company is annoyed that we made gardens here," John Kepma says, pointing to cassava and taro growing on the stockpile area. "Even where the forest is… they don't allow us to plant food. "But we have to. If we don't, we'll starve to death."

John Kepma chuckles as he tells me about the company's attitude towards local people. "If we have a problem and we try to bring it to the company's attention, they treat it like a criminal matter." Police have come to his elder brother's house eight times already. Peter Kepma is the more serious type. Quiet, undemanding yet stubborn. "They tried to intimidate me," he says. "They came well dressed in their uniforms and carrying their weapons. But I told them: "You're not from China. You all own land just like me… I'm here because of my land. This isn't State land. This is my land and I've still got it." To say "the Mauri clan faces a difficult future" is a gross understatement.

As I filmed along the track leading to the temporary settlement, a five-year-old girl, walks ahead of me. She is in the (film) shot, nimbly picking her way through the kunai grass. I can see the audio levels on my camcorder peaking to the patter of her tiny feet on the yellow nickel-rich earth. I wondered if she understood why the old man had wept in front of total strangers about half an hour earlier. He understood very well that she would not have the pleasure of learning the ways of old on her grandfather's land nor gather eggs from the forest like her mother's mother did many years ago. The old man understood that unlike other Papua New Guineans, she was leaving the land that sustained her ancestors for generations. She was leaving her past and future.
- Scott Waide was a senior journalist for EMTV and producer for the Australian Broadcasting Corporation. He currently works in Madang as a documentary producer.

Black companies '2nd class' Post-Courier 10.3.2010

PERTH: Aboriginal businesses are considered "second class and second rate" by big resource companies in Western Australia's Pilbara region, an indigenous association says. The Pilbara Aboriginal Contractors Association (PACA) had released a report reviewing contractual agreements between Aboriginal enterprises and the resource industry. PACA general manager Tony Wiltshire said yesterday there was a lack of opportunity for Aboriginal contractors in the mining region in WA's northwest, where projects totalling $85 billion are planned or underway. PACA will lobby the WA and federal governments for legislative changes to force companies to open up opportunities to Aboriginal contractors. "Without the report, without the pressure that we are putting on them now, we can go down another 40 or 50 years of good intentions and end up in the same place we are now, with virtually no outcomes out of the resource-rich Pilbara," Mr Wiltshire said.

Some companies, including BHP Billiton's iron ore division, had written policies to engage Aboriginal companies, he said. BHP has 10 Aboriginal contr-actors and the long-term sustainability of indigenous contractors was of critical importance, a BHP spokeswoman said. Billionaire Andrew Forrest's Fortescue Metals Group (FMG) had an indigenous employment program but Mr Wiltshire said the company failed to engage indigenous businesses. “There’s no Aboriginal business that I’m aware of that works on any of their (FMG) sites at the moment,” he said. “Woodside are very much the same and keep us at arm’s length, don’t want to engage.” Mr Wiltshire said contractors who serviced bigger companies discriminated against Aboriginal business.

Editorial

Social ‘hell’ looms for oil/gas villagers Post-Courier 10.3.2010

THE dire situation in the villages of the “oil and gas rich’’ province of Hela must ring loud alarm bells for those who have been rubbing their hands at the prospect of billions of kina revenue.
The account from the government officer on our front page is daunting. Women and children living in the old ways back in the villages, while the menfolk are in almost permanent residence in the capital city! The men have been living off the money handouts and spreading their wealth among the people of Port Moresby and nearby villages as they live the high life. It looks as if two types of disease are ravaging the countryside in the natural resources wonderland of Hela: human diseases like HIV/AIDS and plant and pest diseases to ravage their crops.

Government officer Rose Singadan has toured the area with other staff on awareness campaigns in the Southern Highlands, Hela and Gulf provinces. She says that in these villages, there are women and children who have not seen their partners and protectors for years. Their protectors are undoubtedly some of the same people who seem to live on the edges of the big city hotels and clubs. They are also some of the people who lived on daily government “allowances’’ during the protracted months-long dealings at Kokopo to set up the liquefied natural gas project. Before one metre of pipeline has been laid in the ground, before one concrete post is poured in the ground of Central Province for the processing factory, the landowners of the resource area in, generally speaking, in a mess.

