

**Press review:
Mining in the South Pacific**

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

Pacific Islands Report: <http://pidp.eastwestcenter.org/pireport/graphics.shtml>

PNG Post-Courier: <http://www.postcourier.com.pg>

PNG The National. <http://www.thenational.com.pg>

PNG Mine Watch: <http://ramumine.wordpress.com/>

Mt Kare locals ready to meet new developer

The National, 31st October, 2012

By STARZA PAUL

A LANDOWNER association from the Mt Kare gold and silver project between Enga and Hela is ready to welcome the new developer, Summit Development Ltd, to their area. Landowner spokesmen David Tabi and Mark Tulija said yesterday in Port Moresby as representatives of the people they were willing to work with the developer to bring tangible development to the area. "Under the leadership of the Hetapula Association, Mt Kare landowners are ready to negotiate a best possible outcome for every landowner and the border people of Enga and Hela to benefit from this long awaited mineral project," they said. "We will work to bring a change to the livelihoods of the people through the developments that the developer will be undertaking."

They called on all groups from the area to work together for the common benefit of the people. “In-house fighting is to be done away as for a long time our people have suffered and we want to see developments in our area. “Think and work cooperatively without any divisions to see changes in the resource rich Mt Kare area.” They said first mineral prospects were discovered at Mt Kare in the early 1980s but the developer left because of “divisions among the people over their identifications and poor proper social mapping during those times”. “Now we are willing and ready to roll with the developer, they said. “And we are calling on concern parties to work together for the good of our land and people.”

Zurenuoc stops Lihir probe into association

The National, 31st October, 2012

CHIEF Secretary Manasupe Zurenuoc has directed the withdrawal of a police investigation into the accounts of the Lihir Mining Areas Landowner Association (LMALA), particular the Lihir sustainable development funds. The investigations were initiated following complaints by the Nimamar local level government into the alleged misuse of landowner compensation and royalty payments totalling K100 million in the past five years. In a letter addressed to Police Commissioner Tom Kurlunga last Tuesday, Zurenuoc directed that the police investigation into Lihir be withdrawn and “all disputes will be addressed in the review of the Lihir memorandum of agreement and the Lihir integrated benefits package”. He said the decision was in the best interest of all Lihirians and Papua New Guineans.

Zurenuoc’s direction was also copied to the secretary of the provincial and local level government affairs, Munare Uyassi, Nimamar LLG president Rudolf Tongop and LMALA chairman Peter Suar. Following Zurenuoc’s directive, acting divisional commander for the island region, Chief Supt Anthon Billie, wrote on the same day to Lihir police station commander Chief Sgt Manamb “to immediately withdraw the police investigators until further instructions from the commissioner’s office”. Billie said this was not to stop the investigation but to put it on hold until such time an independent audit is done by an impartial audit team and, “from their recommendation, police can continue the investigations”. He advised investigators to leave Lihir immediately.

Do not tender casino, says Kende

The National, 31st October, 2012

CHAIRMAN of the Petroleum Resources Gobe Ltd Philip Kende says the Port Moresby Casino Hotel should not be put up for tender. He told The National yesterday in Port Moresby that Commerce and Trade Minister Richard Maru needed to know some important issues surrounding the casino hotel saga from the point of view of PNG investors including landowner companies. Kende said the views of companies such as Petroleum Resources Gobe Ltd and Petroleum Resources Moran Limited needed to be addressed by the state as the regulator because they had invested a lot of money in the project. Maru had said last week he would look into allegations made by South Korean investor CMSS (PNG) Ltd chairman Choi Chang Su on the transfer of ownership of the hotel.

Kende said the particular deal was a private business arrangement between the investor and the state.

He said the project development stage had by-passed the statutory requirements in terms of putting the project together. “It is now a commercial responsibility and all other legal procedural requirements were already addressed by the state and foreign investors during the Somare-Temu government.” He said the PNG investors came on board after the state and the Korean investors had already agreed on the terms of reference drawn. Kende said pursuant to certain project agreement

provisions, the state's failure to see the project delivered on time as a regulator created the saga. "The Department of Trade and Commerce as a regulator is at fault and now the state must be advised properly.

"In the absence of the regulator's supervision at the development stage to operational commercial level the state's position was compromised, and it's already a breach." He said PNG investors' interests had been compromised and diluted by the state's inability to play its regulatory role placing investment at risks. "The state should guide us as a mediator and not open a flood gate to our investment. "Contemplating to put an open tender without the consent of the stakeholders will place the investment on a high insecurity." He said the investors CMSS (PNG) Limited, PRG and PRM would not allow manipulation at the highest level by calling for a public tender.

Landowner for Mt Kare developer

The National, 31st October, 2012

By MALUM NALU

ANOTHER principal landowner of the Mt Kare gold-silver project on the border of Hela and Enga has thrown his weight behind developer Summit Development Ltd for its exploration work to date. Hewe Balope, chairman of Heli Aga Aliabe Association and chief of Heli clan, said yesterday it was commendable of Summit to make public reports of its exploration work in Mt Kare for the last two years. Last week, two other principal landowners of the 1.8 million ounce Mt Kare gold/silver resource threw their support behind Summit, which is wholly owned by ASX-listed company Indochine. Andrias Aiyange, chairman of Mt Kare Trustee Co Ltd, umbrella company of Mt Kare Huli/Paiela landowners and Sir Matiabe Yuwi, announced their support last Thursday.

A pre-feasibility study was completed on the project last month, with positive outcome resulting in the commencement of a bankable feasibility study on the project. Mt Kare has the potential to catapult the company into production status within three years. Importantly, the deposit is located 15km from the world-class Porgera gold mine and has a similar geological setting and mineralisation style, suggesting potential to substantially increase the contained gold resource. Indochine holds 100% of the 1.8moz Mt Kare gold/silver resource through its wholly-owned PNG subsidiary, Summit Development. The Porgera gold mine contains 28moz of gold (including a total of 17moz of gold mined to date). Porgera has been producing gold for 21 years and currently produces approximately 500,000oz of gold per year, at an average grade of 3.2 g/t.

Quintessential gets exploration licence

The National, 31st October, 2012

Quintessential Resources has been granted exploration licence (EL) 2045 covering the 2,563sqkm Aria River project in Papua New Guinea, which is prospective for porphyry copper and gold. Aria River is situated on West New Britain and is located adjoining and immediately east of Newcrest Mining and Frontier Resources' Andewa joint venture project that is currently being drilled and shows the potential for a large porphyry gold system. The Aria River tenement contains the Stoneleigh prospect, which is a large zone of anomalous copper, gold, molybdenum and arsenic associated with a volcanic and limestone and located at the central western edge of the exploration licence. Extremely limited historic work by BHP Minerals showed copper of greater than 0.1% in two different rock types, along with effectively all the samples collected being anomalous in molybdenum and arsenic with trace gold. Quintessential is currently considering joint venture opportunities to advance the project.

Duma lauds Total's entry to PNG

The National, 30th October, 2012

By GYNNIE KERO

MINISTER for Petroleum and Energy William Duma has welcomed the entry of French energy giant, Total SA to Papua New Guinea. "We are delighted that another oil and gas super-major is establishing investment in PNG," Duma said. He said Total SA was a well-respected major international oil and gas company with a strong development and operations capability. Duma said choosing to invest in PNG was an acknowledgement of the country's resource-rich potential and a vote-of-confidence in the long standing PNG petroleum regime. "We are pleased to assist and support Total SA in its PNG activities," he said. "We are especially excited to see opportunities for exploration to be carried out in the Gulf province after a period of 10 years and we wish Total SA and Oil Search success with their new partnership and exploration activities."

Total is a multinational oil and gas company and one of the world's six "super major" oil companies. Its businesses cover the entire oil and gas chain, from crude oil and natural gas exploration and production to power generation, transportation, refining, petroleum product marketing and international crude oil and product trading. Total SA is also a large-scale chemicals manufacturer. Total's upstream business encompasses oil and natural gas exploration, development and production, along with coal, gas and power activities. Its exploration and production division has activities in more than 40 countries, with production in 30 of these countries. Total's main production regions are the North Sea, Africa and Middle East followed by Southeast Asia and North and South America. Total has significant LNG involvement, with interest in 10 liquefaction complexes already in operation, two projects under development and five projects under study. It has secured access to gas markets around the world with capacity reserved at five regasification terminals.

Value of Lihir output tops K17 billion

The National, 30th October, 2012

LHIR gold mine total aggregate revenue since the start of gold production in 1997 has reached an astounding US\$6.1 billion (K17.1 billion), according to statistics released by the Mineral Resource Authority (MRA). This is good news for Lihir gold mine developer and Australia's largest gold producer Newcrest Mining Ltd, which is poised for another increase in gold revenue over the next five years with 28.8 million ounces in gold reserves and 43moz in measured and indicated resources. The royalty compensation and other benefits package reached through agreement with the landowners and the government, however, presents a much less favourable picture. The MRA statistics shows that total gold production by Lihir Gold Ltd, Newcrest's PNG subsidiary, and the revenue from that production have increased very significantly in comparison to the landowner benefits through the Special Support Grant (SSG) and the 2% royalty payments, from 1997 to 2011.

Royalties and SSG are two components that make up the integrated benefits package (IBP). MRA's statistics reveal that more than 9.5moz of gold have been taken from Lihir Island since the start of operations, producing ever increasing revenues for LGL, while only a portion of that revenue has trickled down over the years to the landowners through compensation and other benefits. Total royalty and SSG payments since the operations began amounted to only K433 million while the total revenue from the Lihir Gold project over the same period exceeded K17 billion. MRA's statistics show annual gold production and sales including the gold price and the revenue from gold sales in US dollars and PNG kina.

The statistics also show the value of the 2% royalty and the amount of the annual SSG payments, including the cumulative SSG payments outstanding, from June of 1997 up to December last year.

MRA's statistics reveal that since 1997 Lihirian landowners have received K340 million in total royalty payments and K94.5 million through SSG contributions. K80 million of the SSG contributions has actually been paid to landowners while K14.5 million is still outstanding. This compares with total revenue of K10.6 billion generated by the Lihir gold mine in the last five years. Over the same period the landowners received royalties of K203.7 million and SSG contributions of K27.8 million. Revenue from the Lihir gold mine was K1.2 billion in 2007 and K2.7 billion last year due largely to the increase in gold prices. Over the same period royalty payments increased from K25.8 million to K54 million. In short, revenue increased by K1.5 billion in five years while royalty payments increased by only K29 million.

Kalinoe: Nautilus has to settle row

The National, 30th October, 2012

By MALUM NALU

PETROMIN chief executive officer and managing director Joshua Kalinoe is waiting for a dispute between the state and Nautilus Minerals to be resolved before Petromin can take a 30% stake in the Nautilus development worth up to US\$500 million. Kalinoe said this yesterday at a luncheon he held with members of the media while refusing to go into details of the dispute between state and Nautilus. "There's a dispute between the state and the developer (Nautilus)," he said. "Because of that, we can't do much. "We have been nominated (by the state) to participate in the project. "Until the dispute is resolved, we can't do much. "The issue has been disputed by Nautilus, not by the state. "By doing so, they (Nautilus) are delaying the project, not the state."

In June Nautilus chief executive Stephen Rogers said that he expects to settle things with Petromin within "months" once the election was over, but that now seemed a more remote possibility. Nautilus says PNG undertook to help fund the Solwara 1 project – almost half built – as part of an agreement signed last year that gave the country 30% ownership, but the government appears to be digging in its heels over the issue. In a response in June, Petromin alleged that Nautilus was the party that breached the terms of the deal and that the state was "therefore entitled to terminate the agreement". In late April, Nautilus announced it had signed China's Tongling Non-Ferrous Metals Group as the first customer for its pioneering PNG sea-floor mine.

The undersea mine was slated to begin production in the fourth quarter of next year, but Nautilus is also facing funding problems concerning its German partner building the US\$160 million surface vessel, which is the base for the entire underwater operation. Nautilus still has some US\$100 million cash in the bank. Kalinoe, meantime, said Petromin was waiting for the final decision on the Gulf LNG project and the Wafi-Golpu project in Morobe to make final decisions. "Again, we're waiting for a decision by state on when the project will get formally off the ground," he said of the Gulf LNG. On Wafi-Golpu, Kalinoe said Petromin had been nominated by the state and was doing desktop studies as well as those on technical and economic aspects. "We're just waiting for the developer Wafi-Golpu Joint Venture to go through the process and wait for the final decisions," he said. "This is normal. "The state nominated us through the minister for mining and the minister for petroleum."

PNG Opposition Strongly Opposed to Seabed Mining

Claims 'proper feasibility studies' weren't completed

PORT MORESBY, Papua New Guinea (The National, Oct. 29, 2012) – Opposition Leader Belden Namah has voiced strong opposition to seabed mining in the country. "We again tell the government that we are totally against the Nautilus seabed mining in the country," Namah said. "It has se-

rious implications that the government didn't consider when it gave licence to the developer." He said there was no proper feasibility studies carried out prior to licensing of the company. "Prominent leaders such as Sir Julius Chan are against the seabed mining and government needs to take this into consideration. "I know that some aliens have influenced public policy and I'm calling on the O'Neill government to reconsider its decision for the good of this country," he said.

Namah said many coastal people were dependent on the marine eco-system and any fault in the development of the project could cause a major catastrophe. "Disasters on land could be contained but sea is hard to contain as we have witnessed like the oil spill in the Gulf of Mexico recently." Deputy opposition leader Sam Basil said PNG did not have the expertise and technology to carry forward this project. "My question to the government is why does the Ministry of Mining, Environment and Conservation keep on issuing licence when they know that some of these projects will have negative effects," Basil said. The two leaders urged the government to stop the project. "Papua New Guinea's economy is not even dependent upon this one project as we have a lot of mineral prospects on land."

Ok Tedi: O'Neill urges BHP Billiton to hand over control of board appointments of PNGSDP Post-Courier 29.10.2012

PRIME Minister Peter O'Neill has demanded that BHP Billiton give his Government control over board appointments to the PNG Sustainable Development Program Ltd. According to AFP report, Mr O'Neill says it is time for BHP Billiton to take a step backwards. It is 10 years since BHP Billiton left the country. When the mining and petroleum company left, it gave its shareholding in the giant Ok Tedi gold and copper mine to the people of PNG. But BHP retained the right to appoint three of the seven board members of PNGSDP - the vehicle for the PNG people's shareholding. PNGSDP, a Singapore-based company, is independent of the PNG Government and has assets worth \$US1.4 billion. Its development program includes everything from roads, wharves and airstrips through to health and education programs, as well as providing help for small business. Mr O'Neill told Radio Australia's Pacific Beat that it was time for BHP Billiton to take a step backwards. "I think BHP should take its leave at some stage. I'd rather it be sooner than later. BHP has to learn that it has to move on," he said.

"Papua New Guineans are now capable of managing their own affairs. We don't need to be managed, the affairs of some of our activities like Sustainable to be managed on our behalf from Melbourne. "We believe that it is time that after 10 or 12 years of Sustainable being in operation they relinquish the management of that to a Papua New Guinean-based, Papua New Guinean-run organisation." BHP Billiton has not responded to Mr O'Neill's comments but in a statement it said the results achieved by PNGSDP to date reflect very well on the board and all directors in the past 10 years. It said any changes to the governance arrangements should ensure the ongoing sustainable performance of the company. In the past couple of years, as PNGSDP's assets have grown, its development program has accelerated.

With the departure of Inmet, Ok Tedi, is now 100%-owned for the benefit of Papua New Guineans and it, too, has been re-orienting its approach to put more emphasis on environmental and social outcomes. PNG-based independent writer Martyn Namarong is one of many Papua New Guineans who agrees with Mr O'Neill that it is time for BHP Billiton to hand over control of its PNGSDP board positions. "There is enough skills and experience in PNG for Papua New Guineans to be greater involved in that. And that's sort of a natural follow on from the fact that the mine and the shareholding is now PNG-focused," he said. "There are some very decent people around and they can take up those roles. They are just not given the opportunity to do that."

Ok Tedi: PNGSDP has secret plans for a copper smelter in Western Province

PNG Mine Watch 29.10.2012



Ross Garnaut wants to see a copper smelter built in Western Province

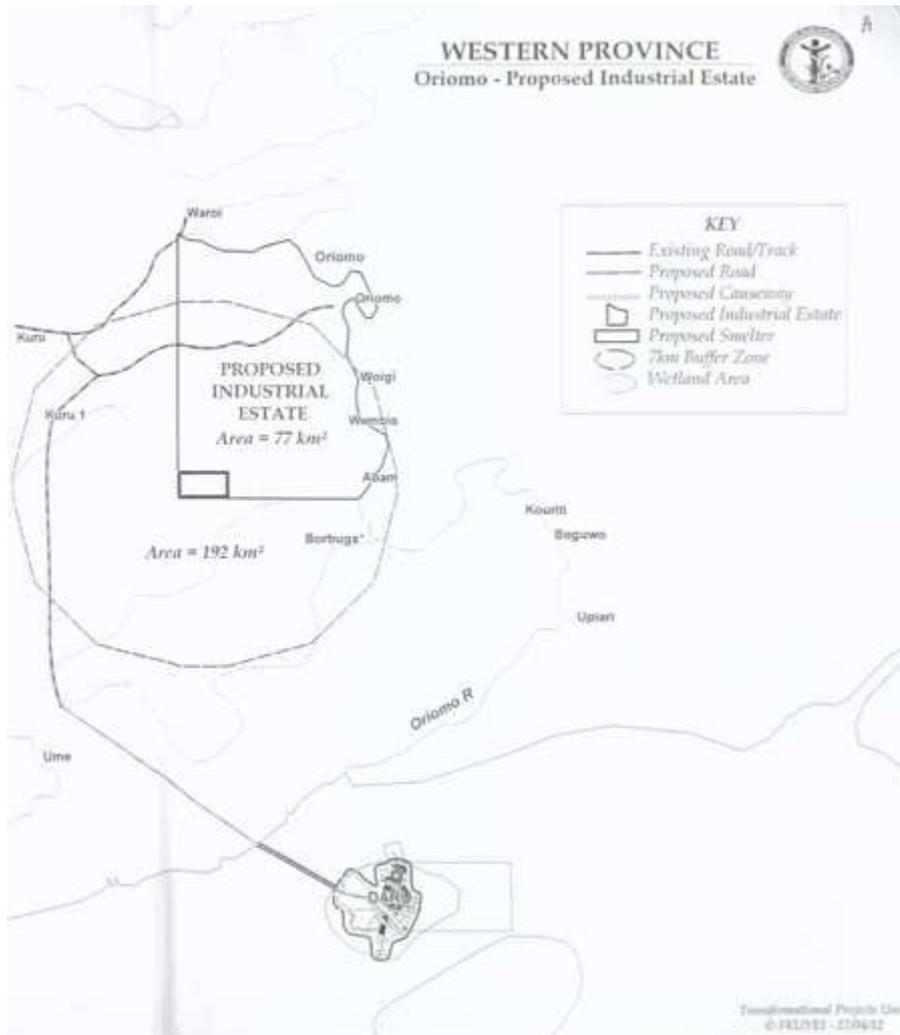
The PNG Sustainable Development Program, the vehicle set up by BHP Billiton to try and atone for the environmental disaster caused by the Ok Tedi Mine and fund “sustainable development projects” to improve the lives of the people of Western Province has secret plans to build a copper smelting plant close to Daru (see map below). The smelter will be part of the Oriomo industrial complex and deep-water port that PNGSDP has already spent more than \$40 million planning – but without mentioning one word publicly about their copper smelting plans. Copper smelters are infamous for their extensive public health and environmental impacts both in wealthy Western countries and in countries where environmental and public health standards are much less vigorous. It is hard to think of a less sustainable or more unsuitable way for the PNGSDP to be spending a part of the US\$1.4 billion fund it controls.

Copper smelters operating in the United States emit staggering amounts of toxic pollution: more than 50 tons of lead, 30 tons of arsenic and 20 tons of selenium each year. In the smelting towns ambient arsenic levels more than 150 times higher than health guidelines have been recorded. Copper smelters also have severe environmental impacts in the US. Lead, arsenic, and the other metals that they emit are deposited onto water, where they persist in the environment and pollute the habitats for endangered and threatened species. In Zambia copper smelting also creates considerable pollution. Smelting produces large volumes of low concentration sulphur dioxide that is pumped into the environment creating toxic levels more than three-times the WHO guidelines. Sulphur dioxide emissions also create acid rain which devastates crops, trees and other plants as well as peeling paint off building walls.

With Western Province already having suffered the devastating impacts of an environmental catastrophe so severe BHP has admitted the Ok Tedi mine should never have been built, one wonders what can have possessed the Sustainable Development Program to believe that a copper smelter is a good idea... But you can certainly understand why they are trying to keep their plans secret! PNGSDP has not mentioned one word about the copper smelter in its publicly available documents and did not mention anything about it in the extensive media interviews that followed the announcement of their plans for the Oriomo industrial zone and deep-sea port (which alone will cost over \$400 million).

The copper smelter is intended to be an integral part of the tax-free industrial zone – so not only will the people of Western province have to suffer the health and environmental impacts of the copper smelting, the smelter will operate tax free, offering no financial benefits to the people of PNG. So who will benefit from the proposed smelter – as it certainly won't be the people of Western Province or PNG? Well the mining industry of course – the foreign owned multi-national corporations who will be able to process copper ore in the lax regulatory climate of PNG and do it tax free.

Which must make us question just who are Ross Garnaut and the rest of the Board of the PNGSDP working for – the people of Western Province and PNG or foreign owned multi-national corporations?



Bougainville: Ona says no to reopening Panguna

Tapo Tovilu, New Dawn; PNG Mine Watch 27.10.2012

The son of one of Bougainville's great leaders, Francis Ona has come out openly on his position on the issue of the planned reopening of the Panguna mine. In a press release yesterday the Minister for Planning in the Meekamui Government Stanley Ona openly stated that his people and the Government of Meekamui will not allow any scheme to re-open the Panguna mine. He also added that current media reports of the discussions into the re-opening of the Panguna mine are damaging to all parties and unless serious conditions are met there will be no mining of Panguna. He says that if the ABG would like to re-open the Panguna mine serious negotiations and discussions must be made first. He added that many lives were lost in their struggle for human rights and their fight for freedom and such should be avoided in the future.

Rough sailing for Nautilus

The National, 26th October, 2012

SHARES of Canadian miner Nautilus Minerals Inc sank to fresh lows on the London stock market on Wednesday, falling almost 5%, to 51 pence, following the news of a Papua New Guinea land-

owners' petition for the government to cancel the firm's seabed mining permit. The company, the first to explore the ocean floor for polymetallic massive sulphide deposits, was granted a mining lease by the PNG government in January last year following the environmental permit award in December 2009. But the mine developer has been swimming in choppy waters ever since. It faces criticisms from the environmentalist and the marine biologist community on the feared ecological consequences of its Solwara 1 gold, copper and silver project. The company has also been locked in a dispute with the government since June over ownership of the project located in the Bismarck Sea.

More than 20,000 signatures have been submitted to Mining Minister Byron Chan by residents from the provinces of Madang, Oro and New Britain, stating that they do not want the project to go ahead. Locals insist they have seen dead fish washing up on beaches and that the water has been polluted by the exploration work. The Canadian mine developer was granted a 20-year permit by the previous government under Sir Michael Somare to mine an area in the Bismarck Sea at a depth of 1.6km. Nautilus said it plans to begin extracting minerals from the Solwara 1 deposit in 2014. The new government under Peter O'Neill is reportedly challenging the deal and wants to make a number of amendments. Shareholder in Nautilus have seen the value of their investments plummet by more than half since the company initiated the legal battle last June 1 over Solwara 1.

Ok Tedi wants PNG government to join it in Xstrata's Frieda River Project

Radio Australia, quoted by PNG Mine Watch 26.10.2012

Papua New Guinea's Ok Tedi Mining Ltd is keen to buy a stake in Xstrata Copper's 5.3 billion US dollar Frieda River project. Ok Tedi Managing Director, Nigel Parker, says the company would like to move as soon as possible on the deal and will be talking with the PNG government in the near future. Pacific Beat's Jemima Garrett recently returned from a visit to Ok Tedi and she prepared this report.

Presenter: Jemima Garrett

Speaker: Nigel Parker, Managing Director, Ok Tedi Mining Limited.

GARRETT: Ok Tedi is unique among PNG mining companies.

Since the Canadian company Inmet sold out at the beginning of last year Ok Tedi has been 100%-owned for the benefit of Papua New Guineans.

The PNG government has a 37% stake and the PNG Sustainable Development Program Limited the rest.

But Ok Tedi is an old mine - even if the mine extension plan currently under consideration goes ahead - production is set to drop.

Ok Tedi Managing Director, Nigel Parker, is looking for new opportunities for the company.

PARKER: This is an extraordinarily valuable asset. We cannot let this asset die, otherwise the Papua New Guinea nation loses out.

GARRETT: Nigel Parker has been working with Professor Ross Garnaut, Chairman of both Ok Tedi and PNG Sustainable Development Program Ltd, to chart the way forward.

PNGSDP has taken a stake in Highlands Pacific - a move which forges links to Highlands Pacific's exploration sites just 20 kilometres from Ok Tedi - and to Xstrata Copper's Frieda River deposit through Highlands' minority shareholding in the project.

Frieda River is a big prize. It is a world class copper and gold deposit even bigger than Ok Tedi's original resource.

Xstrata has made it clear it may be willing to sell part or all of its holding.

Nigel Parker says it is an investment that makes sense for Ok Tedi.

PARKER: Frieda River is 70 kilometres north of us. It has some very good results. It is like an Ok Tedi 30 odd years ago, in a pristine environment. We are interested in it. We are looking at the developments of that with its current shareholders - Xstrata in the main - but Highlands Pacific also has an 18% interest in that area so once the government has settled in and we start talking to the

government, then I am sure that will become clearer to us as management as to what the State would like us to do in regards to that.

GARRETT: What would it take for Ok Tedi to be in a position to buy into Frieda River?

PARKER: It is simply the shareholder commitment to it. Our major shareholder PNGSD are very interested in it because of the benefits it would bring Papua New Guinea, particularly if Papua New Guinea's own mining and exploration company has a very large chunk of it. The state, with the new government of course, we'll have to assess the mood of the government as to whether they are committed to that, and if they are committed to that, then there is no reason why the Ok Tedi group can't become involved in that.

GARRETT: Ok Tedi is a crucial source of revenue for the PNG government.

In 2011, it received 496 million US dollars from Ok Tedi in taxes and levies and a further 64 million dollars in dividends.

The government has a clear interest in ensuring Ok Tedi's future but it will also need to consider the environmental impact of development at Frieda River.

Xstata is due to deliver its feasibility study on the Frieda River project next month.

Ok Tedi Managing Director, Nigel Parker, is keen to get on and make a bid.

I asked him when it might be feasible to act.

PARKER: We would like to think as soon as possible! But we are coming up towards Christmas, of course. We have a new government that is starting to settle in, heading towards budget process and has some other priorities, I would suspect.

GARETT: You mentioned that Frieda river is very similar to the situation of Ok Tedi. Frieda River is in the head waters of the Sepik River. Ok Tedi has had a catastrophic effect on the Fly River. How would you do things differently at Frieda River?

PARKER: You are absolutely correct. It is a pristine environment and in this day and age mining companies have to look totally different as to how they mine or exploit mineral resources. We are of the view that, with the gas resources here in the Western Province, we would first up generate power on this side and then transmit power through the Ok Tedi System and then up over the mountains so by using gas fired power, 160 odd megawatts, as opposed to damming pristine valleys and absorbing enormous areas, a la the Three Gorges dam in China, that would be our first view, that we would not look to interfere with the environment where we could use gas fired power. Then it gets down to whether it has to be open puit or whether we can go underground. I can't answer those questions at this point.

GARRETT: What about a tailings dam. That has been the big problem here. We have seen a mud river heading down towards the ocean at the mouth of the Fly River. What would you do a Frieda River?

PARKER: My understanding is that that is not the same issue on the Frieda River side, that off the mountain escarpments there is land down there that is well aligned to tailings dams and tailings treatment solutions.

GARRETT: Would you consider putting tailings into the river if the tailings dam didn't seem possible?

PARKER: I would suggest that the Board of OTML would be very sensitive towards that and, in fact, given the fact that the Sepik River is a pristine river that certainly would not be an option for us.

GARRETT: But you are not ruling it out?

PARKER: At this point, I could say to you that we would rule that out because in this day and age you can't move into this type of situation to put tailings and, in fact, in our own operation here we have an active project in play at the moment, looking at building a tailings dam, very close to the mine operations and we anticipate that within twelve months or so we will have a fairly good fix on whether we can actually do that now. Why we can do it as opposed to the BHP era is that, 30 odd years have moved on, engineering solutions have developed, tailings treatment solutions have developed. The Chinese have built the Three Gorges dam. They're putting highways under sedimentary flood plains so it's a totally different environment now.

Newcrest defends PNG operations

The National, 26th October, 2012

AUSTRALIA'S largest gold miner Newcrest Mining has urged shareholders to keep the faith in the company's long-term picture after a series of hostile questions at its annual general meeting in Melbourne yesterday. A rash of problems at its Lihir mine's processing plant in Papua New Guinea led to suspensions in operations, falls in production and sales and rises in costs during the year, offset by a high gold price currently at about US\$1,700 an ounce. Shareholders accused the board in Melbourne of not conducting enough due diligence on plant equipment before buying the project in 2010, something chief executive Greg Robinson has conceded. He also warned there was a reasonable chance that there would be more operational issues this year, Robinson, however, guaranteed that output at Lihir would be higher – between 700,000 ounces and 900,000oz. “We make no apologies to anyone for having a broad range, it's just what happens when you deliver an operation reliability programme and major operation all in one go,” he said.

Robinson said the value of the project – Lihir Gold was acquired for US\$9.5 billion in 2010 - would shine through with annual output doubling within five years to 1.2 million ounces. The reserves and resources at Lihir were upgraded from 48moz of contained gold to more than 56moz this year. There's a long-term and short-term story on this one, we have a short term fix and think the long-term value of the equation is still good,” Robinson said. “At the moment, more than 80% of our effort is going into making the plant reliable and ensuring that drumbeat of production, day in-day out for weeks and months, meets our expectations.” Robinson says that while he expected the plant would need investment, the urgency with how quickly equipment had to be repaired had surprised people.

A US\$200 million a year “rectification” programme is now taking place. Although Newcrest is already the nation's largest gold player, it will still pursue a massive expansion programme, including spending more than US\$3 billion building the Cadia East underground mine in central western New South Wales - which will be Australia's largest - and developing Lihir. It also aims to have the estimated 400,000oz to 580,000oz of gold a year from the US\$4.8 billion Wafi-Golpu gold/copper project in PNG, which is expected to be in production by the end of the decade. The company produced 2.3moz of gold this year and is forecasting 2.3moz to 2.5moz during the 2012-13 period, and to climb above 3moz within the next few years.

Landowners back Mt Kare mining project

The National, 26th October, 2012

By MALUM NALU

PRINCIPAL landowners at the Mt Kare gold-silver resource on the border of Enga and Hela have thrown their support behind project developer Summit Development Ltd, which is wholly owned by ASX-listed company Indochine. Andrias Aiyange, chairman of Mt Kare Trustee Co Ltd, umbrella company of Mt Kare Huli/Paiela landowners, and Sir Matiabe Yuwi, announced their support yesterday. A pre-feasibility study was completed on the project last month, with positive outcome, leading to the beginning of the project's feasibility study. Mt Kare has the potential to catapult the company into production status within three years. Importantly, the deposit is located 15km from the world-class Porgera gold mine and has a similar geological setting and mineralisation pattern, suggesting its potential to substantially increase the contained gold resource. “We are in support of Summit Development following the pre-feasibility study, and want them to continue with the bankable feasibility study,” Aiyange told The National yesterday.

“Therefore, we appeal to the national government to renew the exploration licence 1093 to allow for open-cut hard-rock mining to begin in 2015. “Over the past 20 years, since the Mt Kare gold rush of the 1980s, our people have suffered and there have been all kinds of law-and-order problems, therefore, we support Summit Development to go ahead with development.” Sir Matiabe acknowledged the management of Summit Development, led by Fijian George Niumataiwalu for working closely with the people. “For the company to work alongside the landowners marks the dawning of a new era in the PNG mining sector,” he said. Indochine holds 100% of the 1.8-million ounce Mt Kare gold/silver resource through its wholly-owned PNG subsidiary Summit Development. The deposit lies 15km from the giant Porgera gold mine which contains 28moz of gold (including a total of 17moz of gold mined to date). Porgera has been producing gold for 21 years and currently produces about 500,000oz of gold per year, at an average grade of 3.2 g/t.

Poisonous gas leak at Ramu refinery contaminates food gardens

Arnold Jameson; PNG Mine Watch 26.10.2012

The Chinese-owned MCC Ramu Nickel Mine in the Madang Province of Papua New Guinea isn't into full swing of operations as yet, but the sea around it has turned yellowish, then maroonish and now, the grass has turned brown on the land. Several food crops in gardens located around the Mindere village area, where the mine is located nearest to have also dried out, after villagers witness what they describe as ‘thick black smoke’ coming out of one of the MCC’s main chimney pipes, on the morning of October 8th. The villagers said, they watched ‘thick black smoke’ go up, but descended back onto the ground after a while, turning the greens in its part to brown. They said a pig also roaming around in some nearby bushes when the ‘thick black smoke’ passed by came out squealing and bumping into little trees in its way like a drunken person, and eventually died some minutes after. Witnessing this, the men, women and children of Mindere were ordered by the village elders to not touch and eat anything that’s turned brown.

Health and Safety Officers working for the MCC Ramu Nickel Mine, in an attempt to explain what this is about gathered only the Village Elders on Thursday (October 26th) and admitted that the gas released was poisonous, but they didn't say what type of gas it is. They said one of the pipes had a crack on the side that they weren't aware of until the ‘poisonous gas’ was leaked in the ‘load commissioning process’. The Elders were told by these officers working for the mining company, to return to their people and tell them that the broken pipe has been removed and MCC’s got everything under control. Most of the Elders, saddened by this approach by the mine’s officers say they want an ‘Independent Team of representatives from the government preferably from the MRA, Health and Safety Department and in this case, someone from the Agriculture Department as well to assure them that food is safe to eat and the grass is safe to touch.

“How can we believe anything if the assurance is coming from officers working for MCC Ramu Nickel Company itself? They are after all on the company that’s only interested in making money’s payroll,” said one of the elders. “We’ll be in the middle, helplessly watching millions of tonnes of waste being dumped into our once beautiful Basamuk Bay and trees and grass go brown on our land on the other side. The world is aware of our loss after the court battle, it should also know what we are going through as we go through and learn from our story. This outsider’s mine wants profit for itself and not to economically boost our government as the Judge pronounced that day in the Supreme Court ruling. The damages have been and are being done, and its long before any sort of economic boost, and we the Mindere people will be the victims,” said the elder.

Diamond core drilling to start at Simuku

Post-Courier 26.10.2012

COPPERMOLY Limited has announced the commencement of diamond core drilling on the Simuku copper-molybdenum porphyry system on New Britain Island. Drilling at the Nayam Prospect commenced in September and has now been completed to 314.9 metres depth. A second hole has commenced at the Misile Prospect. Barrick (PNG Exploration) Ltd has spent over \$22.4 million on Coppermoly's Simuku (Exploration Licence EL1077), Nakru (EL1043) and Talelumas (EL1445) tenements and has now earned a 72% stake in these three tenements.

Lihir: Sweep asked to probe K6 million

Post-Courier 26.10.2012

THE Lihir Landowners want the Sweep Team to look into the issue of a K5.95 million payments to Lihir Geothermal Limited (LGL) in 2009 for drafting a policy and legislation on geothermal energy for Lihir Gold Mine. The landowners also want the Sweep Team to look into a US\$ 10 million payment as a success fee paid to the company LGL as stated in a National Executive Council paper – Decision number 25 of 2009 which they had just obtained. “We just want an explanation, maybe from Petroleum Minister William Duma or the Mining Minister because it seems the fees are too excessive and if it came from the LGM, it is suspicious,” the landowners said yesterday. “We are in receipt of a Cabinet decision of 05th March 2009, where Council:

*Approved the Inter-Departmental Tender Committee and Ministerial Economic Committee (MEC) recommendation for Lihir Geothermal Limited (LGL) to be engaged to draft policy and legislation on geothermal energy at a cost of K5.95million and payment to be made as per the Departments of National Planning and Monitoring, Treasury and Finance approvals;

*Approved engagement of Lihir Geothermal Limited (LG) as the preferred geothermal consultant at a proposal success fee of US\$10 million. The success fee shall be paid from monies secured from Lihir Gold mine (LGM);

*Directed the minister for Petroleum and Energy to provide copies of draft policy and legislation once it becomes available and seek further directions from the NEC and

*Directed Minister for Petroleum and Energy to provide updates on the negotiations with Lihir Gold Mine (LGM) on the payment for use of the State's geothermal resources.

“We are not saying this is illegally used or this is misused. We are just querying who owns LGL, and anything else we Lihirians need to know,” they said. “If these payments were approved as engagement of consultants to undertake policy and legislation on geothermal and secure payments from Lihir Gold Limited for the extraction and commercialization of geothermal resources on Lihir island, we as the landowners need to know,” they said. The landowners will be writing to Governor Sir Julius Chan and Mining minister Byron Chan and the Minister responsible to explain.

24,000 Petition PNG Government to Stop Solwara 1 Mining

Residents call for moratorium on all deep sea mining

By Caldron Laepa

PORT MORESBY, Papua New Guinea (The National, Oct. 25, 2012) – A petition, signed by 24,000 people living in the immediate area of the controversial seabed mining site in the Bismarck Sea, has requested the government to stop the project and review its approval process. Bismarck-Solomon Sea Indigenous People's Council president John Simoi presented the petition to Mining Minister Byron Chan and government representatives this week. Simoi said the petition was over dissatisfaction with the project's environmental impact studies (EIS). He said the project had commissioned Prof. Richard Steiner from the University of Alaska in 2010 to produce a report that

showed the EIS approved by the Department of Environment and Conservation was not satisfactory.

"The sea is our garden. That is where we get our food to survive. "We cannot let the investor destroy this. We are asking the government to put a moratorium for, say 10 years, on deep-sea mining or stop deep-sea mining," he said. The people, including landowners from Madang, Northern and New Britain provinces signed the petition, saying they did not want Canadian-owned Nautilus Minerals' Solwara 1 project to go ahead. The project is the first of its kind in the world and will see minerals – mostly copper and gold – extracted from the ocean floor. Nautilus was granted a 20-year lease by the government of Sir Michael Somare and plans to mine an area 1.6 kilometers beneath the ocean, 50 kilometers off the coast of New Britain.

Ok Tedi Company Eyes Stake in Another PNG Mining Project

PNG shareholders interested in 'extraordinarily valuable asset'

MELBOURNE, Australia (Radio Australia, Oct. 25, 2012) – Directors of Papua New Guinea's Ok Tedi Mining Limited say they are interested in buying a stake in Xstrata Copper's US\$5.3 billion Frieda River project. With production due to start winding down at the Ok Tedi mine in the next few years, the company bearing its name is looking for new opportunities. Managing Director, Nigel Parker, says Ok Tedi's major shareholder, PNG Sustainable Development Program Limited, is very interested in the Frieda River project.

Since the Canadian company, Inmet Mining Corporation, sold out at the beginning of last year, Ok Tedi has been 100 percent owned for the benefit of Papua New Guineans. PNG's Government has a 37 percent stake in Ok Tedi, with PNG Sustainable Development Program Limited owning the rest. Mr. Parker says he would like to make a move as soon as possible but that depends on shareholder commitment. "This is an extraordinarily valuable asset, we cannot let this asset die, otherwise the Papua New Guinean nation loses out," Mr. Parker told Radio Australia. Talks with PNG's Government are expected to start soon. The Frieda River deposit is one of the largest undeveloped gold and copper deposits in the Asia Pacific.

PNG PM calls on BHP Billiton to hand back control of PNGSDP

Papua New Guinea's Prime Minister, Peter O'Neill, has called on BHP Billiton to hand control of board appointments to the PNG Sustainable Development Program Ltd, to Papua New Guinea.

ABC, Radio Australia; quoted by PNG Mine Watch 25.10.2012

It is now ten years since BHP left PNG. When it did so it gave its shareholding in the giant Ok Tedi gold and copper mine to the people of PNG. That shareholding is still held in a Singapore-based company called PNG Sustainable Development Program Ltd – an organisation that's mission is to provide infrastructure and development opportunities for Papua New Guineans.

Jemima Garrett reports.

Presenter: Jemima Garrett

Speaker: PNG's Prime Minister, Peter O'Neill

GARRETT: In the late 1990's BHP faced a storm of criticism and legal action over the environmental damage caused by its Ok Tedi copper mine.

The mine had been putting millions of tonnes of waste each year into the Ok Tedi and Fly rivers, causing pollution, flooding and dieback along 800 kilometres of waterways.

In 2002, with its reputation at stake, BHP decided to pull out of Papua New Guinea – handing its shareholding in Ok Tedi over to the people in return for a guarantee that it would not be liable for any more environmental claims.

But the company retained the right to appoint the 3 of the 7 Board members of PNG Sustainable Development Program Ltd – the vehicle for the PNG people’s shareholding.

PNGSDP is an influential player in PNG. Since the Canadian miner, Inmet, sold out of Ok Tedi early last year it holds the lion’s share of Ok Tedi – and Ok Tedi is by far the PNG government’s largest single source of domestic revenue.

PNGSDP has assets of US \$1.4 billion and its development program includes everything from roads, wharves and airstrips through to health and education programs and help for small business.

PNG’s Prime Minister, Peter O’Neill, says it is time for BHP Billiton to take a step backwards.

O’NEILL: I think BHP should take its leave at some stage. I’d rather it be sooner than later. BHP has to learn that it has to move on.

GARRETT: BHP Billiton appoints 3 Directors to PNG Sustainable Development Program Ltd. All are Australian.

O’NEILL: Papua New Guineans are now capable of managing their own affairs. We don’t need to be managed the affairs of some of our activities like Sustainable to be managed on our behalf from Melbourne. We believe that it is time that after 10 or 12 years of Sustainable being in operation they relinquish the management of that to a Papua New Guinean-based, Papua New Guinean-run organisation.

GARRETT: PNG’s Prime Minister, Peter O’Neill.

BHP Billiton did not have anyone available to respond to Mr O’Neill’s comments but in a statement it said the results achieved by PNGSDP to date reflect very well on the Board and all directors in the past 10 years.

Any changes to the governance arrangements, it said, should ensure the ongoing sustainable performance of the company.

In the past couple of years, as PNGSDP’s assets have grown, its development program has accelerated.

With the departure of Inmet, Ok Tedi, is now 100%-owned for the benefit of Papua New Guineans and it, too, has been re-orienting its approach to put more emphasis on environmental and social outcomes.

Independent Writer, Martyn Namarong, is one of many Papua New Guineans who agrees with Mr O’Neill that it is time for BHP Billiton to hand over control its PNGSDP Board positions.

NAMARONG: There is enough skills and experience in PNG for Papua New Guineans to be greater involved in that. And that’s sort of a natural follow on from the fact that the mine and the shareholding is now PNG focussed. I don’t think all Papua New Guineans are thieves, or corrupt people, or incompetent people. There are some very decent people around and they can take up those roles.

They are just not given the opportunity to do that.

GARRETT: One criticism that has been levelled at PNGSDP is that it is an ATM for expatriats – I guess they mean there is too many expatriates employed, and too many expatriate contractors and consultants. What is your view?

NAMARONG: Yes, that is a reality and I suppose it is because PNG Sustainable Development is sort of like a bank and it has partners who implement projects and these are mainly foreign-owned organisations or stuff like that. I suppose the fact that the Chairman is an expatriate or an Australian, Ross Garnaut, and stuff like that, so maybe he has staff members who are also expatriates. It goes back to my previous comment and that is about greater PNG ownership of that, not just symbolically, but in real terms of Papua New Guineans operating their own affairs with regards to the operation of the mine itself, plus the operations of PNGSDP, and in effect Papua New Guineans determining their own future and moving on from what has been a major environmental disaster.

P'nyang gas eyed for LNG plant expansion

The National, 25th October, 2012

THE ExxonMobil-led joint venture which holds the P'nyang gas field in Western is conducting pre front-end engineering and design studies to use the newly-discovered resource as the basis for an expansion of the PNG LNG project, partner Oil Search said on Tuesday. "The PRL 3 joint venture has agreed to move forward into the pre-FEED concept selection stage, with the primary option being to utilise P'nyang as a foundation resource for train three (at the PNG LNG project)," Oil Search said in its quarterly report. "Preliminary studies on potential design concepts and costs have now commenced." The work is expected to continue through to the end of this year, Oil Search added. The PRL 3 permit containing P'nyang is held 38.5% by Oil Search, 49% by operator ExxonMobil and 12.5% by JX Nippon.

ExxonMobil is also the operator of the US\$15.7 billion PNG LNG project, which is currently two years into a four-year construction schedule and is on track to start up in 2014. The liquefaction facilities will comprise two LNG production trains with total capacity of 6.6 million mt/year. Oil Search, which operates all of PNG's producing oil and gas fields, posted net output for third-quarter 2012 of 1.33 million barrel of oil equivalent (BOE) at an average of 14,466 boe/d. Output was 26% lower than the second quarter's 1.8 million boe due to an initial curtailment and then a full shut-down of production for nearly four weeks while investigations were undertaken to identify the source of a minor oil sheen on the sea surface close to the Kumul marine terminal. No source of any leak in the oil export system was found and loadings resumed in late August with no reappearance of the sheen, the company said.

"Once production resumed, there were some delays in establishing optimal plant operations," Oil Search added. "In addition, major flooding in PNG during the quarter had an impact on logistical and operational activities." Oil Search managing director Peter Botten said strong oil production had been recorded since operations resumed and despite the shutdown, output for full-year 2012 was still expected to be within the company's 6.2 million to 6.7 million boe guidance range. Oil Search's operating revenue for the third quarter of this year was US\$107.8 million from oil sales of 680,000 barrels. Sales were substantially lower than in the second quarter due to the suspension of liftings during August, partly offset by higher oil prices. Shortly after the end of the quarter, French major Total farmed into Oil Search's exploration acreage in the PNG Gulf area. "Total has extensive experience in developing major LNG projects and has similar aspirations to Oil Search in assessing and, in the event of success, developing an LNG project in the Gulf of Papua," Botten said.

MRA supports Wafi's community participation agreement

Post-Courier 25.10.2012

THE Mineral Resources Authority (MRA) has thrown its support behind exploration company Wafi Golpu Services Limited for initiating a concept called "Community Participation Agreement" (CPA). The CPA is a concept of delivering benefits to impacted communities during exploration stage. It is a component of a broader community engagement program designed to get the support and cooperation of communities living within the footprints of the Wafi project so that good relations are maintained with one another to enable WGS� to undertake the pre-development activities expeditiously. The concept is the first of its kind in Papua New Guinea where a community is given an opportunity to receive benefits when a company is merely exploring for resources. Under normal circumstances, resource owners and impacted communities receive benefits only after a company starts mining.

Last Thursday (18 Oct) WGLS and one of the sixteen impacted communities of Timini in the Mumeng Local Level Government in Bulolo district, signed the CPA at Timini village. In the agreement among other things, WGS� committed to provide:

- * preferential employment opportunities with Wafi Golpu Joint Ventures (WGJV) and its contractors, for suitably qualified and skilled community members;
- * skills training for locally hired employees to enhance long term employability; and
- * Participation in the WGJV education assistance program and sponsorship of eligible students through tertiary studies.

In exchange for the company's commitments, the Timini community committed to:

- * support and corporate with WGLS in its pre-development activities;
- * maintain peace and good order in the community and in particular in the company's "activities area" in order to facilitate the conduct of the pre-development activities;
- * deal with each other and WGS� fairly and with honesty and respect with regards to all matters that are the subject of the agreement; and
- * not take any action or support any action that may impact negatively on the conduct by WGS� of its pre-development activities

A total of 16 communities surrounding the Wafi Golpu project are expected to sign similar agreements with WGS�. It is understood that this agreements will cease in 2017. The MRA's exploration coordinator for Wafi Golpu project Mr Jesse Banamu signed as a witness on behalf of the National Government. Mr Banamu told the community and the WGS� that the agreement both parties had signed must be honored. He urged the local community to support WGS� and work together to progress the Wafi project. He said the government will support the company's initiative as it will benefit its people of Timini and similarly fifteen other impacted communities.

Minister responds to casino hotel saga

Post-Courier 25.10.2012

COMMERCE and Trade Minister Richard Maru may consider the National Executive Council directives to put the nation's controversial five-star casino hotel project on open tender if he finds things are not in order. Mr Maru has strongly responded to Choi Changu Su, the former major shareholder of CMSS, the contractor behind the nation's controversial five-star hotel. Mr Maru said that Mr Choi had implied that the sale of his shares to a new investor, AusPNG Ltd, was done fraudulently by the State. "My concern is to ensure that the hotel is completed, and that shareholding issues are clearly addressed. If necessary I will seek NEC directives to put the project on open tender. If the current shareholders have no money then the State has rights to pursue, including inviting other investors to come in and invest," he said. The Minister reiterated two key messages: the sale was done between Mr Choi or his representative, and AusPNG via an agreement which was signed on 10 November 2011. When the appropriate documents were filed.

The then Minister, Charles Abel, ordered that other shareholders who should have been consulted, were consulted prior to the final change being effected. An agreement was entered into to try and capture the interests of other shareholders. Maru said the agreement was for Mr Choi to question, and not to pass the baggage to the Commerce Ministry. He said that once he became Minister, he convened a meeting between all stakeholders and gave a number of key messages: that he would like to know who the legitimate shareholders are; whether share transfers were done correctly; what is the physical status of the construction; who put what contribution into the project; and what would it take to complete the project. Mr Maru reiterated that he was not interested in addressing actions or inactions of the past regime or Minister.

He wanted to make sure the project was completed and that the legitimate stakeholders participate meaningfully. He invited Mr Choi to ask his questions directly to AusPNG Ltd as to how his shares were transferred via an agreement dated 10 November 2011. “On my part I am bringing a submission to NEC to address my own questions and position on the matter, as expressed to the stakeholders,” he said. Yesterday Mr Choi said: “As owner of CMSS, I want to exercise my constitutional right through a court of law to review and ensure my rights are preserved in this fraudulent sale and transfer of my stock to AusPNG Holdings. “I am in the dark as to what price was paid for 85 per cent of my shares, and when and how down payment deposit was made by AusPNG, and into what bank account, and who are signatories to that account. “I did not give any power of attorney to anyone to represent me in the decision and signing of the sales contract. “The State has been called upon because of the initial agreement and State’s role as the referee in the whole saga.”