This is not, at this stage, the fault of the developers of the resource. It is to be placed squarely at the feet of the government officers and politicians who have been dealing with the landowners’ leaders and are responsible for the way in which money has been dealt out. There is a social disaster in the makings! Those family members who are still living the traditional life back in the villages are getting the leftovers from the menfolk who prefer Moresby. They get a few kina to keep them happy, some are getting unwanted diseases from their family members who spend most of their time in undesirable places and they are not getting the full benefits of the resource money. Will our national leaders have the guts to tackle this social menace before it gets any worse?

Gas in the air. . . as millions of kina in oil and gas revenues squandered.
There is nothing to show for it in Hela Province
By PETER KORUGL Post-Courier 10.3.2010

Government services fall apart, women and children are abandoned and things look gloomy on the ground in the Hela Province, home of Papua New Guinea’s oil and gas developments. Coupled with these worries, imported diseases including plant pests have invaded the new province, brought in by the constant movement of people in and out of rural villages, never exposed to such diseases and pests before. This is the observation of a senior public servant who went into the Hela and Gulf provinces as part of a government team to conduct public awareness on the environmental impact of the liquefied natural gas (LNG) project.

Rose Kualke Singadan is the manager for the Terrestrial Protected Areas in the Sustainable Terrestrial Programs Division of the Department of Environment and Conservation. Ms Singadan has been involved in the awareness campaigns in Southern Highlands and Gulf for the LNG project and her trip took her to the Tari Basin, then Semberigi, Hegigio, Moro, Gobe and then Kantobo and Omati down in the Kikori Basin. In these villages live women and children who have not seen their husbands, fathers and brothers for months and years.

The menfolk have travelled to Port Moresby where they live at present to participate in negotiations for spin-off benefits, memorandum of agreement (MOA) funds and engage in other activities that is taking much of their time that they forget those they left behind. “These women and children do not have access to basic medical services because there are no aid post orderlies and no medical supplies, classrooms are run down with no proper desks and tables, no materials and no teachers, dormitories are made of bush materials with no proper messing facilities, no trade stores as the costs of airlifting the goods are high and poor road conditions stop vehicles from going into the villages. “What happens is that the “oil sheiks” of the oil country “seem to forget” that women and children deserve a share of this monetary benefits,” Ms Singadan said.

She said the landowners bring their royalties in millions over many years into Port Moresby and waste it there. “There is so much evidence of landowners wasting these monies in hotels, on prostitution, pokies, night clubs, taxis, and paying bride price for Port Moresby ‘kekenis’ to retain them here while their proper wives and children suffer at home,” she stressed. Ms Singadan said many children are orphans because both parents have died of STI related diseases and some wives are just hanging in there to die. She said there are women from the Central and Gulf provinces who married the “oil sheiks” but were now miserable. “They are now stranded, without support, no funds, no husbands and are not able to come out because they have children and have not seen their home for more than 10 years.

“They still live in bush houses and carry on with their traditional lifestyle while their husbands and boyfriends are in Port Moresby chasing after their sisters. “Well!! So much for the money generated from the extraction of oil and “free money” to landowners who get rich for doing nothing. “I daresay this to the landowners. What a waste of time and the false portrayal of a person who belongs to an area that has oil and gas beneath the ground that can be used for everyone’s benefits,” Ms Singadan said. Ms Singadan said there are provinces in PNG that have no tangible extractable resources but are so well off with assets worth billions in education, health services, agriculture, and environment protection, improved standard of living, with communication and road linkages into all remote corners of the provinces. She said the human resource in these provinces attain qualifications at all levels of academia, well adjusted to working for governments and private enterprises in PNG and all over the world.