Registration of Yandera cancelled

Post-Courier 25.10.2012

THE purported registration of Yandera Landowners Association with the Investment Promotion Authority as announced by the Member for Usino Bundi Anton Yagama last Thursday may be invalid. This is because a letter from the Registrar of Companies Alex Tongayu, dated Tuesday October 16, addressed to the Madang Provincial Administrator Bernard Lange had stated that he had cancelled the registration of association because they had not addressed some objections raised by a principal landowner on behalf of his Kurunogoi clan Peter Yama. Mr Yama had objected to the registration of the Yandera Landowners Association because landownership issues and identification are yet to be settled, genealogies of tribes, clans, sub-clans and families have not been done; social mapping has not been done and completed pursuant to the Mining Act and position of the Secretary as a member of the executive committee should be abolished and replaced by a public officer.

Mr Yama had also stated that the whole process was incomplete on the basis that the relevant State agencies like Minerals Resource Authority (MRA) and the Madang Provincial Government were yet to complete the process, pending the availability of funds to resolve the issues. “I firmly believe that when all the above issues are fully addressed, settled and concluded then I will allow the registration of such an association,” he said. “I’m also aware Mr Paul Mason, Field Manager of Marengo Ltd, has written to the Provincial Administrator of Madang Province that Marengo Mining Ltd has conducted and carried out social mapping and landowner’s identification programs for the past five years.

“This is not in the best interest of landowners, for the developer to directly involve in the social mapping and landowner’s identification programs where there are State agencies in place to conduct such activities. Their conduct is in direct conflict of interest in identifying landowners and their support of certain groups in the Incorporation of the Association with your office,” he stated. Mr Tongayau in his cancellation letter had advised that Mr Yama’s claim that he was the principal landowner and chief of Kurunogoi clan should not be watered down. It is important to ascertain these claims, he said.

Resource owner praises MRDC

The National, 25th October, 2012

A RESOURCE owner has praised the Mineral Resources Development Company for purchasing the Pearl Resort at Pacific Harbour in Deuba, outside Suva, Fiji. John Kila, a resource owner in the petroleum development licence areas five and six in Moran, Hela, said the investment by MRDC in Fiji and other Papua New Guinean interests was testimony of the organisation’s commitment to its members, comprising mainly resource landowner companies. He said it was also evident that the

MRDC, under managing director Augustine Mano, would do more for local landowners in future. He also acknowledged the contributions of MRDC community affairs manager Imbi Tagune who had assisted Mano in establishing health facilities, schools and banking services stretching from Kutubu and Moro to Kikori in Gulf and Samberigi. "I call on the O'Neill government to recognise such committed officers and ensure they are retained in their positions. "We, the landowners, have seen the fruits of their hard work and commitment and would like them to continue in their positions to truly serve our interests," Kila said.

Fiji resort project boosted

The National, 24th October, 2012

By FRANK SENGE KOLMA

THE Mineral Resources Development Company is looking at spending more money to further develop the 200-acre Pearl Resort and golf course in Fiji. A new marina apartment and resort expansion will include 96 two and three- bedroom apartments, turning the existing resort into a 200-room resort. Managing director Augustine Mano said the marina apartments would be centred on an exclusive pontoon marina development that would allow 36 private mooring berths plus luxury super yacht berths on a river frontage. "This will be the best of its kind in Fiji and the South Pacific," Mano said. "Previous developers may not have been successful with this property because they may not have been any synergy between them and this land but to us the sago palms on the golf course are a sure sign of success. "The timing of this project has been a critical factor in our decision making. "Fiji is at the pinnacle of economic growth with tourism breaching new boundaries and with greater foreign investments in tourism setting a trend that will push Fiji beyond its past limitations. "And now with the addition of our new marina development and apartments, this property will offer everything one could possibly imagine under the sun ... or rain."

Within a marina complex will be a bar and grill that will overlook the boats and marina boardwalk. There are plans for a new fine-dining restaurant on the beach front, new and larger spa facilities within a Health & Wellness village centred on an inland pond within the property together with an exclusive gymnasium. Conference facilities will be increased to accommodate 4,900 guests complete with food and beverage outlets and a special fisherman's bar called the Mai Bar will be developed on the river to accommodate the lucrative fishing and diving operations around the resort. The 18-hole Robert Trend Jones championship golf course is itself a great selling point for golf enthusiasts visiting or for future championships. Prime Minister Peter O'Neill on Saturday teed off to inaugurate the Prime Minister's Pearl of the Pacific championship.

With Nasfund and the Lamana Group of company's purchase and renovation of the Grand Pacific hotel right next to the presidential palace in Suva, PNG investment in the Fiji's booming tourist trade is quite substantial. The Grand Pacific, however, would cater exclusively for a niche business-oriented clientele, Nasfund Managing Director Ian Tarutia told The National. Most Fiji hotels and resorts were primed for the tourist trade with only one other hotel in the capital really geared towards business clients. The Grand Pacific is owned 50% by Nasfund PNG, 25% by Lamana Group and 25% by the Fiji National Provident Fund. Nasfund and Lamana have done a similar investment in Solomon Islands and there is rumour that they might be entering Samoa with another investment of the same kind.

Lihir destiny plan is the way forward

By *KONOPA KANA*

Post-Courier 24.10.2012

THE current discrepancy between the Nimamar Local Level government and the Lihir Mine Area

Landowners Association (LMALA) will come to a resolution once LMALA unveils its reviewed Lihir destiny plan. Lihir Mine Area Landowners Association (LMALA) Chairman Peter Suar said that this difference with the local authorities will not stop LMALA from implementing the Lihir Sustainable Development Plan to align with the Malagan Declaration and the Vision 2050 to achieve self-reliance and financial independence. Mr Suar said that LMALA will see these challenges as a way of improving and take a different approach to harness contracts and business spin-off activities that are being generated from the mine. He said that LMALA vision is to first of all bring a holistic approach to human development where individuals are able to be financially secured and can make the right investment choices. "A classic example is the LMALA system where projects are being set in a nucleus to feeder project structure where the market is readily available. LMALA understands that Lihir has a small economy but has already opened up doors to be involved provincially through MRL capital and nationally through the National Catering Services.

Marengo set to begin operations

PNG Mine Watch 24.10.2012

After eight years of continuous exploration work, Marengo Mining Limited looks certain to go into full operations to mine molybdenum and copper at its Yandera Mine in the Usino/Bundi District of Madang Province. This was revealed by company officials during a meeting they held with Usino/Bundi MP Anton Yagama over the weekend. Marengo's Managing Director Les Emery said an official decision is expected to be made before the year's end as to whether the company will go ahead and establish a mine in the area. However, Mr Emery said he was confident this would happen. He said the development of the mine in this area, deemed one of the least developed, would mean big changes to the community. Further to that there were social issues that would need to be addressed and managed. He said the immediate benefits which would come with the establishment of the mine would include employment, improved medical and educational services and the general improvement to the people's lifestyle. Mr Emery added that it was the company's desire to see these improvements taking place in the communities at Yandera and other parts of Usino/Bundi, and the province as a whole.

In this regard it was its intention to ensure it becomes a part of the family of the communities at Yandera and Upper Bundi. This was because the company believed that by working with the people all issues of concern to the respective communities could be resolved amicably so that the project will be able to progress successfully. He said as the project grows, more employees will be brought in from outside to work at the mine but assured the people of Yandera that Marengo would ensure local employment will be the number-one priority for the company. Speaking also during the presentation of the Land Owner Association certificate to the Yandera Landowners Association over the weekend, he said the company continued to be "a straight shooter" on issues of concern to its stakeholders including the landowners — adding this was not about to change. "The company wants to integrate itself into the community and not to be seen as a part-timer," he said. He added that this would forge a good working relationship between the company and all its stakeholders.

Bougainville: Alarms raised in Panguna

Post-Courier 24.10.2012

THERE are foreigners already engaged in alluvial mining in the vicinity of Panguna Mine. And already it is raising eyebrows not only for villagers and other former combatants but leaders alike. Sam Akoitai, speaking as former Mining Minister and a leader from Central Bougainville, also a former rebel hardliner has called on the National Government and the Autonomous Bougainville Government to come out clearly and explain to the people of Bougainville and PNG what law these foreigners are using and if they have complied with PNG foreign laws to enter into business

— especially in Panguna. Mr Akoitai raised these serious concerns yesterday as he knows the sensitivity of the Panguna Mine issue, particularly when the situation is still very much tense. He called on ABG leaders both provincial and national MPs to seriously address this issue of foreigners — especially Americans, Africans, Australians and others — who are engaged in alluvial mining in Panguna when the mining issues have not been addressed in full.

Mr Akoitai also raised the alarm bells for both governments to be extra cautious because the issues at hand — given that more than 20,000 lives were lost due to the Panguna issue — had not been resolved. “I am calling on the National Government and the Autonomous Bougainville Government to explain whether outsiders or foreigners who are engaged in mining activities have come through the proper channels, through Foreign Affairs, Labour and Employment or have work visas and work permits,” Mr Akoitai said. “I am specifically cautious because the situation is still very sensitive and all the leaders both in ABG and National Government must take heed and address it head on. “These people are not only doing business in mining but also scrap metal industry.”

Pacific Activists Working to Protect Natural Resources

Monitoring will keep tabs on agreements from overseas companies

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 23, 2012) – Pacific Island activists are fine-tuning plans to vet large overseas companies’ access to the region’s natural resources. A New Zealand-based researcher and activist, Ali’itasi Stewart, says the development of agreements like the Trans Pacific Partnership and the international accounting framework, the SEEA, have spurred like-minded activists around the region into action. She says the plan is to set up a think tank as well as a monitoring agency made up of local decision-makers aimed at better protecting the interests of small island nations. “Basically it will actually stop quick agreements being drawn up and it will also monitor what these conglomerates are actually doing in the Pacific so just ensuring that the fishing industry is not overfished, the mining is at a sustainable rate, that the environment is actually returned back to its natural state.” Ali’itasi Stewart says they are trying to get agreement from Pacific Island countries to take part in the monitoring agency which she hopes will be operating within five years.

Laba landowner group refutes claims in media

The National, 23rd October, 2012

EXECUTIVE chairman of Laba Holdings Ltd Raho Kevau says recent media statements have been made by a number of individuals questioning the non-delivery of community benefits to the people of the impacted area of the PNG LNG project plant site were uncalled for. Kevau says such media statements were neither truthful nor credible”. He was referring to a recent newspaper editorial that said the developer and landowner representatives have yet to deliver community benefits under the petroleum processing facility licence (PPFL) No 2 and licence-based benefits sharing agreement (LBBSA), which it claims expired last Oct 9. There are many stakeholders in the multi-million kina project and it would be unethical for reporters not to research thoroughly their information before going to the press,” Kevau said. “There is an abundance of positive information and reporters need only to meet with Laba management and directors to get to the facts.

“Early this month, the Laba BSP Rural branch officially opened for operations, bringing banking services closer to the communities. “RH Trading, in a joint venture with landowner companies, has established two commissaries on site and a new one near Laba office. The commissary was officially opened for business last Friday. “The opening coincided with almost 60 workers graduating with certificates in Entrepreneurial Development Training Centre (EDTC) ‘bright future’ training course.

“The Lealea footbridge re-construction by Esso Highlands Ltd is complete and Lealea’s 6,000 people are enjoying the smooth walk across the footbridge. “Esso Highlands has just completed personal viability training courses in Porebada and Lealea villages. “These are substantial developments and they add direct value to the communities.” Kevau said responsible leaders cannot turn a blind eye to these community initiatives and use the media to mislead the public.

Mining tribe fears armed criminals

The National, 23rd October, 2012

By GABRIEL LAHOC

A TRIBE is concerned about being attacked with high-powered guns and is seeking police help. The Hote people in Salamaua, Huon Gulf, have condemned the presence and actions of criminals in their area. Kidex Yap, spokesman of the Walama tribe of Hote who were attacked late last month at their alluvial mining camp, claimed that the armed attackers were from the neighbouring Kela village. The Butu alluvial miners’ settlement was given to Hote leaders under a colonial mining lease agreement and the Hotes have since been involved in small-scale mining. Yap said they reported the matter to the district administration and police. Police were dispatched to Kela to round up suspects but managed to bring in only three Kela leaders for questioning as the community was not co-operative.

“Our attackers were armed with pistols and other sophisticated weapons. They attacked us but we managed to escape. They destroyed our food gardens, burnt down five houses in the Butu mining settlement and stole our gold, bush knives, axes and other properties,” Yap claimed. He said they managed to trace their attackers back to Kela and towards the location of the Salamaua Heath Centre. “We have been co-operative and call on the Kela community leaders and government representatives to help bring these culprits to justice.” he said. Morobe provincial Police Commander Chief Insp David Warap said he was not aware of the matter but it was serious because of the presence of high-powered firearms and promised to look into it. He also appealed to the Hote leaders to help solve the matter. Salamaua local level government president Joshua Haggai and district administrator Robin Bazinu could not be contacted.

Ramu NiCo chief visits coast farmers

The National, 23rd October, 2012

RAMU NiCo Management (MCC) Ltd director and executive vice-president Gu Yuxiang visited agriculture projects in the Astrolabe Bay area of Raicoast district, Madang, last Friday. Gu was able to see the work being done by farmers contracted by the Ramu NiCo agriculture officers. Ramu NiCo is assisting smallholder farmers in cocoa rehabilitation, rice farming, livestock, aquaculture and vegetable training. The farmers are mainly from the Astrolabe Bay within the coastal pipeline area of Ramu NiCo projects including Erima, Bom, Lalok, Male and Bongu. Gu told the local that the company’s vision was to ensure that people affected by the company’s projects were “prosperous, happy, healthy and educated”. Since 2009, Ramu NiCo was extensively involved in the delivery of agriculture technical assistance to the local people. According to the company’s agriculture supervisor Allan Wahwah: “The cultural, economical, legal, social, political, and technological pressures have been identified as major setbacks for the local farmers”. Accompanying Gu on the visit were company community affairs general manager Martin Paining, his deputy Stotick Kamya and Yak Namaliu from the PNG Cocoa Coconut Institute.

Sale of Casino shares decried

Post-Courier 23.10.2012

MANAGEMENT of CMSS (PNG) Ltd, the former contractor of the controversial Five Star International Casino Hotel in Port Moresby, have decried the sale and transfer of their share and company to AusPNG Holdings Ltd. The owner and Chairman of CMSS (PNG) Ltd, Choi Chang Su, has claimed that he has never given any power of attorney to anyone, even his employee whatsoever, to dispose his ownership of CMSS (PNG) Ltd to any party including AusPNG Holdings Ltd. "If there were any documentation to show the contrary, it is all done fraudulently without my knowledge, consent and authorisation," Mr Choi said from his current location in Manila, Philippines. He claimed that State agencies of the Government through the Commerce and Industry Department and the Registry of Companies may have harboured and facilitated this fraudulent transaction knowingly or not because he has not got any response to his letters send by DHL. He has also written to the Minister for Commerce and Industry.

"When I entered Papua New Guinea last April to enquired into the alleged fraudulent sale and transfer of my shares in CMSS (PNG) Ltd, I was manhandled by rough policeman under someone's instruction and detained without any charges for seven days and got deported without any reason," Mr Choi Said. According to Mr Choi, he has substantial investment interest in PNG through his company CMSS (PNG) Ltd and the Port Moresby Casino Hotel Project, therefore his entry and exit into PNG should not be hindered in order for him to conduct his business activities or pursue any legal recourse on his investment interest with any aggrieved parties. But to deny his entry into PNG by unilateral actions of certain individuals lacks natural justice, especially in his case as a foreigner with substantial investment interest in the host country. "Not to be given a fair hearing to face any alleged disputes whatsoever, leaves a lot to be desired," he remarked.

Mr Choi said that he was seeking legal assistance to prosecute those involved in the alleged fraud and nullify the illegal transaction'. He further explained that the two year delay of the project was mainly due to the intervention allowed out of respect for a former state minister who wanted the LNG landowners to invest their seed capital, in which the deal fell through. Then the funding proposed by him through an Indian and then a Chinese business operator fell through. Mr Choi said he has his own funding arranged to complete the hotel when everything is cleared and his rightful ownership is restored". He also pointed out that he built his hotel on state land but nothing is free as substantial annual land rates has been paid since it was converted to commercial lease. He said the hotel is constructed on a heavy steel and solid concrete structure and should not be condemned by anyone with limited structural engineering experience. He pointed out that all critics need to have a balance so he had to come out to clarify for the benefit of everyone. He will also be calling on the Ombudsman Commission and the Police Fraud Division to investigate. AusPNG yesterday advised that their appointment was done by the Government under the leadership of Charles Abel, former Commerce and Trade Minister early this year.

Lihir to enjoy high standard

Post-Courier 23.10.2012

By *JASON GIMA WURI*

THE Lihir Mining Area Landowners Association (LMALA) has criticised recent media reports concerning the distribution of royalties, landowner compensation and other benefits associated with the Lihir Island Gold Mine. In a press conference in Port Moresby yesterday, the members of LMALA expressed their concerns claiming that statements made by the President of Nimarmar Rural LLG (NRLLG) Rudolf Tongop and his officers were misleading. LMALA Chairman Peter Suar said "LMALA is the only authorised representative of the mining area landowners on Lihir Island. "The NRLLG has no authority to speak on behalf of the mining area LO's. The NRLLG President has no authority to speak on behalf of the LO's. He has failed to substantiate any of his claims. His

claims are without substance. He said LMALA was not aware of any Financial Benefits having been misappropriated. “Although development on Lihir Island has not been as fast as many had hoped for on the island, all Lihirians have shared in the Financial Benefits. The Lihirian’s have developed a plan (Lihir Destiny) which will enable them to enjoy a high standard of living after the Lihir Gold Mine closes.

Yandera group registered

The National, 22nd October, 2012

AFTER years of struggle, the Yandera people in Madang, where Marengo Mining is developing a world-class mine, have finally registered their association with the Investment Promotion Authority (IPA). Local Usino-Bundi MP, Anton Yagama, handed the certificate at Yandera village last Thursday. This was witnessed by the Madang Governor Jim Kas, Moses Mambu of Mineral Resources Authority (MRA) and Les Emery and Sir Rabbie Namaliu of Marengo. Receiving the certificate, landowner spokesman John Barre thanked Kas and Yagama, MRA and Marengo Mining for their understanding and support. He said with the association being recognised, they were now in a better position to participate meaningfully in the development of Yandera project. He said landowners owned the resource, meaning under customary law, anything under land belonged to the people. For Yandera project, it is the landowners who are stakeholders and it is for them that the association was formed.

“Now that we have the association registered, we would like to inform the developer (Marengo Mining) and the government that they cannot dictate us what to do,” Barre said. “We, as partners, would like to have equal participation and determine for ourselves what we want to do and for our future generation.” But despite that he said they still needed funds to operate independently and consequently hold election and elect their executives. “We ask Governor (Kas) and MRA to assist with capital so that this will give us power to function properly as an independent body,” Barre said. He said they needed to organise and set up an umbrella company before the project went into construction and production stages. Kas committed K100,000 which would be made available in the 2013 Madang provincial budget. “I will provide this money but it is up to you to use it in a way that will strengthen you,” he said.

Lihirians benefiting from mine

The National, 22nd October, 2012

WHILE development on Lihir Island, New Ireland, has not progressed as quickly as some Lihirians had hoped for, all project landowners on the island, including those affected by the project development, have shared in the financial benefits. All Lihirians have enjoyed a high standard of living achieved through the Lihir Sustainable Development Plan (LSDP), Lihir Mining Area Landowners Association (LMALA) chairman Peter Suar said in Port Moresby at the weekend. Suar said the people of Lihir had developed a plan, termed the Lihir destiny, which would help them maintain and sustain their living standards well after the gold mining project had gone. He said recent statements by the local level government were indications of the politicians’ misunderstanding of the Lihir destiny. “The Nimamar statements show that its officials do not understand the Lihir plan and do not ascribe to the values, cooperation, team work and sharing that all true Lihirians hold dear.

“The Lihir destiny is the vision for how all Lihirians will achieve self-reliance and financial independence after all mining activities on the island have ceased. “It involves permanent replacement and addressing the losses that will come about as a result of the mining activities. “For Lihirians outside the mine-affected areas, the Lihir destiny involves giving them access to and allowing them

to participate in a modern economy in a meaningful and fulfilling way,” Suar said. He said the integrated benefits package (IBP) agreement, signed in 2007, is the main source of funds which would enable the realisation of the Lihir plan. “The mine developer pays compensation to the landowners under the IBP. “A separate memorandum of agreement deals with royalties, special support grants and inter-governmental relations concerning the Lihir gold mine project.” Suar said the IBP payments had been channelled to specific projects and programmes including education, community health, roads, water supply and infrastructure.

OK Tedi - raise tax ceiling

Post-Courier 22.10.2012

By ISAAC NICHOLAS

FINANCE Minister James Marape has given his undertaking to factor the OK Tedi Mining Limited request to increase the tax credit scheme ceiling from K25 million to K60 million a year for projects in the mine impacted areas. Mr Marape gave the undertaking to increase the rate of tax credit from 0.75 percent to 2 percent in the 2013 Budget during the launch of the proposed Tabubil-Telefomin-Oksapmin road plan at Paddy’s conference room in Port Moresby on Thursday evening. It was given in response to OTML Govt and External Relations General Manager Musje Werror who said the request from OTML to increase the tax credit ceiling from 0.75 percent to 4 percent has been knocked back four times by the national govt. Mr Werror said last year alone OTML contributed K1 billion in taxes that has enabled some of the govt’s programs to be implemented. “Over the last nine years we contributed USD1 billion dividends to the State alone, we contributed USD1.7 billion to PNG Sustainable Development Program.” he said.

“And just last year we bought out Inmet’s 18 percent shareholding, making OK Tedi 100 percent for the benefit of PNG. “This road is a critical road and has been in OK Tedi’s vision to link Tabubil to Telefomin,” he said. Mr Werror said OK Tedi and Tabubil has been seen as the end of the road and when you have a town at the end of the road and when the economy in that area comes to end, Tabubil will become a ghost town. “This link to Telefomin is now creating a future for this area and the presence of OK Tedi has enabled that and I must also reiterate that roads enable development, commerce and it will allow people to be self-reliant to build PNG to go forward,” he said. Mr Werror made his appeal on behalf of OTML to Finance Minister Marape, Works Minister Francis Awesa and Fisheries Minister Mao Zeming who attended the launch last week. “Ministers, we have submitted four times to the govt to increase the tax credit scheme ceiling from 0.75 per cent to 2 per cent.” he said.

Western Province: Marape: Telefomin to get highway

The National, 22nd October, 2012

THE Telefomin people have been assured that the national government will fund the Tabubil-Telefomin highway. Finance Minister James Marape and Works and Implementation Minister Francis Awesa gave the assurance during the presentation of a feasibility study on the road in Port Moresby last Thursday. The study was conducted by Allan Bon, a mining engineer from the area, and local MP Solan Mirisim. The 70km road will cost K174 million. Marape said the road could not be included in the 2013 budget but would be in the following year. He said that there were so many needs all over the country and the government was challenged to meet them all. However, he said the road was important as it would assist development and increase economic development. Awesa said he would commit some money for the total design and scope of the project so that the road was included in the 2014 budget. Marape indicated that 50% of the 2013 national budget would be focused on provinces and districts. “We are a government focused on the provinces, districts and rural areas for the next five years.” He said that a stringent financial management system would have to

be put in place so that the money allocated was spent well to effect changes in the provinces and districts.

Bougainville: ABG sees Panguna re-opening as priority

Post-Courier 19.10.2012

By *GRACE TIDEN*

THE AUTONOMOUS Bougainville Government has considered the Panguna Re-Opening Process and Negotiations as its highest priority. Speaking in Kokopo on Wednesday this week during the one-day Joint Supervisory Body meeting between the ABG and the National Government, ABG President Chief Dr John Momis said they hope the issue will be treated as a special agenda on all future JSB meetings until the matter was concluded. He said the brief that was presented to the JSB detailed the administrative actions taken jointly by the ABG and by the appropriate National Government Departments to deal with the Panguna Re-Opening Process. A meeting between ABG and the National Government Technical Officers (Joint Technical Officials Meeting) which was held two days before the JSB meeting recommended that a Joint Panguna Review Coordination Group to be established and that the ABG was preparing itself and the landowners to negotiate on this matter. A full brief by the ABG and the National Government on the progress of the Panguna re-opening process and negotiations was presented during the JSB meeting.

Amongst the conclusions and records of the JSB was the Panguna Negotiations which stated that the JSB noted the establishment of the Panguna Co-ordination Committee within the ABG for the Panguna reopening process and fully endorsed the work streams and the cooperative relations between the ABG and the National Government. The JSB also agreed for the state to commit its support to the process for the reopening of the Panguna Mine. Dr Momis also said under the JSB Agenda item Mining, Oil and Gas, the ABG was working on its own mining legislation and drafting instructions has been approved for a Bill for a transitional ABG Mining Act. He said the main reason for this step being taken was to emphasis that it was the ABG that sets mining policy for Bougainville and that all stakeholders must obey the law. "This includes foreign companies, some of which so far have failed to even consult either the ABG or lawful PNG authorities about their mining related activities in Bougainville. This ABG legislation will hopefully put a stop to this practice in an emphatic way," he said.