PNG OK TEDI LANDOWNERS BUY BRISBANE HOTEL

5,000 villagers hold assets above $20 million

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Mar. 9, 2010) - Landowners of Ok Tedi mine in Western Province, Papua New Guinea (PNG) have bought a hotel in Brisbane, Australia. This latest acquisition of the four-and-a-half star hotel brings the total value of assets currently owned by the 5000-plus landowners in the 12 mine villages to 56 million kina [US$20.4 million].

[PIR editor’s note: Ok Tedi Mining is jointly owned by the Government of Papua New Guinea, Inmet Mining and PNG Sustainable Development Program Limited. Ok Tedi produces about 200,000 tonnes of copper a year. Closure is due in year 2013.]

The landowners' acquisition of the Quality Inn Airport Heritage has been made possible through the royalties Ok Tedi Mining Limited (OTML) pays to the Ok Tedi Royalty Investment Trust (Royalty Trust). The royalty trust is one of several landowner trusts OTML administers for the mine impacted communities. The main objective of the royalty trust is to invest monies received from royalties paid monthly by OTML in investments which provide a good rate of return and capital. The hotel has 40 deluxe and executive suites and is located centrally between Brisbane city and the airport, just seven minutes drive to either location. Royalty Trust administrator Aubrey De Souza said the hotel was acquired at a cost of AU$9.25 million [US$8.4 million] after a vigorous due diligence process. "The hotel is performing really well. It's having nearly 90 to 100 percent occupancy every weekday," he said.

He said the acquisition of the hotel was done as a result of a strategic plan approved three years ago by the trustees of the trust to diversify the trust's investments in a balanced portfolio mainly in property, shares and cash in Papua New Guinea (PNG) and overseas. "We thought it would fit our strategic plan for our properties to be also offshore. So that is why we were looking for properties in Australia and we bought that hotel," Mr. De Souza said. "The strategic plan is that by 2013, which is the scheduled mine closure date, we are targeting to have 100 million kina [US$36.5 million] worth of investments," he added. The 12 mine villages have properties in Port Moresby valued at 20 million kina [US$7.3 million]. They also have shares in companies listed on the Port Moresby Stock Exchange worth 3 million kina [US$1.1 million].

EXXON MOBILE PLANS $219 MILLION MORESBY PROJECT

PNG gas developer to build living quarters for workers

By Harlyne Joku

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Mar. 9, 2010) - Exxon Mobil, developer of Papua New Guinea's Liquefied Natural Gas (PNG's LNG) project, is to change the landscape of Port Moresby's waterfront. The multi-billion LNG Gas project developer is to construct a 600 million kina [US$219 million] permanent headquarters and housing facilities for its expatriate employees which it will lease for 32 years. The 7.2 hectare development plan will comprise a permanent office and housing with supporting ancillary buildings for the Exxon Mobil workers, mostly expatriates who will be employed in the LNG project. The construction will include:

Three eight-story apartment buildings comprising 14 four-bedroom apartments with basement car parking; A nine- story apartment building with 35 two-bedroom flats, a four-bedroom unit and a guest suite with basement car parking; A two- story community centre; A four- story building with helipad; A one- story support services building (fire station, potable water treatment, drivers lounge, bud parking and roof parking-about 80 spaces); Single-story power generation building; Single-story waste water treatment building; Warehouse, archive storage, shops building; A residential gate building; and A secondary gate building.

The total number of car park spaces proposed is 369. The entry will be from the slip road entrance adjoining the recently completed Australia New Zealand (ANZ) Bank building off from the Poreporena Highway. AKT Associates Limited applied for permission on behalf of Harbour City Developments Limited to construct a mixed use development for Exxon Mobil at Section 44 Lot 34, Granville Harbour City, and Konedobu. The application was approved on January 25, according to reliable documents obtained by the Post Courier.

The proposal promises that the construction will provide both economic and social benefits. "It is an investment while at the same time providing a high class accommodation for Exxon Mobil PNG workers for the LNG project. There will be employment created during the construction phase and at the same time boost the building industry. "The proposal will be built at an estimated cost of 600 million kina [US$219 million]," the proposal read.

Harbour City Developments Limited hosted a power point presentation of the mixed use development at Lamana Hotel last December which was attended by the staff of the National Curriculum Development Center (NCDC) strategic planning and development control sections, PNG Power Limited and PNG Fire Services. According to the documents, Exxon Mobil is leasing the facilities for 32 years with options. Exxon Mobil is providing support for Esso Highlands Limited, its subsidiary as developer of the LNG Gas project.

Deal to exploit Queensland gas reserve Post-Courier 5.3.2010

MELBOURNE: Coal seam gas explorer WestSide Corporation Ltd is set to make the jump to producer after striking a deal with Japanese giant Mitsui to exploit a reserve in Queensland's giant Bowen Basin. WestSide will pay $26.8 million to take a 51 per cent stake in the joint venture with Mitsui E&P Australia Pty Ltd, a wholly owned subsidiary of Japan's Mitsui & Co Ltd. The two companies plan to buy the Dawson Seamgas fields in the Bowen Basin in central eastern Queensland from existing owners Anglo American and Mitsui Moura Investment Pty Ltd. WestSide chief Angus Karoll said the move would transform his company from an explorer to Queensland's second-largest dedicated coal seam gas producer listed on the Australian stock exchange.

Mr Karoll compared the acquisition to other recent coal seam gas buyouts, showing that its cost per petajoule of proved and probable (2P) resources was 28 cents, compared to much higher rates elsewhere. “Whichever way you look at it, we are definitely on the lower end of transaction multiples,” Mr Karoll said. “It is the first instance where a small junior has managed to get a co-development agreement with a world class coal mining company, which is a fair and binding agreement, which will last for the field's life. “It puts limitations on what the coal party can actually do in the area while we have gas contracts in place.”

WestSide's controlling interest gives it 60 petajoules of proved reserves and 186 petajoules of 2P reserves. State One Stockbroking energy analyst Peter Kopetz said that, on the face of it, the deal looked good for WestSide. “If it all goes to plan and all the conditions are satisfied, it should be a good deal for WestSide,” Mr Kopetz said. “In this industry the time from first well to first production is a long time, so if you can cut that down, and they look like they have done that quite well, you can save yourself years,” he said. “The problem for the company now is how to raise the cash for this acquisition,” he said.

LNG project delay fears Post-Courier 5.3.2010

By ERIC TAPAKAU

AFTER all the effort put in to bring the multi-billion liquefied natural gas project this far, a delay in issuing several petroleum development licences may hamper the announcement of financial close during this quarter. Concerned industry insiders said yesterday that Petroleum and Energy Minister William Duma had not issued the licences even though it was announced during the final days of the Licence Based Benefits Sharing Agreement forums last year that he would issue the licences soon. “The financial close for the PNG LNG project may be delayed a bit as the (petroleum development) licences for Juha, Angore, Hides PRL (petroleum retention licence) – 12 and the other pipeline and plant site have not been approved and issued to the project developer,” the insiders said. “These licences were promised to be approved and issued during the LBSA forums in all the licence areas. This has not been done and the implication will be that the financial close of the project may be delayed which is not good for the whole project."

They said this may be sorted out soon so the financial close by the lenders and financiers to the LNG project may be announced this month as scheduled. Meanwhile, construction work at the project sites is progressing well and more equipment is being brought in for the massive tasks ahead. Construction work had also restarted at the Koko Airport site and more locals are being employed for the construction work. Law and order has also been stabilised with more policemen and women deployed between Mendi and Tari and also at the project sites. This is going on while landowners are in Port Moresby trying to get their promised seed capital from the Government to start business opportunities for the landowners they represented. "We are happy with the progress made so far on the ground," a landowner said yesterday.

PNG LAWMAKERS GIVE GAS DEVELOPERS TAX BREAKS
Investors will pay no income or sales taxes

By Jonathan Tannos
PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 5, 2010) - INVESTORS in the giant liquid natural gas (LNG) project in Papua New Guinea's highlands region will be exempted from paying income taxes. They will also not be paying general sales tax (GST). And the Independent Public Business Corporation (IPBC) has been granted wide ranging borrowing and financing powers to enter into agreements with financiers worldwide relating to the LNG project. This follows yesterday's passage of amendments to the IPBC Act 2002, Income Tax Act 1959, and the Goods and Services Tax Act 2003 by the Parliament. The amendment clearly gives the project's borrowing powers to IPBC for purposes of the LNG project on behalf of the State, but subject to final approval by the National Executive Council (NEC).