Newcrest forecast increased output

The National, 19th October, 2012

GOLD miner Newcrest expects gold production to progressively increase over the remainder of the year after a fall in quarterly production due to processing interruptions. The world's third largest gold miner yesterday said guidance for production, costs and capital expenditure remained unchanged as expansions at Cadia and Lihir neared completion. Gold production for the September quarter this year was 460,425 ounces, down from 587,310oz in the June quarter, while copper production fell to 18,598 tonnes, down from 20,544t. Gold production at Cadia Valley was down 19% on the previous three months due to the cessation of mining of the Cadia Hill open pit as the Cadia East underground mine, in central western NSW, ramped up.

Newcrest also reported a 21% fall in quarterly gold production at its flagship Lihir operation in Papua New Guinea due to a production interruption and a dispute involving the Lihir Mining Area Landowners' Association. Gold production at Telfer was 16% lower than the previous quarter, due to a planned maintenance shutdown. Newcrest said its major project expansions at Cadia Valley and Lihir were nearing completion and both remained on schedule. "The Lihir MOPU project is ex-

pected to be completed in the December 2012 quarter,” the company said in a statement. “Cadia East is on schedule to achieve first commercial production in the December 2012 quarter.”

Some uses of copper: International Copper Association Post-Courier 19.10.2012

When Papua New Guineans think of copper, they think mostly of copper wire and of course our copper mine at Ok Tedi. But copper is more than a base metal used to conduct electricity as John Fennell, CEO of the International Copper Association (ICA), Australia, revealed earlier this month during a visit to Ok Tedi. ICA Australia’s members include major industry players such as BHP Billiton, Rio Tinto, Ok Tedi Mining Ltd and Xstrata. ICA is a New York-based organisation primarily focussed on research and development of copper products. It has 43 member-companies from around the world that invest around US\$ 100 million (about K196 million) in creating innovative copper based solutions to meet the increasing demands of industry and households. For instance, the ICA has developed innovative copper fish nets that increase productivity and improve fish quality on fish farms.

The ICA through its aquaculture arm, EcoSea, has distributed around 400 copper fish nets around the world. Copper nets have reduced aquaculture costs by 20 percent as they require less cleaning and repairs. With the growing interest on Barramundi farming in Western Province, copper nets could potentially improve efficiency and increase productivity of local Barramundi farms by allowing local fish farmers to use fresh water systems instead of stagnant fish ponds. Ok Tedi Mining Limited (OTML) is a member of the Oceania branch of the International Copper Association. Mr Fennell visited the mine for a few days and was excited about the company’s mine life extension plans. “It’s great to see companies like Ok Tedi extending well into the future because we sure need copper around the world,” Mr Fennell said. One other exciting new frontier being keenly pursued by the ICA is the use of copper-alloy touch surfaces that have antimicrobial properties.

Mr Fennell explained that many harmful bacteria like the infamous hospital superbug Methicillin Resistant staphylococcus aureus [MRSA], die on contact with copper. He further emphasised that many people may not know that other harmful bacteria like Clostridium difficile, E.coli also die once they come into contact with copper. Copper touch surfaces could have various applications in hospitals and public spaces to reduce the spread of infections in the community and improve general wellbeing. Antimicrobial copper surfaces could be used on kitchen bench tops and equipment in public eating places, as they kill most bacteria unlike commonly used stainless steel appliances. Statistics from the National Department of Health indicate that Pneumonia is the biggest cause of hospital admissions and mortality in PNG. Respiratory infections are most commonly spread by hand contact with contaminated surfaces. The application of copper touch surfaces on taps, door handles, support bars and hospital equipment could help reduce the spread of respiratory infections.

OTML, through its Oceania membership of the International Copper Association, is contributing to improvements in Public Health through the application of antimicrobial copper. OTML also directly contributes to improvements in community wellbeing through employee Occupational Health and Safety initiatives as well as its K20 million North Fly Health Services Development Program. The North Fly Health Services Development Program Annual Report for 2011 reported that in 2010, North Fly saw an increase in diarrheal diseases amongst children under five years, with an incidence of 615 cases per 1000 children under five years. The challenges of water and sanitation can be eased by the application antibacterial copper touch surfaces to reduce contamination by E.coli and other gut flora.

Papua New Guinea produced 146,336 tonnes of copper in 2011, through OTML. Last year, OTML earned K4.536 billion in export revenue. Its shareholders (State of PNG and PNG Sustainable De-

velopment Programme Limited) received dividends totalling K1.654 billion. Mining royalties paid to the Fly River Provincial Government and Landowners totalled K86 million while total taxes paid to the PNG Government were close to K1.2 billion. The economic and public health benefits of copper are enormous and counterbalance the environmental impact of mining. OTML recognises these positive societal benefits of copper and is currently focused on Mine Life Extension (MLE) whilst mitigating risks. "We are pursuing a Mine Life Extension that is not only feasible in commercial terms but socially and environmentally acceptable to stakeholders," says Nigel Parker, the Managing Director and CEO of OTML.

Manus drilling sees results

Post-Courier 19.10.2012

Triple Plate Junction (TPJ) yesterday revealed the first batch of drill results from recent work on the Manus Island Exploration Joint Venture with Newcrest Mining. Today's results come from four of the first six drill holes in the Newcrest programme. Meanwhile, Newcrest is assessing the nearby Arie porphyry prospect. This ahead of a review, by Newcrest, into its future plans for the Manus Island campaign. "Following the recent completion of the intended initial six holes, the rig has now moved to the porphyry prospect at Arie, and our partner Newcrest has been working efficiently to complete this initial program," said Chief Executive Fraser McGee. "Newcrest is currently finishing the final of three holes at Arie and we are looking forward to receiving, reviewing and announcing the drilling results from the balance of this programme. "It is anticipated that Newcrest will have completed its review of both the Kisi and Arie prospects and decided upon its next steps during January 2013."

Exploration work has now delineated a broad gold and silver epithermal district. The area referred to as the Kisi-Soon_Poet system, is believed to be around 4 kilometres long and up to 1 kilometre wide. This area comprises two zones - Kisi and Soon_Poet and Newcrest has drilled two holes on the southern part, Kisi zone. Assays have been received for one of them, yielding 5.8 metres at 1.2 grams per tonne gold and 12 g/t silver. In the northern part of the Kisi zone three diamond holes were drilled, though no significant assays were returned from the hard rock drill core. In one hole, gold from loose surface sediment contained 18 metres at 0.34 g/t. Near surface results from another hole are still awaited. "Low sulphidation epithermal deposits are notoriously elusive and a great deal of patience and perseverance is generally required prior to success," the company said. It added however that high grade sampling in the past and the more wide spread sampling by Newcrest demonstrate that the Kisi-Soon-Poet area is a significant mineralising system.

Toke Talagi Calls For Discussion On Mining In Niue

Stresses importance of locals benefit from industry

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 18, 2012) – Niue's premier Toke Talagi is urging the Niue community to start talking about the prospect of mining on the island. Mr. Talagi says negotiations are still continuing with an Australian and New Zealand company over the prospect of mining and it's important Niueans are assured the best possible outcome. He says cabinet will make a decision on whether to go ahead once talks focusing on the benefits for Niue are finalized. He says he would like people in Niue to start talking about mining and they should do so in a measured way. He says there are many issues like the impact on fresh water resources to consider.

Indigenous New Caledonians Face Inequality At Home

Professor cites disparity in education, income, employment

MELBOURNE, Australia (Radio Australia, Oct. 18, 2012) – Despite New Caledonia having one of the largest economies in the Pacific region, inequality persists between the indigenous Kanak people and the rest of the population. An assistant professor of Economics at the University of New Caledonia, Catherine Ris, used data from recent censuses to determine the status of the indigenous population and the extent to which it differs from other New Caledonians. She told Pacific Beat the benefits from New Caledonia's booming nickel industry have not been equally shared with huge disparities in income, educational qualifications and employment. "One of the reasons for that is that school achievement really differs across ethnicities," she said.

Only three percent of Kanaks graduate from higher education, compared to 23 percent of the rest of the population while unemployment among young indigenous Kanaks stands at 38 percent - four times greater than for the rest of the population. "This disparity in school achievements also implies of course disparities in access to employment, labor market outcome and income distribution," she says. Non-Kanak people also benefit from having better social networks and more information when it comes to applying for jobs. "Another reason is there are very few Kanak people in managerial or higher positions in the labor market so there is no really representation for young Kanak people to say I can do that, I can reach that position," she says. But Ms. Ris says the scope of inequality has greatly decreased compared to 20 years ago. "With time, people get more and more qualified and I guess will need time to get access to the labor market," she says. Ms. Ris says it may be difficult to get her research noticed in New Caledonia, where ethnicity is a touch subject. "It's still very sensitive," she said.

High grade gold results continue at Mt Kare

The National, 18th October, 2012

HIGH grade gold results continue to be returned in assays from the drilling at Indochine Mining's gold/silver project at Mt Kare, Enga. Recent best results returned include:

- 1 Drillhole 137SD12. 10m at 6 grammes/tonne gold, 2.3 g/t silver from 7m depth downhole;
- 1 11m at 6.4 grammes/tonne gold, 14 g/t silver from 25 to 36m downhole.
- 1 Drillhole 138SD12. 32m at 4.1 grammes/tonne gold, 6.0 g/t silver from 35 to 67m downhole, which includes 4m at 17.2 grammes/tonne gold, 4.3 g/t silver from 35 to 39m downhole.
- 1 Drillhole 142SD12. 42m at 2 grammes/tonne gold, 38 g/t silver from 20 to 62m downhole, which includes 15m at 3 grammes/tonne gold, 57 g/t silver from 45 to 60m downhole.
- 1 Drillhole 143 SD12. 35m at 2.5 grammes/tonne gold, 90 g/t silver from 7 to 42m downhole; and
- 1 12.25m at 2.7 grammes/tonne gold, 21 g/t silver from 30 to 55m downhole, which includes 16m at 3.6 grammes/tonne gold, 31 g/t silver from 30 to 46m downhole.

Results from a further 36 drillholes are pending and are expected to be released over the coming months. The JORC Resource currently stands at 28mt at 1.9g/t gold for 1.8moz gold and 20moz silver, with a higher grade zone of 700,000oz gold at 3.7 g/t gold. Ian Ross, chairman IDC, confirms that the company will be focusing on a new drilling programme to prove up Tony Burgess' three high grade zones. "Mr Burgess conducted a recent three-week data review of historical and recent drilling at Mt Kare, including a detailed site visit, designed to focus the future drilling programme." He has identified three high grade zones with potential extensions at depth and along strike, in a report just tabled with the board. Burgess said the high grade zones were "bonanza gold occurrences".

Marengo upgrades reserves

The National, 18th October, 2012

MARENGO Mining continues to receive high grade assays from drilling at its Yandera copper molybdenum gold project in Madang. Notable results include:

- n Omora Zone, 165m at 1.08% copper and 381ppm molybdenum including 66m at 1.8% copper and 574ppm molybdenum;
- n Gremi Zone, 186m at 0.89% copper and 232ppm molybdenum; and
- n Imbruminda Zone, 270m at 0.8% copper, 264ppm molybdenum and 0.58 grammes per tonne (g/t) gold including 90 metres at 1.73% copper, 585ppm molybdenum and 0.51g/t gold.

The drill results will be included in the mine planning being undertaken as part of Marengo Mining's feasibility study, which is nearing completion. They provide strong evidence of high grade zones, which are expected to enhance revenues and cash flows from mining in the early years of the targeted 20 year operation at Yandera. Yandera has a total measured and indicated resource of 362 million tonnes at 0.43% copper, while its inferred resource currently totals 218 million tonnes at 0.37% copper. The project is located 95km southwest of the northern seaport of Madang within the highly prospective New Guinea copper-gold belt.

InterOil to sell LNG stakes

The National, 17th of October, 2012

A JOINT venture headed by InterOil Corp has offered to sell half of two gas fields it owns in Papua New Guinea to the government and local landowners, in a move that may unlock development of a new US\$6 billion-plus export project, according to documents seen by The Wall Street Journal. Liquid Niugini Gas Ltd signed an agreement in 2009 with PNG to develop a large-scale liquefied natural gas (LNG) project, but it has since clashed several times with the government over the design of the venture. In May, the government threatened to terminate the agreement, triggering a fresh round of talks. A letter sent by Liquid Niugini Gas, dated Sept 18 and seen by The Wall Street Journal, outlined the venture's new offer to overhaul ownership of the Elk and Antelope gas fields and secure a breakthrough in the long-running dispute.

It offers to split ownership of Elk and Antelope's resources equally, with InterOil and its partners holding the right to develop the first four trillion cubic feet of natural gas and use it to supply their proposed Gulf LNG export facility, designed to produce 3.8 million metric tonnes of LNG a year. But in a significant change, the proposal gives PNG the right to the next four trillion cubic feet of gas supply from the Elk and Antelope fields that it could use for a smaller LNG project as well as meeting domestic power needs. That would give the government and local landholders ownership of 50% of the gas, up from their combined entitlement of 22.5% currently. "This structure places substantially all risk on Liquid Niugini Gas and InterOil for the development of the 3.8 million-tonne-per-annum Gulf LNG project," the letter from Liquid Niugini Gas states.

Christian Vinson, director of Liquid Niugini Gas, and InterOil spokesman Wayne Andrews did not return calls for comment. Interest in PNG is intensifying due to its close proximity to fast-growing Asian economies and several big oil and gas finds. The country is due to become one of the world's newest significant energy producers in 2014 when the ExxonMobil Corp US\$15.7 billion PNG LNG project starts up. InterOil wants to build a facility on the Gulf of Papua coastline to export the gas, and last year hired three investment banks to find an investor. In a separate document seen by The Wall Street Journal, PNG's Prime Minister Peter O'Neill and Energy Minister William Duma recommended the National Executive Council approve changes to the Gulf LNG project.

Police: Support Enga mine

The National, 17th of October, 2012

By STARZA PAUL

POLICE have advised locals to support the mining operation in Enga's Kwekam because they would reap the benefits of its development. Kompiam-Ambum police station officer-in-charge Snr Sgt Joe Aikel said police were assisting in the Kwekam mining prospect being developed. "We are down with manpower to assist in other major law and order issues in the district but we are closing working with the Kwekam mining developer," he said. Aikel said they had advised the people in the district to refrain from tribal fights and other criminal activities which could hinder such positive developments in the area. "We are telling the people that positive developments can be seen through the mining prospect," he said. He said this was the first major development in the district so police were supporting the developer in its operation. Aikel urged the people to support the police, developer, provincial administration and other major stakeholders if they were to benefit from the mining activities. "You will be witnessing so many major projects happening during this development so I would like to call upon everyone to maintain peace," he said. He thanked the developer for building a bridge to help the movement of vehicles and materials to the development site.

LNG: Business plan includes Juha women

The National, 17th of October, 2012

By MALUM NALU

WOMEN landowners from Juha in Western, one of the biggest gas fields in the country, will not be forgotten in a new business plan released yesterday. The plan for the Phembi Juha Women Company Ltd (P JWCL) allows them to share in the rich resources of the Juha area, in particular, the LNG project, which is listed as the next richest area after Hides. According to consultant Eddie Yuwi, the plan would help them to get financial assistance from the developer Exxon Mobil as well as other donor agencies and banks. "This is a business development plan," he said. "Money must be used to grow money." Juha 9 landowner chairman John Wabisala said the plan empowered women in the resource-rich area. "At PDL (petroleum development licence) 9, we want women to also take part in the project," he said. Evelyn Wabisala, on behalf of the women of Juha, said: I want development to flow to our women in Juha." "I want something for our children in future."

Australian Tycoon to sell LNG stakes

The National, 16th of October, 2012

AUSTRALIAN mining magnate Clive Palmer, who's planning to build a modern replica of the Titanic, aims to start talks next year to sell stakes in a potential US\$8 billion natural gas project in Papua New Guinea. "We've had interest from major petrochemical companies who wants joint venture with Exxon Mobil Corp and Chinese companies," Palmer said in an interview. "We will talk to them at the appropriate time, likely mid-2013 when field work is scheduled to be completed."

Palmer, who owns a nickel refinery and is developing an A\$8 billion coal project in Australia, is seeking to tap surging Asian gas demand. Exxon, the world's biggest oil company by market value, is developing a US\$15.7 billion liquefied natural gas venture in PNG, among eight such projects being built in the two nations at a cost of about US\$200 billion. "Exxon looks at a variety of deals," Johan Hedstrom, a Sydney-based energy sector analyst with Bell Potter Securities Ltd, said by phone. "If they think that Clive Palmer has some licences that are particularly prospective, they may be prepared to do a deal with him."

Palmer estimates his closely-held Mineralogy Pty has spent A\$50 million (US\$51 million) this year on exploration in PNG, where it holds three licences. Total SA, Europe's third-largest oil company, this month formed an exploration partnership with Oil Search Ltd that may lead to another LNG project in the country. Mineralogy's permits cover 43,170sqkm in the Gulf of Papua, west of PNG's capital Port Moresby. A new estimate on the gas resource will be available late this year or early next, after early studies revealed potential for 22 trillion cubic feet of gas, Andrew Crook, of Crook Publicity, a spokesman for Palmer, said. "We are doing more work in the field because the more we develop the project, the better," Palmer said, adding that it may cost about US\$8 billion to develop the project. Palmer is holding a dinner in New York on Dec 4 to unveil the completed design and engineering plans for Titanic II, he said this month in a statement. He plans to sail the ship from Southampton in the UK to New York on her maiden passenger voyage in 2016. He was ranked as Australia's eighth-richest man with a fortune of A\$3.85 billion by BRW magazine in May. Forbes estimated in February that he was worth US\$795 million. He isn't ranked on the Bloomberg Billionaires Index.

Editorial

Covered in a cloud of gas

The National, 16th October, 2012

THE government and, indeed the whole of PNG, have been carried away by the advent of the liquefied natural gas project. An agreement was signed into existence in the greatest of haste and meetings to tie up benefits sharing agreements were done in whirlpool tours that left participants exhausted and landowners dazed and confused. In the end, the government might have given away more than it ought to have but time will tell. But the impact of the LNG project is immediate and devastating upon the agricultural sector in Papua New Guinea, the industry which supports the majority of the population. Costs have gone up exponentially for the agriculture and manufacturing sector as a direct result of the LNG project in what is termed the Dutch Disease. Also described as the resources curse, this term refers to the economic phenomenon where an increase in exploitation of natural resources often results in a decline in other sectors such as manufacturing and agriculture.

An increase in revenues from the harvest of natural resources will make the country's currency grow stronger against the currencies of others. In PNG's case, the kina has appreciated against the US dollar by 35% since the start of the LNG project. When that happens, it makes the country's exports less competitive on the world market. There is also flight of expertise from those sectors whose pay might not be attractive into the more lucrative resources sector leading to demise in those other areas of the economy. That was the theory and it was discussed in this newspaper on a number of occasions in the past when the LNG project was deliberated. Today, it is no longer theory. The Dutch Disease has hit home and the agricultural sector is reeling from the shock. The kina has appreciated against the US dollar by as much as 35%. A 20ft container, which used to cost K2,500 to transport from the sea coast to the highlands, today costs in excess of K8,000. Cost of factory inputs and other imports have gone up by 30% in the last two years. Welders, carpenters, accountants and other skilled work force have withdrawn their services to the agricultural sector for the far-richer mining and hydrocarbon sector. Added to these are the crippling impacts of the chronic breakdown in transport infrastructure throughout the country. When companies, out of desperate necessity, try to do their own maintenance, they only increase the cost of production and end up making their exports uncompetitive on the global market.

We take up the Palm Oil Council's submission to increase the tax credit limit from 1.5% of taxable income up to 5% so that companies can maintain roads without eating too much into their operations. A big effort needs to be made to improve the protracted delays in processing work permits

and visas in order for expertise to be brought onshore quickly to progress capital investments. Changes need to be made to the Land Registration Act and Land Groups Incorporation Act to ensure available land is freed up and that there are no problems with titles once developments begin on the land. Oil Palm alone contributed K1.8 billion to the PNG economy last year. It employed 27,000 people who supported 200,000 others, making it the biggest employer outside of the public sector. Together with coffee (K900 million), copra (K200 million) and cocoa (K200 million), tree crops alone produced K3.1 billion. That is money that goes to the smallholder growers, money that supports the community in the rural areas. Any government worth its salt must protect such a sector at all costs.

Orrell: Palm oil in the dark

The National, 16th of October, 2012

By FRANK SENGE KOLMA

CRITICAL strategic and policy issues affecting the palm oil industry have remained unattended, constraining the sector's development, the industry's peak body has told government. Industry briefs from the PNG Palm Oil Council (PNGPOC) to government, including one last week, continue to highlight the fact that poor communication between industry players and senior decision makers continues to inhibit the sector from realising its full potential. The crop alone fetched K1.8 billion in export revenue last year, more than double that of coffee revenue of nearly K900 million. High on the industry's list of concerns is a threatened litigation by the Independent Competition and Consumer Commission and the palm oil industry on a pricing formula for paying the smallholder grower. The pricing formula is overdue for review following its last review last year, but the ICCC claims its authority takes precedence over the old pricing arrangement and wishes to establish its control over the pricing formula.

PNGPOC executive director Ian Orrell has called for relevant ministers and their department chiefs to become involved in this issue as a "matter of urgency". Of urgent concern too to the industry is the appreciation of the kina against the US dollar by about 35% since the construction of the LNG project began. Prices of industrial products and other inputs, which are imported using US dollars, have gone up, while revenue received in US dollar translates to a lower kina value when exchanged against a rising kina. Orrell said last week while the LNG has not yet reached production phase, the impact of the kina appreciation had already hit the agricultural sector hard and the palm oil sector hardest. Chronic breakdowns of transport infrastructure remain the "single biggest threat to the viability of the palm oil industry" and industry's own expenses in maintaining infrastructure increases cost of production enormously. The industry is pushing for an increase in tax credit from the current 1.5% of taxable income to 5% to mitigate against these costs, ensure long-term sustainability of the industry and improve international competitiveness, Orrell said.

Further, protracted delays in work permits and visas and continuation of duty for processing plant association with palm oil processing, despite assurances they would be duty-free, are also inhibitive factors, he said. The established palm oil industry is also very suspicious of, and concerned about, the upsurge in the large number of SABL (special agriculture business leases) land granted throughout the country for which a commission of inquiry is currently under way. Since independence, despite many claims, few major agricultural projects have replaced forests that have been logged out. This would raise sustainability issues and quality concerns on the global market, according to the industry players. These and other issues related to the increase in costs to the industry as a direct result of increased inflows from LNG and other mineral sector activities have a direct and negative bearing that warrants government intervention to mitigate these effects if it wants to save the K3.1 billion agro-sector.

Lihir people to benefit from K3.6 million project

Post-Courier 16.10.2012

THE people of the gold-rich island of Lihir in New Ireland Province will get a share of the special Local Level Government ward level project worth K3.6 million. New Ireland Governor Sir Julius Chan wants people at the grassroots level to actively participate in making ward level projects. Lihir was the first LLG to receive its share of the new grant initiative of Governor Sir Julius to channel K400,000 directly to the ward and village level giving the small enterprising people life-time opportunities to fund small scale projects. The Nimamar LLG Manager Robin Brown confirmed receiving the funds. He said since the announcement of the new grant initiative in the 2012 budget, ward members and villagers have been frequenting his office to enquire about the funds. Sir Julius said the budget appropriation for ward level project was his government's antidote for bottlenecks experienced at the two districts of Kavieng and Namatanai that have consistently frustrated delivery of project grants and services to rural communities for decades. Sir Julius said New Ireland's record of service delivery proclaimed in the Malagan Declaration continued to speak a lot in the people's lives. "We have reason for every policy initiative we introduce in New Ireland and our vision for autonomy compels us to equip and exercise our people to believe in themselves and drive change that creates a future from our imagination," he said.

Wafi-Golpu: Villagers eye role in projects

The National, 16th of October, 2012

LANDOWNER villages in the Wafi-Golpu project area of Morobe are looking forward to actively participate in the enterprise after signing agreements with the project developer, Wafi-Golpu joint venture (WGJV). The community participation agreement (CPA) is a first of its kind in the PNG mining industry and the Babuaf and Gingen villagers celebrated in separate signing on Oct 6 and Oct 9 respectively. Through the CPA, the communities will participate fully in the projects and programmes as a result of the development and eventual operations of Wafi-Golpu project. Wafi-Golpu principal community affairs and permitting manager Reuben Aila said for the Wafi-Golpu project to move forward, all parties had to work together as there were many challenges ahead. "Everything, including water or any other issues you have, the CPA will assist us to address them so that we work together to benefit from the project," he said. General manager sustainability and external relations David Wissink said the project had taken a bold step through this arrangement to ensure the community grew with the project through different community programmes and benefits. Speaking on behalf of the Gingen people, Hengambu ward councillor Steven Giame said they were willing to participate in different business opportunities.