State Enterprises Minister Arthur Somare introduced the amendments in a quick move by the Government to rush through the changes to meet a three-week deadline for the drawdown of the first US$14 billion for the project. He said this was also in compliance with the financial prerequisites by project financiers and participants who insisted on explicit provisions under the three legislations. He said the amendments empowered IPBC as borrower, guarantor and acquirer of financial or related capacities. He said with these powers, IPBC will be able to meet its strict three-month time limit for sourcing and guaranteeing funding for the State's participation. But on corporate tax, Mr Somare said the State had "guarded zealously" the 30 per cent rate which will take effect from 2018. Mr Somare brushed aside protests from the Opposition about losing billions of kina in income and GST, saying the earnings from 2014 would outweigh losses.

[*PIR editor's note: The Post-Courier reported opposition concerns about revenue loss seperately, as follows: BILLIONS will be lost to the country with yesterday's passage by the Government of general sales tax (GST) and income tax for LNG project investors. "While little Papua New Guineans buy rice and tin fish, they are paying GST. "They (investors) should be treated like everybody else."This was the reaction from Opposition Leader Sir Mekere Morauta, in Parliament when commenting on the tax exemptions introduced by State Enterprises Minister Arthur Somare to the Income Tax Act 1959 and the Goods and Services Tax Act 2003. He described the effects of the new law as dangerous and badly exposed the country. He said other investors in the industry like InterOil could ask for the same exemptions. Sir Mekere further described the amendments as "public policy being influenced by wealthy backers."*

He said project participants will not pay the required 15 per cent withholding tax, which they get to keep, adding "this is very expensive and we are exposing ourselves – this is now law. "Why should *we give our powers and money away," Sir Mekere quiried. On an amendment giving more financial powers to the Independent Business Corporation (IPBC), Sir Mekere said this was totally "unnecessary" because Finance already accommodated that responsibility since independence. He said the State had borrowed in the past to fund Ok Tedi, Lihir, Porgera and other projects and asking why the power to do this was now being vested in one Minister alone. He said this virtually took away the National Executive Council's powers, adding that dealing with project financing should be done by Cabinet. Later at a news conference all Opposition Members decried the concessions as a sell out of the nation's wealth. New Ireland Governor Sir Julius Chan said concessions given for past projects were different compared with what the Government was now giving away.*]

Somare said concessions were not a new thing for the State, citing the world class Ok Tedi, Lihir, Porgera and Bougainville given by previous governments, some of which he said had not paid dividends yet. He said the project financiers required explicit language to be included in the taxation acts, sufficient enough to give investor confidence. He said the project had four major buyers, adding that there would be intermediary transfers to China, Japan and Taiwan from first shipment necessary to accommodate sales and marketing by participants in the official markets. Final passages of the bills were taken without any amendments.

PNG to lose billions in tax Post-Courier 5.3.2010
Opposition not happy with law

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Hides sign major deal Post-Courier 4.3.2010
By ERIC TAPAKAU

HIDES Gas Development Corporation (HGDC) is making sure that traditional livelihoods like gardening are not forgotten when landowners see the monetary benefits of the PNG LNG project flow into the villages. The company has signed a new joint venture agreement with an aim to empower local farmers to grow fruits and vegetables using technical assistance from the joint venture partner Business 4 Millennium Development (B4MD). HGDC and B4MD signed a memorandum of agreement on Tuesday night in Port Moresby to form Southern Highlands Produce Limited, a company that will buy and sell fresh produce from the province.