Newcrest unveils Wafi-Golpu report

The National, 15th October, 2012

NEWCREST Mining Ltd has released the technical report on the Wafi-Golpu property in Morobe prepared as required by the Canadian National Instrument 43-101. Release of the report last Friday follows completion of the Golpu technical pre-feasibility study and the announcement to the market of a significant upgrade to the Golpu ore reserve estimate last Aug 29. The Golpu deposit forms part of the Wafi-Golpu project located about 65km west of Lae, in Morobe. Newcrest and Harmony Gold Mining Co Ltd (Harmony) each has a 50% interest in the project. The Wafi-Golpu project remains a highly prospective exploration area, and exploration drilling on multiple targets continues. The Golpu pre-feasibility study confirmed Golpu as a world-class deposit with an expected mine life in excess of 25 years and projected unit cash costs at the bottom of the industry cost curve.

The pre-feasibility study also identified several factors with the potential to improve production, grade and metal recoveries for a Golpu development beyond that assumed and already modelled. This included the potential for higher grade and recovery in Lift 1, improved overall gold recoveries, accelerated production ramp up and higher mining and processing rates, and the potential for an additional mining lift based on high grade drill intercepts recorded below the existing ore reserve. The joint venture participants are currently engaging with key stakeholders, including government and landowner representatives, to ensure alignment on the planned project development and key elements of the next phase of work, and anticipate commencing the feasibility study in the first half of 2013. A copy of the report can be found on Newcrest's website www.newcrest.com.au ; and on: www.sedar.com.

Students against seabed mine

Post-Courier 16.10.2012

By *GRACE TIDEN*

STUDENTS of the PNG University of Natural Resources and Environment are calling on the state to rethink the deep sea mining project. In their petition to state representatives last Friday, the students outlined a number of concerns including environmental issues. The student body met with representatives from the Mineral Resources Authority, Department of Treasury, Department of Environment and Conservation, Department of Justice and Attorney General's office and East New Britain Provincial Administrator Aquila Tubal at the school campus at Vudal. The gathering followed a protest march staged by students, civil societies and community leaders last Thursday in Kokopo to carry out awareness to the general public on environmental issues. PNGUNRE Student Association President Rodney Aku said they were concerned that there would be minimal job opportunities for the local people, no direct benefits to the local people and minimum opportunities for spin off benefits. He said they were concerned that the Environmental Permit for Solwara 1 Project which was granted by the Department of Environment and Conservation in 2009 was not predicated on comprehensive understanding of such new ventures.

Price hike troubles public servants

Post-Courier 15.10.2012

By *ANDREW ALPHONSE*

PUBLIC servants in the Southern Highlands and Hela provinces are struggling with their little income and living on the edge come each pay day. This is due to the ever escalating prices of basic goods and services inflicted by the country's lucrative PNG LNG project. As such, teachers, nurses, police and other government workers in the two provinces are calling on the national government to immediately include 'special mining or oil and gas allowances' in their pay packets. The public servants said the LNG project has forced businesses and trade stores to charge inflated prices on goods and services and as such public servants with their limited income cannot sustain their family's livelihood until the next fortnight. "We are made to go on borrowing and we cannot survive with the little pay we get. "Prices of goods in the main towns like Mendi, Tari, Komo and Lake Kutubu have sky-rocketed in the last few years since the LNG project started. "Some public servants like teachers, have therefore left the profession and moved to the greener pastures for better pay and condition in the LNG project site," said Mr Gabby Meria, head teacher of St Francis of Assisi Kuluanda primary school in Tari.

Mr Meria said small income earners like public servants are the ones severely hit but yet they have no choice but face the inevitable. Mendi hospital chief executive officer Mr Joe Turian, yesterday called from Mendi sharing the same sentiments, adding that by doing so performances and productivity of the public servants including service delivery will improve drastically. Hela provincial police commander Supt Jimmy Onopia, who currently commands over 130 policemen and women

serving in the new province, said the ‘mining or oil and gas allowances’ is a good incentive to lure public servants to remain in their jobs or come to serve in these two vastly remote provinces. Supt Onopia said for now the just phased-out Hela Transitional Authority (HTA) did make a mention of that for the new province and he hopes it materialises.

Tari LO’s to sue Exxon Mobile and NAC

Post-Courier 15.10.2012

TARI Airport landowners have threatened to sue Exxon Mobil and National Airport Corporation for noise and dust pollution. Chairman of the Tari airport Development Benson Angobe said last week that the Tari airport was small and was built only to service small planes and not the big planes like the one that Exxon Mobil uses. Mr Angobe also said that villagers nearby have been complaining about noise, dust and many of them are now having health problems, therefore, it was his duty to take up their grievances to NAC and Exxon Mobil. But Exxon Mobil, yesterday, defended that their Project has contributed towards upgrading and expanding the Tari airport by the government and the NAC to enable aircraft such as these to operate. “Project operations are conducted in a manner that adheres to the laws, environment and customs of PNG. We understand the aircraft operator, Lynden, have all applicable licenses from the NAC and Government to operate at Tari airport and pays the appropriate landing fees to the NAC for the use of the airport,” Exxon Mobil said in their response.

Dutch disease hits agro sector

The National, 12th October, 2012

By FRANK SENGE KOLMA

THE dreaded Dutch disease has hit the manufacturing and agricultural sectors hard, a government advisory committee heard yesterday. This phenomenon, also called the resource curse, is the damaging effect on an economy as a result of large inflows from the exploitation and export of natural resources, in PNG’s case – the liquefied natural gas project. PNG Palm Oil Council executive director Ian Orrell told the National Working Group on Improving Business and Investment Climate, the boom in the LNG, mining and petroleum sectors posed a major threat to the agricultural export sector which in 2011 fetched a little more than K3.1 billion. Of this, palm oil alone fetched K1.8 billion in export value. The industry directly employs 27,000 people, making it second only to the government in being the largest employer.

Orrell said effects of the LNG and major mining and petroleum sectors, which he terms the extractive sector, would affect all cash crops and the forestry sector, but the palm oil industry would be most affected. “Real appreciation of the kina (Dutch disease) will reduce the competitiveness of PNG produce in global markets and increase domestic costs of production,” he said. “Although the massive PNG LNG project has not yet reached production phase, the impact of kina appreciation is already biting. “In addition, the booming extractives sectors (mining, petroleum and gas) are already causing damaging losses of human resources from agro-industry. “Many mechanics, engineers, welders, drivers, are leaving and qualified new recruits are not available.

“Human resource costs are being driven up. The Central Bank and Treasury are predicting a decline in the agricultural export sectors as a result of Dutch disease. “This is not acceptable and is entirely incompatible with all of the government’s development policies and strategies,” Orrell said. Coupled with the chronic breakdown in transport infrastructure, continuing duty for imported capital input, lack of or ineffective government input in extension services for small holder growers and protracted delays in work permits and visas, the agricultural sector in general and the palm oil industry in particular is seeing exponential increases in cost of production so as to making them uncompetitive

globally. “Effective mitigation strategies supported by good fiscal governance must be an absolute priority for government,” Orrell said. The Manufacturers Council expressed similar sentiments. Council’s Chey Scovell said there has been a 35% appreciation of the kina against the US dollar which has hit manufacturers hard.

East New Britain opposes mining

Post-Courier 12.10.2012

By *GRACE TIDEN*

CIVIL Societies and students of the PNG University of Natural Resources and Environment in East New Britain Province staged a peaceful protest march yesterday in Kokopo to support the campaign against sea bed mining in PNG. The protesters chanted “Stop sea bed mining” as they marched towards the Kokopo Market from the Omorong Beachfront at Vunapope. The protest march scheduled for yesterday saw a huge crowd converge before lunch at Omorong. Led by police, the 350 students, Non-government Organisation representatives and community leaders, demonstrated their opposition to the new mining project with placards. At the market, the group carried out awareness on the effects of sea bed mining. East New Britain Sosen Eksen Komiti (ENB SEK) representative Peter Tutuai said the students gave awareness talks and shared information on the economic and environmental issues, the welfare of the local people and other concerns surrounding sea bed mining.

The general public were also invited to share their opinion on the issue. Mr Tutuai also said that currently PNG did not need to go into sea bed mining because there were already a lot of land-based mines in the country. There was also a public appeal to members of the general public to contribute towards an initiative by Oro Governor Gary Juffa to take the matter to court. Mr Tutuai said a petition will be presented to relevant authorities including government officials at the university today at around 10am this morning. He also said the NGOs that took part in the protest march included members of the ENB SEK, the Wide Bay Conservation Association, and FORCERT amongst others. He said civil societies in ENB were also in the process of preparing a petition which they will present to their provincial parliamentarians at a later date.

Mining: PNG must review laws

Post-Courier 12.10.2012

PAPUA New Guinea should seriously review laws governing its participation in petroleum and mining projects to gain maximum benefits in the years ahead, a leading lawyer and Attorney General Kerenga Kua has said. Mr Kua said the specific areas of law that needed to be reviewed covered equity participation and benefit sharing, which were at present contentious issues confronting the country in respect to resource developments. “The law that we adopted on the 16th September 1975 said the Government owned all the resources in the ground. The same law takes away that ownership when the resources are developed,” Mr Kua said. Sharing his views as a citizen at the National Research Institute-sponsored public forum on state owned enterprises in Port Moresby on Wednesday, Mr Kua said Papua New Guinea needs to be compensated properly for losing its ownership of natural resources to developers when the resources are extracted and sold. “The resources belong to the State until the license to develop these resources is approved, when that happens, the state ownership disappears to nothingness. “The State is asked to take up its equity, which is provided for by law. Its 22.5 percent for mining and 30 percent for petroleum resources.

The State becomes a third party like any other investor and it has to pay for its equity,” Mr Kua said. He said the current arrangement, which he described as revenue sharing was not working in favour of the State because it was too costly and it was time the country looked at other ways to maximise the returns from its natural resources. “Perhaps we should look at a production-sharing

arrangement, where the state and other partners each get their own share of the final produce, like gold, oil and gas to sell to at markets it is able to find,” Mr Kua said. The Attorney General and Minister for Justice comments came a few days after he was critical of the conditions set by Asian Development Bank on SOEs that he claimed contributed to their poor performance. The Minister said this problem was created due to the fact that ADB’s own loan terms and those of most other international donors lending money to PNG or the SOEs for roads, bridges, schools, hospitals and other projects prohibit the State and its businesses from giving security for any future borrowings.

Mr Kua said these restrictions have been backed by PNG’s own laws and these restrictive covenants and supporting laws mean SOEs cannot access the private debt markets to fund their commercial activities as no one can lend them any money on an unsecured basis except on the harshest and most disadvantaged terms. He said this is the case in the mining, oil and gas sectors where the State has been unable to finance its share of the costs of acquiring and developing its projects after exercising its buy-in option. “The cost runs into billions of kina with the LNG project and the State simply does not have that sort of money. Our resource SOEs such as Petromin and MRDC are co-developing the country’s natural resources in partnership with the private sector but they are limited in how they can do this because of the restrictions imposed by many of the multilateral and bilateral donor agencies that are not even involved in the projects concerned,” Mr Kua said. Mr Kua said if PNG is to implement the ADB’s study recommendation, he would recommend to the Government to work with ADB and other key donors to work with PNG to rethink their restrictive lending conditions that impact on the SOEs’ ability to borrow. “We must show them that our PNG economy relies heavily on the development of its mining and petroleum resources.”

LNG: Esso not a signatory

Post-Courier 12.10.2012

By *NEVILLE TOGAREWA*

THE developer of the K50 billion PNG LNG project, Esso Highlands Limited (EHL), is not a signatory to the Petroleum Processing Facility License (PPFL) No 2 and the Licence-based Benefits Sharing Agreement (LBBSA). EHL managing director, Peter Graham made this and other clarifications following erroneous reports in yesterday’s editorial. “The PPFL No 2 and the LBBSA, state that the review shall occur three years after the date of execution,” he said. “Parties to this agreement are the National Government, the Central Provincial Government, Hiri Local Level Government and landowners from the four project-beneficiary villages of Boera, Porebada, Papa and Lealea,” Mr Graham said. “Esso Highlands Limited is not a signatory to the agreement and it would be inappropriate for us to initiate a review or talk about the commitments in the agreement.”

He said local communities and PNG businesses are benefiting from the LNG plant site and to date, the plant national labour costs alone has exceeded K140 million. “Our PNG citizen workforce at the plant site of over 2400 predominantly from the local villages of Papa, Lealea, Boera and Porebada are gaining valuable skills while making a contribution to the construction of the facility, their earnings and newly acquired skills directly benefiting the local community,” Mr Graham said. He said through the enterprise Centre and the support of EHL staff, PNG businesses are engaged and benefit from the supply of goods and services to the plant site.

Local businesses continue to provide a wide range of goods and services, ranging from the supply of labour, catering and security, right through many of the consumables used by site contractors on a daily basis. “As an example, EHL worked with the umbrella landowner company to establish a BSP rural branch and ATMs in the LABA office on the plant site for the convenience of the local communities. “Furthermore, the project, with LABA has facilitated a joint venture business between a local retailer and four landowner companies from the nearby villages to establish a trading store for the benefit of the local communities as well as for the training of the landowner compa-

nies” Mr Graham said. “Outside of the LNG plant construction site, EHL works in partnership with the local villages to support community development.

Western Province: Fly Warrior launched

The National, 12th October, 2012

THE last of three ships procured by Ok Tedi Development Foundation (OTDF) on behalf of the Ok Tedi river communities, mv Fly Warrior was launched from the Sarawak Slipways yard in Malaysia on September 22. The Fly Warrior will be on dry hire to OTML and will be generating a minimum 8% return per annum on a capital investment of US\$8 million. The vessel was designed by Shiptech in Singapore, then constructed by Sarawak Slipways and will be operated by V Ships, the world’s largest shipping fleet manager. Fly Warrior will primarily service OTML’s operational requirements (carrying up to 72 containers and or 1.2 million litres of fuel) out of Port Moresby but has the capacity to call into Australia when required. It is expected to arrive in Western and be welcomed up the Fly River in December. The 65m bulk cargo/fuel carrier was blessed and then named before being launched by Toti Sapera, one of the women leaders from the South Fly region in Western province, and Pakki Parker, wife of OTDF chairman Nigel Parker.

Present from PNG to witness the launching were Parker, OTDF CEO Ian Middleton, OTDF trust administrator Renagi Koiro, OTDF North Fly regional coordinator Belden Dasa and the trust chairmen of Tutute (Ware Sika), Nupmo (Wini Nemo), Waitri (James Assan), Middle Fly (Barly Kelai), Suki Fly Gogo (Billy Walaya), Manawete (Brian Goware), Kiwaba (Buruga Saso) and Dudi (Topson Abari). Parker, who is also the managing director and CEO of Ok Tedi Mining Limited (OTML), said apart from the other two vessels OTDF had purchased for the benefit of its Fly River communities, the Fly Warrior itself represented a significant step forward into making sure the communities’ investment funds were put to good use.

“It is a real pleasure to stand here today to witness this launching, knowing that investment funds belonging to the people are utilised in such investments so that your communities will receive greater value in return for their funds,” Parker said. “Our vision is to see the lives of our community river partners improve so that they can be self sustainable.” Middleton said mv Fly Warrior and its two sister ships mv Fly Hope and mv Fly Explorer would generate long-term development benefits for the 156 villages that currently benefit from the Ok Tedi community mine continuation agreement (CMCA). “The long term benefits that will come from these key investments will not happen overnight, but will gradually filter into the communities through development projects and programmes,” Middleton said. “OTDF now looks forward to facilitating further developments into these communities, be it agriculture, health, education or transport infrastructure.”

Moran landowners want grants paid to Hela Transitional Authority

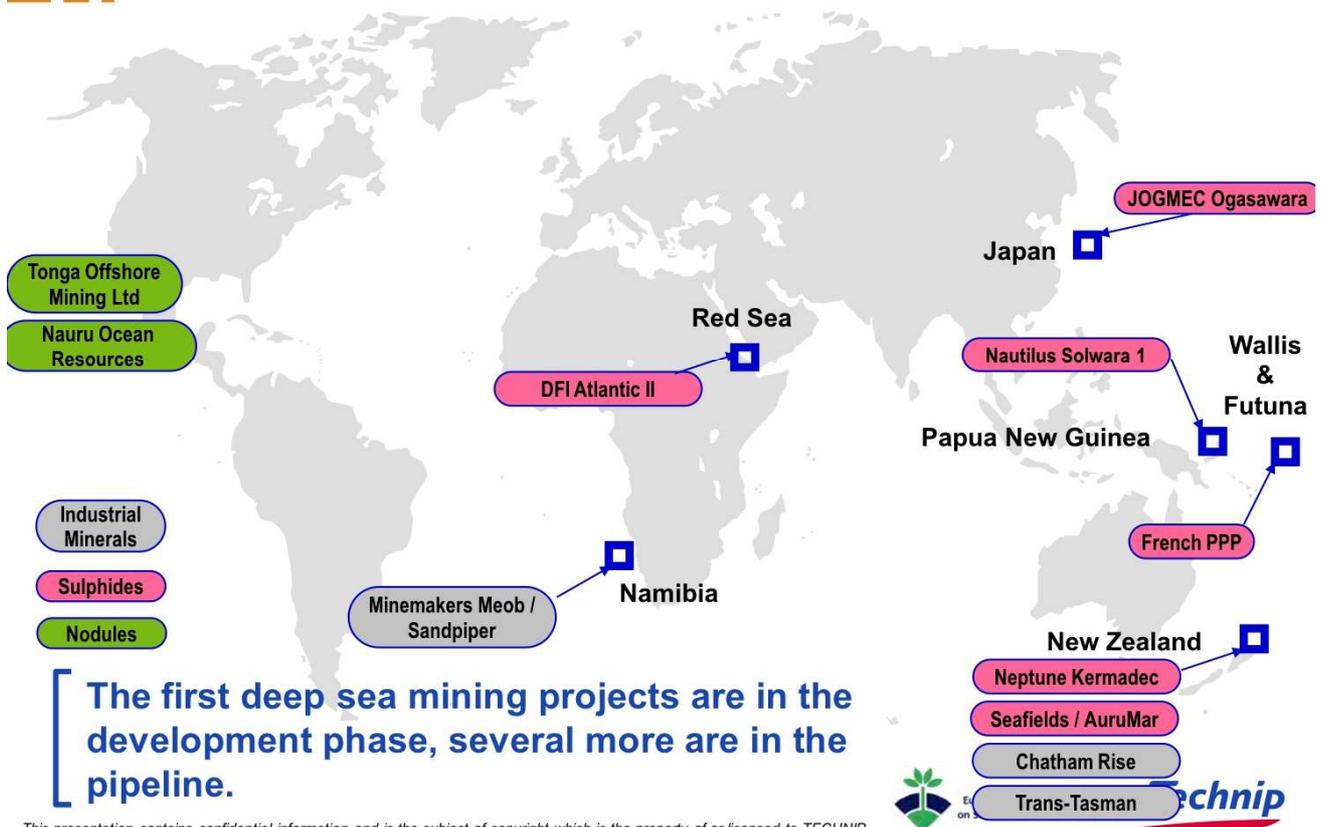
The National, 12th October, 2012

MORAN landowners in Hela have called on the national government to ensure any outstanding infrastructure development grants (IDG) are paid to the Hela Transitional Authority for disbursement to the landowners. They said this was necessary because some of last year’s IDG payments made out to the Department of Petroleum and Energy and other state entities did not reach the intended recipients. The landowners’ call followed reports this week of another K20 million in outstanding IDGs scheduled to be paid soon. Moran PDL5 principal landowner John Kila said the K168 million paid to the HTA this year was well accounted for with all landowners getting their fair share of the IDGs. “HTA executive officer William Bando and Finance Minister James Marape ensured the payments were received by all landowners with proper acquittals made,” Kila said. “Therefore,

based on these proper procedures and processes being followed, we would like our IDG funds channelled to the Hela Transitional Authority to pay landowners. “With all landowner issues channelled through Bando and Marape at the HTA, we are confident that landowners will be looked after and paid accordingly.”



Market trends



Source: <http://ramumine.files.wordpress.com/2012/10/market-trends.jpg>; accessed: 11.10.2012

Scholar against deep sea mine

Post-Courier 11.10.2012

By JASON GIMA WURI

THE poor application of international laws and Papua New Guinea laws and policies on deep sea mining is a very serious challenge in managing and protecting the resources of the oceans, and the health of communities in PNG. Head of environmental sciences and geology at the University of PNG (UPNG), Professor Chalapan Kaluwin, made these comments recently in light of the seabed mining debate. He said that international laws such as the United Nations Law of the Sea, UNCLOS, International Maritime Organisation (IMO) Laws, Noumea Treaty, UNCED agreement and PNG's laws and policies such as the Mining Act, Environmental Act etc, were poorly or misapplied. Especially with regard to the Deep Sea Mining (Solowara 1) project. “It is important to know that there is no Deep Sea Mining Policy or Act in the world. In managing such resource for PNG government and its stakeholders must understand this status.

“In addition, the relative short term (2-3 years) scientific and environment results, studies, (mainly desk top models) and reports carried in the Solowara 1 region (EIS/EIA report) that were submitted to the PNG government for Phase 1 (30 Months Project) should be treated with caution and precautionary principles must be applied until full scientific proof is available,” Professor Chalapan said.

Those reports, he said, do not carry any substance on being proactive in getting the PNG Govt to ensure that there is a policy in place, and especially in developing a PNG Ocean Policy to protect its fisheries, minerals, biodiversity, environment, culture and its people as priorities. Looking at mining in the ocean is a small part of resources in the PNG EEZ. There must be a holistic approach to manage our resources in this oceans and EEZ. He said the Nautilus company has not done much research and monitoring work in the area to provide confidence for PNG people, especially provincial communities. There is no socio-economic assessment by Nautilus and the PNG Government to provide a long term strategy for fisheries, biodiversity, environment, cultures, or people's health.

“Can we guarantee that the health of our people and oceans will be protected? No you cannot. “Application of adaptive technology in the tropical marine ecosystem has very serious limitation in PNG; and deep sea mining must be evaluated and monitored for mitigation purposes. “Given the sustainable development (economic, environment and livelihoods) scenarios and assessments of PNG, coupled with too many questions and uncertainty on the Solowara 1 project, the PNG government and its people must defer the implementation of this pilot project for the time being, if the Bougainville Copper lesson is to be model for the Bismarck Seas and its provinces. “Our review and analysis on other documents, our experiences and based on the above and the EIS for Phase 1 of Solowara 1, strongly believe that Solowara 1 pilot project will be a long term disaster for PNG and the health of its people,” Professor Chalapan said in conclusion.

Ok Tedi: Western receives first Twin Otter

The National, 11 October, 2012

ARRIVAL of the first of two new Twin Otter aircrafts for communities under the community mine continuation agreement (CMCA) on Monday at the Tabubil airport marks the beginning and hope of improved air services in and around the Western province. The CMCA's second new aircraft (MSN-859) is expected to arrive in Tabubil next month and will operate down the Fly River to Daru. The two aircrafts were bought from the CMCA communities' investment funds that are part of the K1.1 billion compensation package OTML and its shareholders - PNG Sustainable Development Program and the national government - signed with the 156 villages in 2007. Employees of Ok Tedi Mining Ltd (OTML) and the Ok Tedi Development Foundation (OTDF) including managing director and chief executive of OTML and also chairman of OTDF, Nigel Parker, OTML government and external relations general manager and director of OTDF, Musje Werror and people from CMCA villages gathered at the Hevi Lift ramp area to witness the arrival of the CMCA people's new asset. The new aircraft (MSN-853) was given a welcome wash-down as it passed between two fire rescue trucks before taxiing up the runway towards the parking bay. “We need to really praise the CMCA leaders for taking that bold step; having faith in OTDF and OTML management,” Parker said.

“It's the first giant step that we've been able to take in 30 years of operations, to put something like this in place. “For them to take that bold move is quite remarkable. “They've got to be seriously applauded for that. “Hopefully it's the start of a really serious push for air services in the province. “This is all part of mobilising community funds so they can leverage off OTML more and get a far better return than just leaving it in the banks.” The aircraft are Series-400 aircraft and are the first of their kind in PNG and the Pacific and will be operated by Hevilift. “They are state of the art, and they're brand new,” Parker said. “There's a good 30 years of service in those aircraft.” OTML will be leasing the aircraft for 15 years under a lease agreement with OTDF, on behalf of the CMCA communities with a guaranteed 8% return per annum. Parker said the aircraft would service the North Fly airstrips, particularly areas that were not connected by roads.

Nordatlantik: Lebende Fossilien bevölkern Tiefsee

Von Christoph Seidler, SpiegelOnline, 10.10.2012

Die Tiefsee birgt unzählige geheimnisvolle Tierarten - viele haben sich offenbar seit Millionen von Jahren kaum verändert. Forscher haben in Sedimenten vom Boden des Atlantiks verblüffende lebende Fossilien entdeckt.



Univ. Göttingen/ Ben Thuy; Heutiger Schlangensterne aus der Tiefsee

Berlin - Erschreckend wenig ist es, was die Menschheit über die Tiefsee weiß. Weniger sogar, so heißt es jedenfalls gemeinhin, als über die Oberfläche des Mondes. Forscher aus Deutschland, Österreich, Schweden und Großbritannien haben nun immerhin zeigen können, dass die Ökosysteme in der ewigen Finsternis am Ozeangrund erstaunlich stabil sind. Das heißt: Die Bewohner der Tiefsee haben sich in der Vergangenheit nur sehr langsam weiterentwickelt. Arten, die heute dort leben, unterscheiden sich nur wenig von ihren Millionen Jahre alten Vorfahren. Die Wissenschaftler um Ben Thuy vom Geowissenschaftlichen Zentrum der Universität Göttingen berichten im Fachmagazin "PLoS ONE" von Analysen an Material, das vom Meeresboden vor Florida stammt. Vor mehr als zehn Jahren hatte das Forschungsschiff "JOIDES Resolution" dort einen inzwischen beinahe legendären, wenige Zentimeter dicken Sedimentkern erbohrt.

Das Expeditionsmaterial mit dem Archivnamen "IODP 1049" ist inzwischen ein akribisch studiertes Archiv der Erdgeschichte. In ihm findet sich beispielsweise eine zentimeterdicke Schicht, die von einem gigantischen Meteoriteneinschlag vor 65 Millionen Jahren kündigt. Der dabei aufgewirbelte Staub hat den gängigen Theorien zufolge das Ende der Saurier zumindest mit verursacht. Paläoklimatologen können mit Hilfe solcher Sedimentkerne, die -etwa im Rahmen des Integrated Ocean Drilling Program - in den vergangenen Jahren rund um die Erde gesammelt wurden, das Klima der Vergangenheit rekonstruieren. Dafür suchen sie im Schlick der Sedimente beispielsweise nach den Kalkgehäusen winziger Einzeller. Interessant sind die sogenannten Foraminiferen, die sehr sensibel auf Änderungen in ihrem Lebensraum reagierten - und damit ein perfekter Indikator für Veränderungen sind. Thuy und seine Kollegen fahndeten nun allerdings nach Skelettresten anderer Meeresbewohner - und zwar größerer. Für ihre Analysen suchten sie in den ältesten Bereichen des Sedimentskerns. Dort findet sich Material, das vor 114 Millionen Jahren, also in der frühen Kreidezeit, am Meeresgrund abgelagert wurde. "Ab und zu findet man Überbleibsel von größeren

Tieren: Muschelreste oder Fragmente von Stachelhäutern zum Beispiel", erklärt Thuy. Zu den Stachelhäutern gehören Seeigel, Seesterne und Schlangensterne.

Die Ausbeute war beeindruckend: Insgesamt 7000 solcher Skeletteile fanden die Forscher. Sie schwärmen daher von einem "einmaligen und bisher völlig unbeachteten Fenster in die Geschichte der Tiefsee". Denn aus ihrer Sicht hat sich bisher niemand ernsthaft mit der Suche nach ähnlichen Bruchstücken befasst. "Das hat die Tiefsee nicht besonders gestört". Freilich, längst nicht alle der bestenfalls wenige Millimeter großen Bruchstücke ließen sich einer bestimmten Tierart zuordnen. Trotzdem lohnte sich die Suche offenbar: Allein für rund 980 der winzigen Puzzlestücke vermelden die Wissenschaftler Entsprechungen in der Tierklasse der Schlangensterne. Und diese Meeresbewohner gibt es noch heute in der Tiefsee, sogar ausgesprochen häufig. Was die Forscher besonders verblüffte: Zwischen den Fossilien und den noch lebenden Arten waren kaum Unterschiede feststellbar. "In fast allen Fällen kann man sagen, dass sich fast nichts geändert hat", sagt Forscher Ben Thuy.

Die Funde bedeuten nach Ansicht der Forscher zum einen, dass es schon früher als bisher vermutet Ökosysteme in der Tiefsee gab - und zum anderen, dass die aktuellen Bewohner dort kaum von Fossilien unterscheiden. Das könnte darauf hindeuten, dass der Grund der Ozeane ein - sogar von globalen Katastrophen - weitestgehend ungestörter Rückzugsort des Lebens ist. Oder es zumindest war. Das große Artensterben am Ende der Kreidezeit, als etwa die Hälfte aller Arten von der Erde verschwand? "Das hat die Tiefsee nicht besonders gestört", sagt Forscher Thuy. Während es an Land und in flacheren Meeresgebieten große Umwälzungen gab, ging fernab des Trubels alles seinen geregelten Gang. Zumindest im Nordatlantik, von wo die nun untersuchte Sedimentprobe stammt, war das wohl so. Heute mögen die Dinge ohnehin anders liegen. "Was der Mensch gerade veranstaltet - selektives Wegfischen bestimmter Arten oder die Verschmutzung mit Öl zum Beispiel -, so etwas gab es noch nie", sagt Ben Thuy. Man könne wegen ihrer Geschichte zwar die Hoffnung haben, dass die Tiefsee robuster sei als bisher angenommen. Doch wissen könne man das nicht.

Initial Fiji Bauxite Shipment To China Nets \$4.5 Million

Mine sending 70,000 tons out of Fiji monthly

By Serafina Silaitoga

SUVA, Fiji (Fiji Times, Oct. 10, 2012) – In Fiji, three bauxite shipments from Bua have brought back more than FJ\$8 million [US\$4.5 million] within a span of four months following the first shipment in June. The fourth ship, currently being loaded at the qoliqoli of Navakasiga, will leave Fiji tomorrow and a fifth ship is already anchored in the same area. Mine manager Basilio Vanuaca said the operations at the mine have been a success with loading and exporting of bauxite happening on time. "So far all has been good and the workers are being well looked after too," he said. "Each ship of bauxite going back to China carries 70,000 tons and we're working day and night to fill the ship as we have two ships at the moment."

The bauxite mine is projected to rake in about FJ\$25 million [US\$14 million] per year from the expected 12 shipments of bauxite bound for China. The monthly shipment of 70,000 tons is worth about FJ\$2.8 million [US\$1.6 million]. Mr. Vanuaca said between 50,000 and 70,000 tons of bauxite have been stockpiled in the jetty area for loading this week. He said the mine would export a monthly shipment over the next two years from Nawailevu with a total of two million tons of bauxite to be mined. He said about FJ\$34 million [US\$19 million] had been spent to set up operations in Bua and this covered social obligations, education, church and employment. The company has already spent FJ\$16,000 [US\$8,958] to renovate and repair the Methodist Church at Nawailevu Village this year. The government has already made known the discovery of bauxite in the districts of Nasarawaqa and Wainunu in Bua.

Australian economy achieves the remarkable

Post-Courier 10.10.2012

Australia now has the 12th largest economy in the world, an achievement Treasurer Wayne Swan says is “remarkable” given the size of the population. As the nation moved up the International Monetary Fund (IMF) rankings, the agency also raised its 2012 growth forecast for Australia, despite making across-the-board cuts to its global outlook. Mr Swan said Australia had leapfrogged to the 12th spot over Spain, which is suffering under public debt, after previously overtaking South Korea and Mexico in the years since the Labor government came to power in 2007. “As a country with the world’s 51st largest population, this is a remarkable achievement,” he said in a statement on Tuesday.

PNG heading for economic growth

Post-Courier 10.10.2012

THE O’Neill-Dion Government has given serious thought to plans to maintain a steady economic growth for the medium term. There is a stable fiscal and monetary policy framework in place to create a conducive investment climate for both domestic and foreign direct investment in the country. As presented by the Bank of PNG on Monday this week, the PNG’s economic indicators show a very healthy sign of growth with growth in real Gross Domestic Product projected at 9.9 percent, encouraging increases in employment figures, inflation projected at 3.5 percent and the foreign reserves at an all time high of K9 billion (about US\$4 billion) that equates to 6.6 months import cover for all imports or 19.6 months excluding mining imports. Minister for Treasury Don Polye said the National Government had a duty to ensure that this growth was not only maintained but the growth was trickling down to the ordinary people where they also saw the growth, in other words, an “inclusive growth”.

“In order to promote inclusive growth, the Government is seriously investing in Growth Enhancing Infrastructure to remove ‘Growth Blocking Bottlenecks’,” Mr Polye said. He said investment into key infrastructure in the national road network was proceeding. This included the Highlands Highway, Port Moresby and Lae city roads - Lae city to Nazab road - Port developments such as Port Moresby and Lae-Airport upgrades, especially Jacksons and Nazab. Also on the way was modernisation of the country’s telecommunication systems and electricity generation to meet the needs of not only the growing cities and towns but the resource and industrial developments. Minister Polye made these comments after visiting the LNG project plant sites last week where a full update was provided on the status of the project’s construction and progress towards first gas in mid-2014 when operations commence.

Mr Polye also met with the senior management team from Harmony Gold, South Africa’s largest miner, headed by the Chairman Patrice Mostepe who provided his observation on mining and investment in PNG, particularly the Harmony Gold investments, the largest being the Wafi Golpu project with advanced development plans. It was also revealed that there will be a significant investment of about K10 billion (about US\$4.5 billion) to first production and another K10 billion over the mine life on the Wafi Project. This will be a timely investment to take on the contractors and workforce that come off after completing the LNG project construction. At the peak construction phase, the development is anticipated to employ 4000 people.

The PNG LNG project currently employs 17,000 people at this construction phase but is expected to drop significantly during operational phase. Mr Polye said the Wafi Golpu investment and other advanced mining projects were good news for the PNG economy to sustain growth for the next five to 15 years. Mr Polye also honoured Mr Mostepe for his visit to PNG. “We are overwhelmed by your visit to PNG, being the chairman of one of the world’s largest mining companies and now looking at a significant level of investment not only for your company but more importantly for the

growth of this country. Thank you to the shareholders and management of Harmony Gold for having confidence and making the decision to invest in PNG and now we need to build a larger and stronger relationship between the Republic of South Africa and PNG," said Mr Polye.

LNG plant threatened By NEVILLE TOGAREWA

Post-Courier 10.10.2012

THE government and the developer of the K50 billion PNG LNG project, Esso Highlands Limited, have failed to honour their contractual obligations and a landowner partner is prepared to take the two parties to court to argue their case. The landowners of the four villages of Papa, Lealea, Boera and Porebada living on portion 152 in Central Province where a crucial plant for the LNG project is located are ready to initiate court proceedings to assert their rights. They claim that both the government and Esso Highlands have reneged on their contractual obligations with respect the agreed review of the Kokopo Agreement and spin-off benefits for the landowners. The chairman of Papa Resources Development Limited (PRDL), Heni Goro, speaking on behalf of the three landowner companies, revealed yesterday in a media statement that the agreement between the State, Esso Ltd and the landowners expired yesterday (Tuesday) and the effects will be "devastating" if it is not reviewed.

Mr Goro represents the portion 152 landowners in Central Provinces who are the resource owners of what is known as the downstream portion of the multi-billion kina LNG project from the upstream landowners of the project living in Hela and Southern Highlands provinces. The chairman said the Licensed Based Benefit Sharing Agreement (LBBSA) signed between the State, the developer Esso Highlands Ltd and the landowners of portion 152 expired yesterday (Tuesday) but the other two parties had failed to honour the agreement to review it. "Today (Tuesday) is a sad day for the high impact communities at the PNG LNG plant processing site at portion 152," chairman Goro said.

"The LBBSA signed in 2009 between the State, major investor Esso Highlands and the landowners of portion 152 expires today (Tuesday). "This means that the agreement, if not reviewed by all the parties, will fall back to its original position (and) its impact will be devastating," he said. "All problems we have experienced since the start of the project will continue to haunt us for the next four years unless the govt and Esso Highlands come to their senses and call for the much-needed review now," he said. Mr Goro said the landowners of Papa, Lealea, Boera and Porebada have not benefited from the project's construction stage and they will miss out on the post-construction stage unless both the government and Esso Highlands Ltd honour their obligations.

Oil Search signs five deals with Total in PNG Sydney Morning Herald, October 9, 2012

Oil and gas giant Total has signed five licensing agreements with Oil Search to operate for the first time in Papua New Guinea (PNG). The deal means both companies will hold equal interests in each of the five licences in the onshore and offshore Gulf of Papua New Guinea region of PNG. "The completion of this transaction will mark the first entry of Total Exploration and Production into PNG," Oil Search said in a statement on Tuesday. Sydney-based Oil Search said the focus of the transaction was to explore and develop the prospective offshore gulf and eastern forelands area. The sale is conditional on approval from the PNG Minister for Petroleum and Energy and other conditions. The company's shares were 3.7 per cent higher, or 28 cents, to \$7.82 at 12.40pm. Oil Search and Total have also agreed to form a strategic partnership to look at other licences.

Total's senior vice president of exploration and production in the Asia-Pacific, Jean-Marie Guillerrou, said the acquisition represented an opportunity for Total to enter upstream search and recovery processes in the resource-rich Papua New Guinea. "We are convinced that our partnership with Oil Search, a well-established oil and gas player in this country, is a very positive foundation for our future success in this venture," Mr Guillerrou said. The deal reinforced Total's exploration portfolio in the foothills and carbonates plays, and was in line with the company's strategy of strengthening its presence in the Asia Pacific, particularly in the gas and LNG sectors. Oil Search's managing director Peter Botten said his company would continue as the operator, supplemented by expertise from Total. "In the event of exploration and appraisal success that leads to an LNG project, Total would develop and operate the downstream facilities of any development," he said. The transaction was the culmination of a bid selection process with international oil and gas players. An offshore drilling program is expected to start in the first quarter of 2013. AAP

Prime Minister lauds Ramu Nickel

Post-Courier 9.10.2012

PRIME Minister Peter O'Neill has announced that Ramu Nickel will most probably start producing world class nickel by end of this year or early next year. And he has alluded to the fact that the National Government had not done a good deal with Ramu Nickel but was certain that PNG would learn from that mistake and for the other projects that were on-stream, therefore assuring better deals. In response to questions raised on the Ramu Nickel during the FM 100 Talk Back Show last week, Mr O'Neill said that the Ramu Nickel Project was agreed to before his time but assured that the project would be one of the best for PNG. "Well, Ramu Nickel Project was agreed to before my time so I don't know the details but as far as I am aware at present or the briefs that I am getting, is that it is due for production before the end of the year. They are now running the production as we speak, on a test basis, trying to see the machinery and all the aspects of the project are working," he said.

"We have not done a good deal with Ramu Nickel but I'm certain that we will learn from that mistake and for the other projects that are on-stream, I am certain that we will do a better deal. But in terms of shareholding, you must realise that Highlands Pacific which used to own this particular resource went ahead and did a divisions decision to sell then for the Chinese interests. And they have come in here now and they have developed probably a world class nickel mine which is going to produce in a few months time. "...but we are going to get money not only in taxes but we're also getting royalties, the landowners are going to participate in the development up there. But I agree that we have not done a good deal whereby we have not taken up more equity for our country. "But we are going to address that in the other projects that we are now embarking on. "Papua New Guinea will fully participate in most of the projects in terms of the laws that we have. "Most of the projects are now out there for development. We will fully participate in taking up the equity. "Our country is not going to disappear, but we will not let people come in and just take our resources away." he said.

Lihir mining landowners push for more development

Post-Courier 9.10.2012

LIHIR Mining Area Landowners Association (LMALA) is currently pushing for a balanced development with the review of the Integrated Benefits Package (IBP) for a sustainable future. LMALA Chairman Mark Soipang said despite 15 years of gold operations, Lihir resource owners are yet to see development that would transform Lihirians from a rural to an urban lifestyle such as depicted by the Lihir Destiny plan. Mr Soipang said that resource owners, who come under the administration of the LMALA, are currently pushing to maximise mining benefits and believe that the second review of the Integrated Benefits Package (IBP) is their only hope towards achieving their goal of a

sustainable future. “Our main objective since the start of the IBP agreement was to see balanced development for all Lihirians – that the development of the Lihir Gold Project happens in line with the development of the people and Lihir Island as a whole and sadly that goal has not yet been achieved,” he said.

He said that the second IBP review and underlying provisions is important to achieving a sustainable future and the Lihir Destiny. John Bosco who represents one of the immediate clans said despite having an abundance of natural resources, the majority of his clan’s people still lack quality access to basic services and infrastructure. Mr Bosco said that Lihirians are focused on making the package work to their benefit under the Lihir Destiny plan which they believe will lead them to capitalise on the mining benefits for a prosperous life after the mine closes. LMALA with the help of the Catholic Archdiocese in Kavieng and stakeholders including the Nimamar Rural Local Level Government (NRLLG), are now working together to make this a reality under the Lihir Sustainable Development Program (LSDP) implementation process. LSDP Manager Joachim Malele said Lihirians are prepared and are determined to achieve results. “First we have a dream that has transformed into a plan that is now being implemented under the LSDP,” he explained. The signing of the LSDP (MOA/IBP) is expected to take place at the end of this month.

Lihir: New hospital for Namatanai

Post-Courier 9.10.2012

Vice Minister for Mining Wera Mori has urged the New Ireland Provincial Government (NIPG) to provide much needed equipment and facilities to the Namatanai District Hospital. Mr Mori said this when launching the rehabilitated Namatanai District Hospital and staff houses on October 4 in Namatanai, New Ireland Province. He said under the Lihir Mining Project’s revised Memorandum of Agreement (MoA), the NIPG has committed to co-fund the rehabilitation of the hospital and its facilities which it (NIPG) should honor, to complement the National Government’s contributions. The National Government funded the rehabilitation and maintenance of the hospital and staff houses which cost almost K2m. The implementation of this project which was managed by the Mineral Resources Authority (MRA) was funded under the Public Investment Program. (PIP) for the Lihir Mining Project as per the revised Memorandum of Agreement (MoA). Minister Mori urged the NIPG to support the hospital to ensure delivery of reliable and quality health services to the people within the township of Namatanai and the surrounding catchment areas.

He said for 15 years there had been little maintenance done to the hospital and staff housing, resulting in poor working conditions which affected the level of services provided by the staff. He also said the increase in the number of patients was an additional burden on the hospital and its limited resources and as a result, patients with major cases had to be referred to the Kavieng General Hospital which is five hours away. “Such a situation is unacceptable in a province that hosts two gold mines, one of them a major gold producer which provides significant royalties to the NIPG.” “Having said this, the National Government also accepts the responsibility for failing to attend to such an important health facility in a timely manner. As such, the National Government has seen fit to undertake this important project which I hope will restore staff morale and ensure that health services continue to be delivered to the majority of our population within the catchment area in Namatanai district,” said Mr Mori.

Academics assure PNG residents expedition has no agenda

Radio New Zealand International, 07 October, 2012

The leader of an expedition bringing more than 200 researchers, students and volunteers to Papua New Guinea has assured residents they do not have a "mining agenda". The mission, to document

both land and marine species from the Bismarck Sea to Mount Wilhelm, will begin this week and continue until the end of the year. The man leading the expedition, Professor Philippe Bouchet from France's Natural History Museum, says he's spoken to local chiefs and residents about their concerns over current mining developments there. "There is a lot of worry in the country about the environmental impact of the development that is going on, mining in particular. We are not conducting a baseline for mining. We are just really documenting, as academics do, without an agenda." Professor Bouchet says PNG is one of the world's last frontiers in exploration, with forests that remain one of the few remaining hot-spots of bio-diversity.

Group Calls For New Investigation Into Deadly PNG Landslide

Tumbi slide link to LNG quarry never explored



Source photo: <http://garamut.wordpress.com/2012/09/24/the-undeniable-case-for-a-coi-into-he-tumbi-landslide-exxonmobils-quarry/>; accessed 8.10.2012

By Josh Martin

AUCKLAND, New Zealand (Pacific Scoop, Oct. 5, 2012) – A damning International State Crime Initiative report has called for an independent commission of inquiry into the Tumbi landslide in Papua New Guinea's Southern Highlands region. ISCI's report, *The Forgotten Disaster*, released late last month, seeks independent assessments on four aspects of the tragedy which claimed up to 60 lives. They are cause of the landslide on January 24; safety oversights at the LNG project; the official response; and, allegations of collusion and impropriety on the part of Esso Highlands Ltd. The Tumbi landslide was one of the country's worst, according to the Red Cross.

The subsequent National Disaster Centre report to then-intergovernmental relations Minister Mark Maipaikai, released just two days following the January 24 tragedy, blamed high rainfall. "Given the absence of a seismic trigger, it can be concluded, that the landslide was caused by continuously heavy rainfall weakening the limestone formation causing subsidence," it said. The "Q1" quarry, which is leased and used by the Exxon subsidiary, Esso Highlands Ltd., directly bordered the affected area when the landslide happened.

Possible cause

However, the NDC report never mentioned quarry activities including the locally reported, preceding explosions, as a possible cause. Exxon-Mobil owned Esso Highlands Ltd., which has partnered with the PNG government to create an \$18 billion liquefied natural gas (LNG) project, is mentioned only as a "third party supporter" in the aftermath. Multiple sources that *Pacific Scoop* spoke to found this was – at best – an oversight and at worst, a corrupt cover-up. ISCI board member and criminology lecturer at the University of Ulster, Dr Kristian Lasslett, said the government put "political expediency ahead of families who deserve answers". "In light of the testimony provided by two international landslide experts – which echo the concerns raised by local landowners – the cause of the landslide needs thorough investigation, given the close proximity of Esso Highland's quarry to the impacted zone.

"In the instance of Tumbi, the O'Neill government talked the talk, they promised an independent inquiry, but when it came to walking the walk they were found very much wanting". Photographic evidence in the report, backed by Harvard University and King's College London, shows the Q1 quarry site directly affected – yet not ever officially considered by the NDC's report as a landslide trigger. The NDC's report to Minister Maipaikai however did consider it important to note that its own staff raised concerns about the multinational's earthworks as a cause – and this should stop.

'False reports'

"Inaccurate and false reports and unauthorised statements by NDC officers has resulted in wide spread community confusion and doubt," the NDC report said. It may have been alluding to the unit's Bill Yomba who told CNN following the landslide: "We believe the gas project run by Esso Highlands Limited was a contributor because they had been digging for limestone in the area." Prominent Papua New Guinea political blogger Tavurvur, author of *The Garamut*, said the correlation between Esso Highland's quarry work and the landslide tragedy is obvious to everyone except the officials. "The disturbed condition of the mountain slope is a direct result of the work by Esso Highlands in the quarry. This association is undeniable.

"The villagers, who survived, have a deep suspicion of Esso having a role, despite a lack of official evidence – this is why a Commission of Inquiry into the landslide is so important." However, Dr Dave Petley, professor of hazard and risk in the Department of Geography at Durham University, said the NDC report should not be considered the definitive analysis of this landslide and a much more detailed analysis is needed. "Clearly at least a part of the quarry was lost in the landslide, so a proper discussion of whether the quarry played a role in activating these weaknesses seems essential to me. Dr Petley, a world-renowned expert on landslides, said the NDC's claims of "abnormally high rainfall", liquefaction and that "ground water rose significantly above its historical levels" are illogical and unsubstantiated.

'Clear evidence'

"The NDC report notes that the initial assessment team 'saw clear evidence of liquefaction of the rock formation'. This is most surprising. "Limestone is not a material that undergoes liquefaction – I have never heard of such a mechanism in any hard rock – and so I just cannot understand this purported process," he said. His gave evidence to ISCI's report, which asserts that the true cause of the event needs to be evaluated. "The coincidence of the locations would make one want to look into this properly and in detail – that is a complex and time-consuming task. "The NDC report had clearly not evaluated and surveyed the area to the level that would allow a proper, valid analysis to be made," said Dr Petley. Dr Lasslett told ABC Radio in February that the Q1 quarry had been previously labelled "unsafe" by independent contractors working for the LNG-PNG project's construction of a nearby airfield in March 2011. Dr Lasslett's concerns were echoed on the ground, when Port Moresby author Stanley Mamu said Exxon-Mobil had blood on its hands and the event will be added to a long list of mining industry tragedies.

Not natural

"The government must realise and acknowledge that this was a man-made disaster. This was not a natural disaster. "The quarry explosions combined with the trucks and heavy machinery used by Esso along the foot of that mountain caused the landslide," he said. Mamu said his conversations with survivors of the disaster reveal a deep distrust of the multinational and its relationship to the government. "The surviving villagers certainly don't feel good about Exxon, they have lived here for 6000 years without these events occurring. "These people, who have lost everything, are waiting for the O'Neill-led government and Exxon-Mobil to solve it. "But the government will never respond – they are far too stubborn," Mamu said. Requests to speak with both government officials and Esso Highland Ltd LNG project management were denied.

Doubling of GDP

The PNG government holds a 22.5 percent share in the project, which is expected to double the nation's GDP within 30 years. The LNG project involves the construction of gas production and processing facilities in the Southern Highlands, Hela and Western Provinces of PNG and has already spent close to \$3 billion on the project, which is due to start production in 2014. Press releases from the LNG-PNG project confirm the company donated US\$50,000 to the Salvation Army effort in the aftermath of the Tumbi landslide. The amount is 0.00003125 per cent of parent company Exxon-Mobil's near US\$16 billion second quarterly profit for 2012. University of Western Sydney senior lecturer Dr James Arvanitakis says the mismanagement of the crisis adds to the case for independent monitoring of, and accountability in, mining industry projects in developing countries.