B4MD is a partnership forum that connects Australian businesses with profitable opportunities that deliver poverty reduction outcomes in support of the United Nation's Millennium Development Goals (MDG) in the Asia Pacific region. The set up provides a model for social business enterprise where a company majority owned by the farmers is managed commercially to bring a profitable outcome for the farmers, thus leaving all the profit in their hands. Under this arrangement, B4MD will provide necessary expertise, tools and support for SHP to assist with running the company. This will also give an opportunity for Southern Highlanders, not only from the oil and gas project areas, to also grow fresh produce and sell to the company.

To complete the new deal, a delegation from the Southern Highlands Province will be travelling to Sydney over the weekend to meet with up to 3000 participants in the private sector that are ready to support the new joint venture company. "Southern Highlands Produce brings together a group of Australian international companies working in partnership with the communities of Southern Highlands Province to create a community based fresh produce company," said B4MD chief executive officer Mark Ingram. "The project is a social business enterprise. The participants will deploy their core business to the projects, for example, they will provide seedlings, packing and management to the project. The benefit of the profits will go directly to the farmers and it will be used for their livelihood."

HGDC chairman Tuguywaini Libe Parindali welcomed the signing, saying it was an opportunity to empower farmers and women in the province. He said it would be unwise to forget the traditional ways of living such as gardening when people saw the benefits from the LNG project and the new deal would also empower women and villagers.

PNG's economy set to grow in 2010 Post-Courier 3.3.2010

By ERIC TAPAKAU

BACKED by its abundance of resources, Papua New Guinea is among Pacific Island countries expected to see growth in its economy this year, says the Asian Development Bank. Building on improved prospects for the global economy, most Pacific island economies are expected to perform slightly better a year than in 2009, according to a new Asian Development Bank (ADB) publication. The first issue for 2010 of Pacific Economic Monitor, a quarterly economic review of 14 Pacific island countries and Timor-Leste, noted that the Pacific islands are expected to expand by 0.5 per cent overall in 2010, after contracting by an estimated 1.4 per cent in 2009. Vanuatu is expected to remain the best performing Pacific island economy, bolstered by the benefits of recent improvements to its economic policy.

The small overall growth rate for the Pacific region (the Pacific islands, plus Papua New Guinea and Timor-Leste) is expected to rise slightly in 2010 to 3.7 per cent from 2.4 per cent in 2009, largely driven by resource-rich Papua New Guinea and Timor-Leste. The Monitor highlights that 2010 will provide an opportunity for these resource-rich countries to refine how they manage the large revenue flows from major resource projects. The report says that many of the Pacific island governments are still feeling the impact of the economic slowdown on their tax revenue, so fiscal pressures remain. Those pressures are particularly intense in the Fiji Islands, Marshall Islands, Samoa, Solomon Islands and Tonga. The ongoing adverse social impacts of the global economic crisis on vulnerable groups cannot be ignored. The Monitor said many families in the Pacific region are likely to bear costly effects.

Lihir mine unveils plans Post-Courier 3.3.2010

Papua New Guinea-focused gold miner Lihir Gold Ltd has unveiled plans to increase production by about 50 per cent in the next decade. The miner aims to produce 1.45 million ounces a year (ozpa) on average for the five years from 2012 to 2016, up from forecast output of between 960,000 ounces and 1.06 million ounces this calendar year. Production is expected to rise to about 1.5 million ozpa between 2016 and 2021, Lihir Gold said on Tuesday in a statement. Chief executive Phil Baker, who replaced Arthur Hood following his surprise resignation in January, said the company was well advanced in expanding its flagship Lihir Island mine in PNG and Bonikro mine in Cote d'Ivoire. A $US940 million ($A1.04 billion) plant upgrade underway at the Lihir Island operation will lift the mine's production to more than one million ozpa from 2012.

A planned expansion at Bonikro, which is expected to cost less than $US100 million ($A111 million), should lift output from between 110,000 and 130,000 ozpa in 2010 to an average of 250,000 ozpa for the five years from 2012 to 2016. A feasibility study on this expansion is due for completion by the end of the third quarter of this calendar year. Lihir Gold hopes to add to its gold resources and reserves through exploration around the Lihir Island and Bonikro operations. It currently has 46 million ounces of gold resources in the measured and indicated categories. Lihir Gold did not yesterday provide an update on the sale of its poorly performing Ballarat mine in Victoria.

TAIWAN SIGNS 20-YEAR GAS DEAL WITH PNG VENTURE
ExxonMobil project contracted to capacity

MELBOURNE, Australia (Radio Australia, March 1, 2010) – The Papua New Guinea liquefied natural gas project has signed a 20-year gas supply deal with Taiwan's largest energy importer. Esso Highlands, the ExxonMobil subsidiary managing the PNG LNG project, told the Australian Stock Exchange on Tuesday it has signed a sale and purchase agreement with CPC Corporation Taiwan to supply approximately 1.2 million tonnes of gas a year. The project's total output is expected to be around 6.6 million tonnes a year. ExxonMobil says the deal means all the PNG LNG project's production capacity has been contracted. Peter Botton, managing director of junior partner Oil Search, says the way is now clear for the project's financial closure. Agreements with lenders are expected to be finalised before the end of the month.
Radio Australia: www.abc.net.au/ra

IMF: PALAU NEEDS LAWS BEFORE ALLOWING OIL DRILLING
Toribiong questioned for signing agreement with energy company

By Bernadette H. Carreon
KOROR (Palau Horizon, Feb. 28, 2010) - The International Monetary Fund warned Palau against starting oil exploration even before the establishment of a legal framework. Erik Lueth, IMF senior economist of the IMF's Asia and Pacific Department said that "Palau shouldn't be hoping, it might not be there." Lueth said the legal framework will guide the country in the use of oil revenues in a good and responsible way. "It is very difficult to administer oil revenues," Leuth said. He added that there should be a legal framework set in place before oil is even taken out of the ground. Lawmakers earlier questioned President Johnson Toribiong signing of an oil agreement with Palau Pacific Energy even before a legal framework is put in place.

[PIR editor's note: *Palau Pacific Exploration* is a Houston, Texas-based company that has secured a 1 million acre drilling concession on the North Block of Palau. The company is seeking investors to fund a two-well drilling programme to test over 1 billion barrel potential reserves.]

Senator Surangel Whiips Jr. in an interview said the IMF's statement brings back the constitutional question that arose from the signing of the oil agreement by the president even before the Oil and Gas Task Force completes its job. Senators Raynold Oilouch and Whipps said the oil and gas exploration agreement is unconstitutional citing that it is supposed to be Congress' duty to regulate ownership of such exploration, not the president. Whipps said that it is the Olbiil Era Kelulau's (OEK) responsibilities as provided in the Constitution to levy and collect taxes and duties and excises. He added that in turn the OEK is tasked to create laws to set what taxes or excises to be collected. Whipps added with the president signing the agreement has rendered the Oil and Task Force Commission's work as useless.

The Commission is tasked to investigate and make recommendations to regulate oil exploration in Palau through a framework. He said that it is not the president who should be formulating the rental amount. Toribiong insists that he does not see anything unconstitutional in the agreement.
He said that he just renewed an old agreement executed before between former president Kuniwo Nakamura and the oil company. Toribiong believes that the legislation will be put in place before any drilling proceeds. He said that the work of the Task Force and the Commission is to come up with legal framework on how to divide the profits if commercial quantities of oil are discovered. Whipps said the legal framework will actually protect the investors. He said what the president did is subject to constitutional questions. An investor would not want to be subjected to such questions. "The president can void the agreement and can admit he made a mistake," Whipps said. The license to PPE is issued for 10 years and that drilling of an exploratory well should commence by no later than May 15, 2011.

The agreement stated that if no oil or gas of commercial quantities is discovered by May 15, 2012, the agreement will continue in effect on a year-to-year basis with licensee paying a rental of ten cents (USUS$0.10) per acre times the number of acres in the Palau North Block. The agreement further added that is commercial hydrocarbons are discovered then rental ceases. Palau's Kayangel state is located on the northern edge of the 300-mile long archipelago. PPE officials say the area is likely home to one of the world's largest oil fields.
Marianas Variety: *www.mvariety.com*