"An organisation like Transparency International should be working with an independent judiciary and this would address the issues around the corruption and collusion in Papua New Guinea." Dr Lasslett says the Papua New Guinea government gains nothing from not confronting the potential revelations that an independent inquiry could provide. "The really crazy thing about it all, is if an inquiry did go ahead, and the findings were extremely unfavorable as far as Esso Highlands were concerned, it would not end the PNG LNG project," he says. "In fact, it may lead to improved safety management, and most importantly compensation for those who suffered as a result of the landslide." *Josh Martin is a Postgraduate Diploma in Communication Studies student journalist on the Asia-Pacific Journalism course at AUT University.*

PNG Prime Minister backs mining sector

The National, 05th October, 2012

PRIME Minister Peter O'Neill this week reaffirmed his government's commitment to supporting the mining industry. In his first visit to the Hidden Valley gold mine and Wafi-Golpu project in Morobe, O'Neill said it was very important to have good strong partnerships in place to become successful, especially in the mining industry. O'Neill, along with his entourage comprising mining minister Byron Chan and high level officials, toured Hidden Valley in the first leg. Accompanying them were Harmony Gold Mining chairman Patrice Motsepe, chief executive Graham Briggs and executives, provincial government officials and landowners. Some of the highlights pointed out by Hidden Valley's general manager Bevan Jones included the tailings storage facility, a first of its kind in PNG, where any tailings or waste from the processing plant were stored in the facility and not released in the environment.

O'Neill was then shown the 4.5km overland conveyor (OLC), the longest in the world that transported ore bodies from the crusher to the mill. He was also shown environment monitoring mechanisms set in place to monitor the mine's environmental footprint, including water quality monitoring along the river systems, and sediment reduction improvement programmes. "Getting briefs is one thing but coming to see what you are doing is very encouraging," O'Neill said. "To see a joint

venture working closely with the landowners and people is an example of what can be achieved if all partners are working to make a project like this a success.” O’Neill said the government would continue to support Hidden Valley and the upcoming Wafi-Golpu project by giving its full attention to supporting infrastructure and projects in the Bulolo district such as the Lae to Bulolo-Wau highway. Motsepe said that Harmony was confident of building a partnership with landowners, stakeholders and the government. “Our success, the success of Harmony and its partner (Newcrest), depends on the success of the local people and the success of the government as a whole,” he said.

After Hidden Valley, O’Neill visited the Wafi-Golpu project, where he was shown around the camp and drill locations. He was given a brief presentation on the ore reserves of Wafi and Golpu developments and a rundown on how the projects were being planned out until production. O’Neill also visited the Wafi-Golpu health clinic, run by the Wafi-Golpu project nursing staff and two government aid post orderlies. “I’m very pleased to see this sub-health centre providing medical services to the people,” he said. “This is what we want to see throughout PNG, strong partnerships with the local people.” O’Neill told a small number of village people who came to see him that Wafi-Golpu was a big project and would take a while to develop. He appealed to them to work together with the government and the mining venture to ensure benefits reached every stakeholder.

InterOil processes PNG crude

The National, 05th October, 2012

By GYNNIE KERO

OIL and gas company InterOil outsource its crude oil from Kutubu and different countries overseas to process it into petroleum products for domestic use. Process engineer Nerius Kua said from the Napanapa refinery yesterday that the company got its crude oil from Kutubu in Southern Highlands and overseas and produced diesel, kerosene, gasoline and liquefied petroleum gas (LPG). “We import crude oil from the North West Shelf of Australia, from Malaysia, West Africa and process the local crude, which is Kutubu,” he said. He said InterOil imported a variety of crude types to meet the country’s growing demands. Kua added that there were different crude types and their processing rate is dictated by the demand for middle distillates. “In a year, the Inter Oil refinery receives approximately 12-13 shipments of crude oil,” he said. “The supply and trading subscribe to a number of pricing information sources including Platts, which is the most widely used international daily online pricing service for crude and products price assessment. “Import of crudes is mostly dependent on the availability of the crude type and economics.” The PNG market mostly consumes middle distillates like kerosene or diesel from Kutubu crude yield. InterOil exports products like naphtha which are not for sale in PNG.

Porgera: Mine workers get pay rise

The National, 05th October, 2012

By JAMES APA GUMUNO

EMPLOYEES of Barrick Gold Ltd have been awarded a 2% pay increase plus K115 across the board by management. These were two of their demands given to Barrick Gold, the developer of the Porgera gold mine in Enga, three weeks ago during a strike after a worker was killed by locals. The company agreed to the pay increase at a meeting in Porgera on Wednesday that involved the management, local MP Nickson Magape, workers’ representatives and police. Enga provincial police commander Supt Martin Lakari, who attended the meeting, said all parties agreed to the company’s offer. Lakari said after two days of protest, the mine workers returned to work yesterday morning. “I see workers return to work early this morning and mine operations resume as normal after the meeting,” he said from Porgera. Lakari, however, denied a claim by the workers and management

that the protest was because of the increased lawlessness in Porgera. He said while there had been some law and order problems in the past, the heavy police presence in Porgera had changed the environment. Lakari said the mine workers had also demanded that the company provide accommodation in the mine site. Barrick PNG executive general manager Greg Walker said on Wednesday that the mine workers had staged a stop-work because of the law and order problems in the community.

LNG: Construction sector eyes new horizons in PNG

Post-Courier 5.10.2012

The construction sector in Papua New Guinea (PNG) has enjoyed rapid growth in recent years. The industry, worth just K265.6m (\$126.38m) in 1994, is now one of the economy's largest contributors to GDP, valued at K4.81bn (\$2.29bn) in 2011. But while annual growth has averaged 17.9% since 2007, there are troubling indicators of an overstretched economy. With economic growth projected at 8.9% this year, PNG stands to mark 12 years of uninterrupted economic expansion, thanks in part to the \$15bn ExxonMobil-led liquefied natural gas (LNG) project, which has helped to push the country through the worst of the global financial crisis. While this growth has allowed PNG to begin the climb out of the lower-income economic bracket, its journey has been hampered by continued challenges from inadequate infrastructure and a workforce with insufficient skills. These bottlenecks have, ultimately, cascaded costs throughout the economy and the construction sector.

Absorbing millions of tonnes of material, the LNG project has caused inflationary spikes in costs. Industry executives report a 25% increase in cement prices over the past few years and PNG's sole domestic producer, Japanese-owned PNG Taiheiyo Cement in Lae, has not been able to meet demand. This has led some construction firms to import supplies, swallowing the 15% import tariff imposed by the government. While reliable statistics on commodity price increases remain elusive, the ramifications are clear in base housing construction costs. Estimated at K2000 (\$952) per sq metre by PNG's largest national superannuation fund (NASFUND) in 2010, costs have spiked to K5000-7500 (\$2379-3569) per sq metre, according to a June 2011 analysis from Westpac, an Australia-based bank. Such increases have only exacerbated protracted and pre-existing housing shortages across PNG, pricing many new developments outside the reach of the lower and middle-income brackets, where they are needed most. At present, around one-third of Port Moresby's population resides in slums and semi-permanent dwellings.

However, some resources may be freed up soon. Esso Highlands, a subsidiary of ExxonMobil, commenced drilling on the first of its planned wells in July, and the project is on course to be finished by 2014. Once the project is complete, resources such as labour and material will be freed up, thus relieving many of the current inflationary pressures. Some firms have already reported a reverse migration of labour and technical personnel as individual construction projects are concluded, bringing expertise and skills to the sector. While this remains the exception rather than the rule, government predictions also support a cooling of the sector, as the economy emerges from this period of change and growth. Yet there remains plenty of work ahead. The sector's cooling contribution to GDP growth, from 3.7% in 2011 to an estimated 0.2% in 2014, is more indicative of new sectors firing up than any large-scale cessation of activity. With the government relying on forthcoming LNG revenues to fuel a wholesale reformation of the national economy, the construction sector remains firmly at the forefront of national development planning.

Working to the PNG Vision 2050 national plan, the government has already embarked on an ambitious four-decade roadmap to transform PNG's urban centres and national infrastructure. PNG's roads, ports and airports are all the subject of intense repair and new construction efforts, funded both centrally and by donor support, which will help reduce transport costs for the construction industry. Investments in transport modalities, worth K24.65bn (\$11.7bn) to 2015 alone, are expected to provide economic growth of 12.6% by 2030. While this poses its own challenges to the capacities

of many domestic firms, the government has already opened the door to international firms that have been quick to stake a claim in the local market. Elsewhere, plans for urban regeneration penned by the Office of Urbanisation have already set out an ambitious blueprint for 28 critical urban centres by 2030, including five “mega-cities” with populations of more than 1m people. A response to continued urban migration across PNG, developers have already moved to tap opportunities in expanding commercial and residential demands. With current construction efforts centred on mid- to high-range specifications, the conclusion of the LNG project’s construction in 2014 is widely anticipated to precipitate a sea change in market demand. This redress will turn the construction industry’s attention toward the middle to low-end demands.

Lihir: ‘Stret Pasin Stoa’ scheme revived

Post-Courier 5.10.2012

By *JOHN PANGKATANA*

AN amended more exciting version of the Stret Pasin Stoa concept has been revived to give rural Papua New Guineans a ‘second-chance’ in becoming successful in business. Lihir Sustainable Development Limited (LSDL), an entity specifically set-up to engage the people in non-mining activities on resource rich Lihir Island in the New Ireland Province has sought to forge a new pathway for the people towards life after the mine. As part of their major aim to achieve self reliance and sustainability for their 16,000 plus Lihirians, LSDL donated K100,000 to finance the project during the launch at Londolovit last Friday. The occasion also saw the signing of a partnership agreement between LSDL and Entrepreneurial Development Training Centre (EDTC) that will bring in the expertise to implement a scheme of self reliance towards financial independence. This is mooted to change the mind-sets of Lihirians in the initial stages and PNG as a whole as the scheme grows.

Part of the agreement will also see LSDL:

- Build first class education facilities for human and entrepreneur development or Grassroot University of Life on Lihir Island
- Establish industries in PNG and oversees to enable Papua New Guineans and peoples of third world countries to engage in economic development.

EDTC will in turn establish and manage the scheme through its well established network of ETDC franchises. The new concept called ‘2nd Generation Stret Pasin Stoa Business Scheme’ was designed by founder of the Stret Pasin Stoa Scheme (1974) Samuel Tam. Mr Tam, with over 40 years of experience has now come up with a flawless system that he says will have lasting benefits for the grass-roots majority. Mr Tam has been engaged by LSDL as a consultant to provide personal viability training for holistic human development focusing on physical, mental, spiritual, emotional and financial prosperity, family and micro enterprises. “This new innovative scheme is set on the on the principals of the PNG national constitution and its PNG Vision 2050,” Mr Tam said. “In principal the program will teach people how to manage their affairs better. “There are several levels to go through to get yourself business-minded first...nogut bai yu stat dinau dinau klostu klostu nau na business I bagarap,” Mr Tam added.

He said the Stretpasin Stoa scheme he initiated in 1974 was successful at the time because he made sure money was coming back. He said the scheme fell through because there were not too many stores being owned by Papua New Guineans. Mr Tam said it is an opportune time for the National Government to step in, but they have not committed themselves at this point in time. LSDL chairman Joachim Malele said this new partnership will set the foundation towards changing their people’s ‘hand-out’ mentality system. “For Lihir we are going through this gold economy and we want to start setting up non-mining economy even before the mining stops. We want to be financially independent even before the life of the mine ends,” he added. He further said the partnership is a major asset to them in a sense they will also able to use their (EDTC) network for their benefit as well.

Frustrated PNG Mine Workers Stage Stoppage

Porgera employees raise concerns over safety, law and order

PORT MORESBY, Papua New Guinea (The National, Oct. 4, 2012) – Workers at the Porgera gold mine in Enga staged a stop-work action on Tuesday in Papua New Guinea, citing frustration with ongoing law and order problems in the local community, the mining company said in a statement. The mine employees, who had been in discussions with the mine management for several weeks about their safety concerns when residing in the community, are calling for urgent action by the government to address law and order in their communities. Barrick PNG executive general manager Greg Walker said he sympathized with the concerns of Porgera Joint Venture employees, but urged them to be patient as the government, mine management and local community leaders worked together to develop plans to deal with lawlessness in the district.

"This is not a simple matter to solve," Walker said. "It requires a cooperative and long-term approach involving all stakeholders, whether they are law enforcement agencies, community leaders, mine managers or mine workers," he said. "We have been working closely with the police and community leaders to develop a lasting response to this problem," Walker said. "I am encouraged that the government is working to expand the number of police servicing the Porgera district, as this will help tackle law and order problems. "This will let us work together to rebuild and expand law and justice facilities in Porgera, and build the capacity of law enforcement officials to maintain peace and order in the district," he said.

Locals force closure of LNG project site

Post-Courier 4.10.2012

THE death of a Tamea tribesman has caused the shutdown of all operations at the LNG Project PDL 1 project site in the Komo District, Hela Province. The deceased, the late Jackson Guariko was an employee with the Naibors Drilling and was allegedly hit and squashed by an expatriate fellow employee who was operating an excavator on Sunday around 1pm. This has caused a chain reaction with employees at the project sites fleeing for their lives in fear of retaliation. The people have not retaliated violently but have forced the closure of a number of project sites that play a key role in the operations. The project sites that have been shut-down are:

* Welpad B; * Welpad C; * SpineLine; * Car Wash 4; * Laid Down Dump; * Copenda Land Field; * Laid Down Yard; * Tamea Quarry 2 and; * Takali Wet Sand Pit 2.

The deceased is also a chief from the Tamea Tribe and an executive member of the Tiralama Ayatamea Holdings Limited landowner company that has been fighting for recognition for outstanding royalty and equity payments, including environmental damage to their traditional hunting and gardening grounds. The death of Mr Guariko has now sparked off threats from angry Tamea tribesmen who are now demanding that the Government settle their K6 million business development grant claim and a further K4 million compensation claim for loss of life. The message from the tribesmen is that they demand the Prime Minister, Finance Minister, David Manau (DPE), HGDC managing director, Exxon Mobil and Naibors Drilling executive officers to address them within the next seven days in an open dialogue. The body of the late Mr Guariko has been flown to Port Moresby and is at the funeral home at Erima until further notice. Naibors Drilling is a sub-contractor company to the developer Exxon Mobil.

Porgera Gold Mine workers on strike

Post-Courier 4.10.2012

MINE workers at the Porgera Gold Mine have staged a stop-work action after being fed up with frustration on lawlessness in the local community surrounding the mine township. The mine em-

ployees, who have been in discussions with mine management for several weeks regarding their concerns for their safety when residing in the community, are calling for urgent action by the Government to address the decline of law and order in their communities. Barrick PNG Executive General Manager, Greg Walker said today that he sympathised with the concerns of Porgera Joint Venture (PJV) employees, but urged them to be patient as the government, mine management and local community leaders are working together to develop plans to deal with lawlessness in the Porgera District. "This is not a simple matter to solve.

It requires a corporative and long-term approach involving all stakeholders, with the law enforcement agencies, community leaders, mine managers and mine workers," Mr Walker said. He said that the mine had been working closely with the police and community leaders to develop a lasting response to this problem. "I am encouraged that the government is working to expand the number of police servicing the Porgera District, as this will help tackle the immediate law and order problems. "This will then let us work together to rebuild and expand the law and justice facilities in Porgera, and build the capacity of law enforcement officials to maintain peace and good order in the district," he said. In the meantime Mr Walker said, "I would urge workers to continue working, and if they have specific concerns for their personal safety in the community, report the concerns to their managers or to the police, who are responsible for maintaining the peace." "We need to support the police as they work to keep us all safe and tackle the criminal elements in the community."

Asset management firm's devastating evaluation of Nautilus experimental seabed mining plan PNG Mine Watch 4.10.2012

In 2008, a global asset management firm produced a devastating evaluation of Canadian miner Nautilus Minerals plans for experimental seabed mining in Papua New Guinea. M-CAM provides financial and business solutions to some of the world's largest financial institutions as well as working with marginalized groups in developing countries. Among the findings presented in the M-CAM are:

- Undersea mining of massive sulfides will have a potentially devastating environmental impact
- PNG offers a lax regulatory environment and the undersea mining could be effectively unregulated
- Environmental impacts could spread beyond PNG and affect other nearby countries
- There is a high probability of social and economic disruptions for local people
- Nautilus sponsorship of research means there is no guarantee of accuracy or independence in the findings
- The mining will infringe on significant international intellectual property rights that Nautilus neither owns nor has any licensed rights to
- The mining is unlikely to create significant numbers of local jobs
- Despite its dominant role in PNG, most of the benefits from the mining industry flow to foreign investors

Here are some of the key parts from the M-Cam report:

Undersea mining of massive sulfides has potentially devastating environmental impacts. Damage is possible to undersea vent ecosystems from the mining itself, fish and sea life in nearby waters from sediment spills, and surface marine and bird life from barge activity. While Nautilus states that mining will only occur on dormant vents, these are often found in close proximity to live vents and their fragile ecosystems. These ecosystems could easily be damaged by mining disruption and are potential sources for significant amounts of biodiversity that could be used for new medications and technologies. Algae blooms are also possible if care is not taken to use or process nutrient-rich cold

water from the sea-floor before release. Any disruptions are likely to long-term in nature since sediment plumes could take between ten and forty years to fully resettle, causing significant damage to nearby marine life populations.

Since Nautilus is operating entirely within PNG's exclusive economic zone, they are not subject to International Seabed Authority regulation and can operate in the more lax regulatory environment of PNG. Given the poor track record of easily monitored terrestrial mining, the difficulty to monitor undersea mining has the possibility to easily go unregulated. Unlike land-based pollution, the effects of undersea disruptions can easily spread beyond PNG waters to affect other nearby countries. In addition to environmental impact, there is a high probability that lightly regulated undersea mining will cause social and economic disruption for Papua New Guineans. Like many others from the 200 high islands and 2500 low islands and atolls in the Pacific, the people of Papua New Guinea have an important relationship with the sea. The ocean surrounding these islands is more than just water; it represents food, economic livelihood, and highly important cultural symbols that are all crucial to the way of life for the people of PNG. Further, there is deep cultural and spiritual significance to the areas contemplated for barge traffic and on-shore processing.

Without proper oversight and internal discipline on the part of the Government of Papua New Guinea, Nautilus and its partners, this undersea mining has the potential to be socially, economically, and environmentally destructive. Although Nautilus has participated in Environmental Impact Studies, the lenient regulatory environment and previous sponsorship of research institutions means there is no guarantee that the methodology or results of these studies will be fully accurate or subject to independent review from bodies with objective disinterest in the enterprise's operations. Further, these studies have not covered the social or economic consequences facing the people of PNG, particularly taking into consideration the cultural values attendant to both the land and sea resources and their role in communal values

Mining is a dominant industry in PNG, accounting for as much as 25% of GDP and two thirds of exports². Despite this large presence, few jobs go to the people of PNG and most of the benefits flow to foreign investors. Despite billions of dollars of mineral exports, poverty rates and unemployment both remain high. Mining has also caused social unrest. Exploitative mining practices led to a severe civil war in Bougainville, leading to significant government weakening. While the central Government has launched a number of initiatives to rectify a legacy of public sector accountability deficits, oversight – particularly in exploration and environmental management – has been lax in PNG, with large amounts of corruption and a long history of resource exploitation.

It was abundantly clear that local and regional leadership have inadequate information regarding both the Nautilus company and its explicit technical plans. It was further clear that no participant in any of the meetings had been aware of the degree to which the proposed technology deployment was likely subject to significant international intellectual property considerations that were neither owned nor overtly documented to have been licensed to the company. It was further obvious that the awareness of local biological diversity and its documented (and in some cases, expropriated) uses was inadequate to insure any appropriate oversight and management of indigenous resources by the Government of Papua New Guinea. Without exception, the participants were unaware of the degree to which the company has contracted with worldwide corporate, academic, and scientific organizations to assist them in framing the marketing and environmental message. Because the mining operation is largely automated, Nautilus currently employs only about a dozen Papua New Guineans; that number is unlikely to grow significantly.

Portion 152 environment affected

Post-Courier 4.10.2012

By *TRAVERTZ MABONE*

THE environmental impact along the Portion 152 in Central province has become an issue after the Papa Resource Development Ltd, a landowner company, gathered that their reefs were being eradicated. The chairman of PRDL Mr Heni Goro was adamant that the environmental impact within the portion 152 buffer zone was overlooked and awareness was not made known to the impact villages. He alleged that the controversial impact study conducted about six years ago which was presented to the Department of Environment and Conservation was somewhat complex in context. Mr Goro said that it was so complex that there was no awareness with personal visits to the impact villages. “We thought everything was in order, however the people found out that there was an enormous structural change that went about without their consent.” Mr Goro said. He claimed that “the reefs in Caution Bay have been bulldozed, after private research, and we the people were told to abandon fishing around the area.” “Someone has to explain why we were not told about this. Our people depend on the bay for their daily livelihood. There was no prior awareness to the demarcation lines that are currently buffered.” Mr Goro said. He added that the developers have rezoned the area without the people’s consent.

PNG: Islands unite against mining

Post-Courier 3.10.2012

By *GRACE TIDEN*

CIVIL societies in East New Britain and New Ireland Provinces are planning a peaceful protest march to raise concerns on sea bed mining. They will also be presenting a petition to local parliamentarians. The East New Britain Sospel Eksen Komiti (ENB SEK) is currently facilitating the arrangements. Peter Tutuai from the ENB SEK said a working committee was established in one of their recent forums to organise the petition and protest march. The committee members include Mr Tutuai, former Education Secretary Betual Peril, Father Mathias Lopa, former provincial education adviser Boas Koro, Jack Ephraim, Nerrie Wilson from the Kokopo District Council of Women and Sir Henry Torobert. He said they have spoken to ENB Governor Ereman ToBaining Junior as well as the police hierarchy in the province for their approval and everything is now in place.

Mr Tutuai said they have also been consulting with leaders in New Ireland Province. A date for the peaceful protest march is yet to be set by the working committee but committee members want the event to take place before the end of this month. Mr Tutuai said they plan to carry out the march and present the petition before the next parliament session. “We think it should be an agenda in the next parliament sitting,” he said. He said the committee will have to finalise the petition before calling on respected community leaders and other important people both in ENB and NIP who will be signatories to the petition on behalf of their people. Mr Tutuai said they wanted all MPs in both provinces to be present when they submit the petition after the protest march.

Regency unveils ongoing study on Mambare nickel project

The National, 03rd October, 2012

AN engineering study is continuing on the Mambare nickel project in Northern aimed at presenting how best to develop the site, Regency Mines told investors yesterday. The company is developing the project in a joint venture with Direct Nickel (DNi), in which it is also a shareholder, and yesterday updated investors on DNi’s latest milestones. Regency’s partner reports that the demonstration plant programme in Australia is poised, subject to final confirmation of funding, to begin commissioning next month, once a sample from Indonesia arrives. The advanced extraction technology owned by DNi is being trialled through a pilot operation. This could further enhance the attractive-

ness of the project, which already has a 162 million tonne resource. DNi also reports significant progress with its funding agreements, Regency told investors yesterday. A Teck funding agreement document is being completed and a UK investment institution has signed a subscription agreement conditional on signature of this agreement, Regency said. Regency's chairman Andrew Bell said: "It is good to hear from our partners of these key milestones starting to be achieved. "While key for them, they are also significant for us both as DNi's partners in this technology at Mambare and as shareholders in DNi itself."

Miners owe East Timor millions in unpaid taxes

ABC Four Corners, By Peter Cronau and Andrew Fowler, Updated Oct 2, 2012



Photo: Resource companies are after the massive reserves of oil and gas in the Timor Sea. (ABC TV, file photo)

Potentially billions of dollars of tax is being withheld from the government of East Timor by some of the world's richest oil and gas companies operating in the Timor Sea, Four Corners has revealed. The amount owing to East Timor, or Timor Leste as it is known in the country, could be as much as \$3US 3 billion, once interest and penalties are added to the unpaid taxes. "As of today if they do not provide us all the justification, there's a potentiality of [it] going up to \$3 billion," East Timor Finance Minister Emilia Pires has told Four Corners. A forensic audit of tax payments over the past 18 months has found what the government claims are multiple underpayments of tax by the resource companies. These companies include the US oil giant ConocoPhillips and Australia's own Woodside Petroleum. "Since we started auditing - and we only started auditing in the beginning of 2011, so within a year and a half since then to now - we've recovered or collected about \$362 million," Ms Pires said. Only in 2010 did East Timor get the right to have the financial records of the oil and gas companies operating in the Timor Sea held in Dili.

It was a year later that a specialised tax task force was put together in the nation's finance ministry to begin forensic auditing investigations. It then began uncovering just how much money the nation is potentially owed in unpaid taxes. Of the dozens of cases of tax underpayment so far discovered, 28 have been settled for a total of \$362 million. But several demands for payment have been appealed by the companies involved. Ms Pires has hired lawyer Pierre Prosper, from prestigious Washington DC law firm Arent Fox, to advise on the legal cases that have arisen. In cases now before the Dili District Court, Mr Prosper has submitted that companies have "improperly deducted costs" from taxes due to the government. "Around the world multinational companies always fight for their interests and they fight tooth and nail; it's their job - they have shareholders," Mr Prosper said. "There was no enforcement because there wasn't capacity, so it was up to the companies to do the job of following the letter of the law. "What we are saying is that we noticed some deficiencies and... the government has begun to push back, enforce and regulate. "We expect the fight to get

even harder, because we're talking about a lot of money, but what's changed here is that Timor is fighting back."

The task before the audit team is enormous, trawling back through five years of tax returns and financial documents, looking for illegitimate claims. Ms Pires explains the type of problems they are seeing with many of the companies' tax returns. "When we are doing an audit we are asking them, 'OK show us the receipts, tell us if you say that this cost you, just as an example \$100 million, then give me the receipts for \$100 million' and they're struggling," she said. "They're not able to give us... the total cost of what they said they claim that they've spent. Now that's a bit of a problem." Recently re-elected East Timor Prime Minister Xanana Gusmao agrees that the companies need to pay their dues. "I believe that companies will be aware that they have to pay, and under the rules, under the laws they have to pay the tax," Mr Gusmao said. Several of the companies involved are appealing in the Dili District Court against the tax reassessments of the East Timorese government. [Read the full story, Taxing Times in Timor, on the Four Corners website](#)

Nickel Company Denies Sending Delegation To Vanuatu

Vale New Caledonia 'satisfied' with Philippines limestone deal

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 2, 2012) – The nickel company, Vale New Caledonia, has denied reports that it sent a delegation to Vanuatu to investigate the possible supply of limestone. Vale New Caledonia says it receives limestone from the Philippines and is satisfied with this arrangement and is not considering changing provider. It says should this situation change in the future, Vale New Caledonia will seek expressions of interest internationally before launching a tender. This comes after a traditional landowner reported that the company was considering sourcing limestone from Vanuatu.

Talisman increase production

Post-Courier 2.10.2012

(Reuters) – TALISMAN Energy Inc. will have new crude oil and condensate production coming online in Vietnam and Papua New Guinea in the next two years to meet growing demand in Asia, a company official said on Wednesday. Paul Blakeley, an executive vice president at Talisman, told Reuters that the Canadian company expects to start Stanley condensate production in 2014 in PNG. Blakeley said, with about 5,000 bpd produced in the first phase and gradually increased. Talisman is also due at the end of this year to take over the Kinabalu field in Malaysia from Royal Dutch Shell, Blakeley said. "It will bring immediate production next year" of 10,000 bpd, he said, adding that the field's output could double with further development. Talisman is one of the largest Canadian-based independent oil and gas producers in the world. Talisman's main business activities include exploration, development, production, transportation and marketing of crude oil, natural gas and natural gas liquids. In PNG, Talisman continues to aggregate significant discovered and prospective gas resources.

K8 billion foreign reserves

The National, 02nd October, 2012

By MALUM NALU

PAPUA New Guinea's foreign exchange reserves stood at US\$4.035 billion (K8.312 billion) as of Sept 25, 2012, according to the Bank of PNG. It says by the end of this year, the gross foreign exchange reserves are projected to be around US\$4.349 billion (K9.049 billion), sufficient for 6.6 months of total import cover and 19.4 months for non-mineral imports. Governor Loi Bakani said in

the bank's monetary policy statement released at the weekend that the average kina exchange rate appreciated against both the US and Australian currencies by 8.9% and 10% to US\$0.4813 and A\$0.4636 respectively, from September quarter 2011 to Sept 26, 2012. "The appreciation of the kina against the US dollar reflected higher foreign exchange inflows related to the PNG LNG project and foreign direct investment to the other sectors," he said. "The appreciation against the Australian dollar was attributed to cross-currency movements.

"The Trade Weight Index (TWI) appreciated by 8.5% during the June quarter this year, compared to the corresponding period last year. "The real effective exchange rate (REER) also appreciated by 4.7% during the same period." Bakani said strong economic growth was expected to continue this year, with the bank predicting real GDP to grow broadly in line with the government's forecast of 9.9%. "This reflects the peak in construction activity of the PNG LNG project and spin-offs to other sectors, start of the production at the Ramu NiCo mine and increased government spending," he said. "

All sectors of the economy are expected to grow, led by the building and construction, manufacturing, mining and quarrying, commerce, financial/business/other services, and transportation/storage/communication sectors, while the petroleum sector is projected to fall due to the decline in reserves and production. "For the medium term, the bank projects economic growth to moderate in 2013 and 2014, reflecting the winding down of construction of the PNG LNG project." "In addition, domestic demand is expected to ease due to the fall in international commodity prices and, therefore, incomes."

We don't pay no taxes! Harmony reveals how foreign mining companies avoid paying for PNG gold

PNG Mine Watch 2.10.2012

While Australia is hiking up the taxes mining companies must pay and many South American countries are moving to nationalize foreign owned mines to ensure the benefits from mining remain on-shore, PNG politicians continue to allow mining companies to literally run off with our gold and silver avoiding any tax at all. Even when they are not given generous tax holidays – like those granted to the Ramu nickel mine and Exxon-Mobil LNG project – foreign mining companies can still easily avoid PNG's 30% corporate tax rate. South African miner Harmony Gold, joint owner of Hidden Valley and the proposed Wafi-Golpu mine, explains below exactly how the foreign miners do it, using a combination of carried forward losses and generous deductions. In the example given by Harmony a profit of K150 million is reduced down to just K22 million and rather than paying K50 million in tax just K4.95 million is handed over (at an effective tax rate of just 3%).

Calculating taxable income for PNG mining companies (including specific deductions)

- Work out taxable income / (loss)
Assessable income (tax adjusted revenue) – allowable expenses (operating)
- If result = taxable loss (expenses > revenue) – carry forward tax loss (indefinitely)
- If result = taxable income – following additional deductions are available in that order
 - Prior year losses brought forward
 - Up to 25% of AEE balance
 - Up to 25% of ACE balance
 - Lesser of 25% of S155N Pool balance or amount that reduces tax payable by 25%

AEE: allowable exploration expenditure
ACE: allowable capital expenditure

PNG tax regulation | continued

- AEE is exploration expenditure incurred on the mining area covered by a mining lease during the 20 years immediately prior to the issue of that Mining Lease
- ACE is capital expenditure incurred in developing the mine and further exploration expenditure incurred on the area covered by a mining lease after its issue
- S155N Pool is essentially double deduction available to a producing project on exploration expenditure incurred (post 1 January 2003) by other related companies
- Annual AEE and ACE deductions are limited to taxable income (cannot create a tax loss).

Illustrative example

Balances used in calculations (K'000)	Workings (K'000)	
• Taxable income (TI) K150 000	• TI	150 000
• Losses brought forward K8 000	• Less:	
• AEE K180 000	– Losses	(8 000)
• ACE K300 000	– 25% AEE	(45 000)
• S155N Pool K85 000	– 25% ACE	<u>(75 000)</u>
(Deduction = lesser of 25% pool bal (K21,250) or 25% of Tax Payable (TP))	• TI after Dedns	<u>22 000</u>
• Resident tax rate = 30%	• Tax @ 30%	6 600
	• Less: 25% TP	<u>1 650</u>
	• Net tax payable	<u>4 950</u>

Indochine looks at BFS for Mt Kare

By Esmarie Swanepoel, Miningweekly.com, 2nd October 2012

PERTH (miningweekly.com) - The outcome of a preliminary feasibility study (PFS) into the Mount Kare gold/silver project, in Papua New Guinea, has prompted the launch of a bankable feasibility study (BFS), said gold developer Indochine Mining. The PFS forecasts the production of one-million ounces of gold and eight-million ounces of silver over an eight-year life-of-mine, with the project generating \$2-billion in revenue, and an internal rate of return of 28%. The study estimated that a capital investment of some \$218-million would be required to fund the Mount Kare project, with operating costs estimated at \$800-million. "The PFS study has demonstrated the economic strength of the Mount Kare project, and with further significant upside achievable through optimisation and resource expansion should deliver potentially one of Papua New Guinea's next gold mines," said Indochine CEO Stephen Promnitz.

The project economics could also be improved through mine scheduling, grade optimisation, processing flow sheet optimisation and other initiatives to be undertaken in the BFS, following regulatory approvals of the PFS. "The company has delivered on its commitment to regulators to complete the Mount Kare project to PFS stage. Now the focus is to deliver a bankable feasibility study and move into production thereafter," said Promnitz. Production was expected to start in 2015, with modelled output of between 100 000 oz/y and 160 000 oz/y of gold, and between 700 000 oz/y and 1.1-million ounces of silver a year. Indochine would lodge a mining licence application by late 2013, following the completion of the BFS. "In the near term, the company will continue to release assay results from its latest drilling programme, which is expected to lead to a resource upgrade," Promnitz added. The project has a Joint Ore Reserves Committee-compliant resource of 28.3-

million tons at 1.9 g/t gold and 22.5 g/t silver for 1.8-million ounces of gold and 20-million ounces of silver.

Glencore-Chef Glasenberg: Ivan, der Mächtige

Von Stefan Kaiser, SPIEGEL ONLINE, 1.10.2012

Eine Handvoll Konzerne kontrolliert weltweit das Geschäft mit wertvollen Rohstoffen. Mit dem Kauf des Konkurrenten Xstrata wird das Schweizer Unternehmen Glencore zum wohl mächtigsten Spieler der Branche - und erfüllt damit den Lebensraum eines Mannes, der immer ganz nach oben strebte.



REUTERS, Glencore-Chef Glasenberg: "Er ist immer der Schlauste im Raum"

Hamburg - Ivan Glasenberg ist Ausdauersportler. In seinem Geburtsland Südafrika wurde er mehrfach Landesmeister im Gehen. Und wenn es seine Zeit erlaubt, trainiert der 55-Jährige auch heute noch im Fitnessraum der Schweizer Glencore-Firmenzentrale am Zuger See. Ansonsten weiß man recht wenig über den Mann, der in diesen Tagen zum vielleicht mächtigsten Rohstoffhändler der Erde aufsteigen soll. Die "Financial Times" nannte ihn einmal "eines der großen Rätsel der Firmenwelt". Glasenberg ist Chef des Schweizer Konzerns Glencore - schon jetzt ein Gigant und wahrscheinlich bald noch größer. Denn Glencore steht kurz davor, den ebenfalls in der Schweiz ansässigen Minenbetreiber Xstrata zu übernehmen. Am Montag empfahl der Xstrata-Vorstand seinen Aktionären, das Glencore-Angebot anzunehmen. Damit steht das Geschäft kurz vor dem Abschluss. Es hätte ein Volumen von mehr als 30 Milliarden Dollar.

Wie es aussieht, hat sich Ivan Glasenberg wieder einmal durchgesetzt. Der Manager gilt als einer der härtesten und zähsten Verhandler in der Unternehmenswelt. "Er ist immer der Schlauste im Raum und allen anderen immer einen Schritt voraus", zitiert die Nachrichtenagentur Reuters einen Hedgefonds-Manager. "Hedgefonds denken immer, dass sie schlauer sind als die Konzernchefs, aber nicht bei Ivan." Beim größten Deal seines Lebens bewies Glasenberg eine ähnliche Ausdauer wie beim Sport. Über Jahre zog sich die Übernahme von Xstrata hin, im Februar 2012 wurden die Verhandlungen öffentlich. Mehrmals sah es so aus, als sei Glasenberg am Ziel, doch immer wieder musste er Rückschläge hinnehmen. Im Sommer etwa blockierte der Golfstaat Katar den Deal: Der Großaktionär von Xstrata wollte seine Anteile partout nicht hergeben. Doch irgendwie hat Glasenberg auch die Scheichs weich bekommen - wenn auch zu einem hohen Preis: Glencore musste noch mal ein paar Milliarden Dollar auf den Kaufpreis drauflegen.

"Glencore ist die Weltwirtschaft"

Lohnen dürfte sich das Geschäft trotzdem: Denn es entsteht ein Megakonzern, der die gesamte Wertschöpfungskette von der Förderung über die Verarbeitung bis zum Transport und Verkauf abdeckt. Glencore ist bereits heute der größte Rohstoffhändler der Welt und hat sich in den vergangenen Jahren unter Glasenbergs Ägide immer breiter aufgestellt. Das Unternehmen fördert mittlerweile auch selbst Kohle, Nickel und Kupfer. Es baut Mais, Zucker und Baumwolle an. Ihm gehören 49 Prozent des russischen Ölförderers Russneft. Eine eigene Hochseeflotte transportiert die Waren rund um den Globus. "Glencore ist die Weltwirtschaft", stellte der oberste Rohstoffhändler der US-Bank Citigroup, Stuart Stanley, einst ehrfürchtig fest.

Der Rohstoffhandel ist ein schmutziges Geschäft. Glencore wird immer wieder vorgeworfen, sich auf Kosten seiner Zulieferer oder der Umwelt zu bereichern. Erst im Frühjahr veröffentlichten zwei Schweizer Hilfswerke eine Studie, wonach der Konzern in Afrika Kupfer verarbeite, das von Kindern gefördert werde. Glencore wies die Vorwürfe zurück. Doch das reicht nicht immer. Im Juni verurteilte ein belgisches Gericht die Glencore-Tochter Glencore Grain Rotterdam zu einer Geldstrafe von 500.000 Euro. Das Unternehmen soll einem EU-Mitarbeiter dessen Urlaub und Handyrechnungen bezahlt haben, um an vertrauliche Informationen über Getreidesubventionen zu kommen.

Eine Strafe, die Glencore aus der Portokasse zahlen kann. Glasenberg lässt sich von solch kleinen Rückschlägen nicht stoppen. Zuletzt baute er das Geschäft im Eiltempo aus. Im Mai übernahm Glencore die Kontrolle über den kongolesischen Kupferförderer Mutanda Mining. Im Juli kaufte das Unternehmen den kanadischen Getreidekonzern Viterra, der Zugriff auf die gigantischen Vorräte des Landes an Raps und Weizen hat. Der Xstrata-Deal soll für Glencore nun der ganz große Schritt werden. Durch den Zusammenschluss wird die Nummer eins der Rohstoffhändler auch zum viertgrößten Rohstoffförderer der Welt. Der Konzern nimmt damit eine einzigartige Schlüsselrolle im weltweiten Geschäft ein.

Einige wenige Konzerne kontrollieren das Geschäft

Größe scheint in der Branche derzeit ohnehin einer der wichtigsten Faktoren zu sein. Durch Fusionen und Übernahmen sind in den vergangenen Jahren eine Handvoll Megakonzerne entstanden, die einen großen Teil des weltweiten Rohstoffgeschäfts kontrollieren. Dazu zählen die britisch-australischen Unternehmen BHP Billiton und Rio Tinto sowie Vale aus Brasilien und China Shenhua. Häufig haben solche Konzerne die Macht, Preise zu diktieren - und so gigantische Gewinne aus dem seit rund zehn Jahren anhaltenden Rohstoffboom zu schlagen. Vor allem die schnell wachsenden Schwellenländer wie China oder Indien sind auf den Materialnachschub angewiesen. Doch zuletzt ließ die Konjunktur auch in diesen Ländern spürbar nach, die Nachfrage sank. Das bekamen auch die Rohstoffriesen zu spüren - der Gewinn von Xstrata etwa fiel im ersten Halbjahr 2012 von knapp drei auf knapp zwei Milliarden Dollar.

Ivan Glasenberg wird sich seine Gedanken gemacht haben, wie er damit umgeht. Er kennt Xstrata gut, Glencore hält schon seit Jahren mehr als 30 Prozent an dem Unternehmen. Glasenberg und Xstrata-Chef Michael Davis wuchsen im selben Viertel in Johannesburg auf und besuchten dasselbe College. Ursprünglich wollte Glasenberg seinem alten Kumpel auch den Chefposten des neuen Konzerns überlassen. Doch mittlerweile hat er es sich anders überlegt: Nach sechs Monaten soll Davis abtreten, natürlich mit einem gut geschnürten Abfindungspaket, dann übernimmt Glasenberg den gesamten Laden. Damit erreicht der 55-Jährige ein Lebensziel. Schon als Student in Johannesburg träumte er davon, als Händler reich zu werden. Er habe damals für ein Uni-Projekt einen Kerzenwachshändler beobachtet, der den Rohstoff aus Südamerika nach Japan transportieren ließ, erzählte er Jahre später. "Ich dachte mir: Das ist unglaublich: Während er telefonierte verdiente dieser

Mann Geld, indem er Kerzenwachs von einem Land ins andere brachte." Heute ist Glasenberg Multimilliardär, er hält gut 15 Prozent an Glencore. Als das Unternehmen im vergangenen Jahr an die Börse ging, strich Glasenberg laut Medienberichten rund fünf Milliarden Schweizer Franken ein. Sein Wohnort Rüslikon am Zürichsee freute sich über einen wahren Geldsegen - und senkte kurz darauf den Steuersatz.

PNG's losses, review tax regimes

Davendra Sharma, Islands Business, quoted by PNG Mine Watch 1.10.2012

Despite the prosperity that PNG offers to the outside investors, its own coffers do not get as much, argues the Asian Development Bank in its latest Pacific Economic Monitor (PEM). PNG has a very low income tax on working individuals—representing just 10% of the population. It also has one of the lowest taxes when it comes to the resources sector. “As a result of tax concessions and the removal of the additional profits tax in 2003, the average effective tax on PNG’s mining, oil and gas companies is now on the low side of fiscal regimes across the world,” the PEM report stated. As such PNG is likely to face an austere period over the coming three to five years with economic growth slowing down from 2013. The recently opened nickel cobalt mine in Ramu has been granted a 10-year tax holiday. Similarly the new multi-billion kina Liquefied Natural Gas—which though will create thousands of jobs—will not contribute to government coffers until year, 2020.

The ADB report warns that as the LNG project begins operations next year, the government faces a dilemma of where the currently-employed 8000 locals will find work when they are retrenched in 2013. Economic growth will drop to 4.5% next year as government forecasts declining revenue from mines and oil companies. ADB strongly recommends that PNG review its tax initiatives for mining and oil corporations, especially when new deals like the one with Mincor is being negotiated. “More broadly, addressing the business constraints identified by the country’s CEOs will be crucial in diversifying the PNG economy, increasing private sector employment, and expanding the revenue base with which to finance future public investments,” the ADB report suggested.

Per capita worse than Fiji, Samoa, Tonga

It said PNG had one of the lowest per capita incomes in the Pacific Islands Forum region, lower even to that of Fiji, Samoa and Tonga—which do not have as much manufacturing and mining prospects as PNG. ADB said that even when the LNG project reaches its peak of production in 2028, PNG’s per capita income would still be below that of Fiji, Tonga and Samoa. PNG has the largest population in the South Pacific, that of 7,059,653 in April this year—a jump of 1.8 million from 10 years ago. The ADB said to match population growth with economic growth, governments like the new Peter O’Neill administration in Port Moresby needs to become aggressive in their approach towards tax regimes and tax collection.

Mincor Resources heads to PNG

Davendra Sharma, Islands Business, quoted by PNG Mine Watch 1.10.2012

Not all mineral prices suffered as much hiding as nickel did in the wake of the global financial recession of the last four years. From a potential US\$12 a pound in 2009, the metal’s demand dwindled and so did its price to US\$5 a pound during the global financial crisis. It is common economics that if world prices are down and the total revenue income is lower, a company needs to check and balance its cost structure. That is exactly where a small-time Australian nickel producer Mincor Resources has done itself wonders by slashing production costs over the last 12 months. Armed with A\$42.3 million profit, Mincor is now headed to Papua New Guinea, where it says is “one of the most prospective places on earth”. Amidst all the gloom and doom in the world about future pro-

spects of nickel demand and profits—which saw the world’s largest miner BHP Billiton write-down A\$425 million in its nickel business in Western Australia in August—the Perth-based Mincor is expanding, and PNG is its main target.

“I’m really excited about the potential in PNG, which is one of the most prospective places on earth,” says Mincor managing director, David Moore. “We managed to get hold of some seriously good ground (in PNG) which could easily deliver world-class discoveries that would change the face of Mincor.” Just 60 kilometres from the Bougainville’s Ok Tedi mine, Mincor believes there are huge deposit stacks of nickel to mine. In the financial year, July 2012 to June 2013, Mincor will inject A\$10 million into PNG. Drilling has already started. Although the world’s major players like BHP are assuming that demand is much lighter than supply at the moment, Mincor is not looking at the gloom side of the coin. It’s hoping new demands will open up in cash-rich countries like China. “Importantly, we have the cash, the people and expertise to apply a systematic approach to exploring them,” said Moore, who is also a geologist, last month. “So if the mood of investors is currently negative on nickel, by all means look at us as being a self-funding exploration company—one that gives you money via regular dividends rather than takes your money via regular capital raisings.” Mincor’s rich dollar for PNG

For Mincor, it’s no turning back in PNG. Moore says world prices are bound to recover sooner than later, possibly as late as 2014. He said a lot of the world’s major nickel producers are reverting to lowering operations, minimal expansion and little, if any, new investment. He expects drilling in PNG to take the full course this year and early 2013. “We will inevitably bump into a shortage in due course. My guess is that demand will start to outpace supply during 2014.” Mincor is marching into PNG with a lot of enthusiasm as cost structures in the island country will allow the Australian miner to minimise production expenses—something all smart companies need to factor in when analysing the future of a new investment. PNG’s low tax initiatives and cheaper labour compared to the Australian mines will be a major linchpin in Mincor’s move into the resource-rich country. Having mined 135,000 tonnes of nickel in the Kambalda region in Western Australia over the last decade, the publicly-listed Mincor is no stranger to market fluctuations. “If you believe the way to make money is to buy low and sell high, then buy us because we are a nickel miner, and reap the rewards when the nickel price recovers,” says Moore.

Nickel is a stainless steel ingredient. At its peak, the metal was fetching US\$12 a pound but is currently down to US\$7 a pound. With his innovative and smart business tactics, Moore is the envy of many in the mining world of Perth. When the going got tough, the tough gets going for Moore. Nickel led the rest of the metals into the downturn and it could well be one to lead them out of it, believes Moore. “Ever volatile, should conditions provide reasons for a breakout to the upside, nickel can be relied on to move strongly,” wrote one mining commentator last month. But pessimism is high as the nickel doldrums of yesteryears show little signs of recovery in the next 12 months, or so. In PNG, Mincor will first have a crack at the high-grade epithermal gold-silver opportunity at Edie Creek, which is five kilometres from the Hidden Valley gold-silver operation of the Newcrest-Harmony joint venture. It was mined underground at a small scale until 1945, with grades of 11 grams a tonne gold and 100g a tonne silver discoveries. “Mincor is out to assess the depth extent of the prospect’s vein sets,” one PNG mining observer cautioned Mincor. “It won’t take much to have a mining operation on its hand, thanks to the road and power infrastructure built for Hidden Valley.” Edie Creek will be followed up by a drilling programme early in 2014 to test a big copper-gold geochemical anomaly called Bolobip, about 60 kilometres east of the Ok Tedi copper-gold mine.

Coalition against Solwara 1 project throws support behind Oro Governor

By *BENJAMIN HOWARD*

Post-Courier 1.10.2012

THE community coalition against the proposed Solwara 1 project in the Bismarck Sea has thrown its support behind Oro Governor, Gary Juffa's initiatives to seek legal clarification on the activities of Nautilus Minerals in this area. Prominent community development advocate and social commentator, Patrick Kaiku revealed last Saturday that "like-minded groups and citizens, including members of social media group Sharp Talk and affiliated civil society groups have initiated the idea of raising financial contributions" to support legal proceedings undertaken by Mr Juffa. "We the concerned citizens have started the process of raising financial donations towards meeting certain associated costs in this legal process. Papua New Guineans of all walks of life are kindly invited to put into a trust account whatever amount they can afford", Mr Kaiku said. He said that other fundraising activities are being planned to complement this drive and will be announced publicly as soon as they are finalized.

Meanwhile, Mr Juffa has told the Post Courier that the legal proceedings he initiated is primarily aimed at highlighting flaws in the country's legislations in areas where proper checks and balances are concerned, particularly for companies engaging in projects that have a significant and severe effect on the environment and lives of people, but who are not being held as accountable as they should be. He said the standard practise where a developer retains an organization to produce an Environment Impact Statement before commencement of any project in Papua New Guinea does not provide for sufficient check and balance and does not allow for transparency and representation of the rights and interests of the people of Papua New Guinea.

Mr Juffa further stated that government agencies tasked to protect the country's interest must not be act as rubber stamps as this can result in resource and land owners becoming mere spectators without avenues for seeking recourse to the plunder of their environment perpetrated by powerful foreign owned multinational corporations. "The effort we intend to undertake will allow for the development of proper checks and balances, necessary and appropriate legislation to protect the interests of Papua Guinea. "I am taking this legal stance on behalf of the people of Papua New Guinea, in particular those who live along the coastal shores and on islands and who depend on the sea for their survival and who stand to be adversely affected by the proposed Solwara 1 Project", Mr Juffa said.

PNG Wafi-Golpu Site May Yield \$10 Billion In Gold, Copper

South African company to conduct feasibility studies in 2013

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 1, 2012) – The South Africa-based miner Harmony Gold has announced that the Wafi-Golpu gold and copper deposit in Papua New Guinea could support a mine worth almost 10 billion U.S. dollars. Harmony, which is equal partner with Australia's Newcrest Mining in a joint venture to develop the Morobe province deposit, says this resource could provide up to 560,000 gold ounces and 335,000 tons of copper annually. The mine has an expected 26-year life and will cost US\$4.85 billion to bring to production with a projected start-up in 2019. Mining.com reports Harmony Gold as saying it will embark on a feasibility study next year with a focus on enhancing gold recovery. The company says discussions with local landowners are ongoing. PNG's government has the option to take a 30% stake in the Wafi-Golpu mine at any time ahead of the start of production.

Xstrata board meets to consider Glencore deal

Post-Courier 1.10.2012

Zug, Switzerland - THE boards of Xstrata and Glencore are scrambling to agree the terms of a £56 billion tie-up in the latest episode of the protracted merger talks between the mining giant and the global commodities trading house. With the clock ticking on the deadline set by the Takeover Panel for an announcement by Monday, the Xstrata board is trying to decide whether to recommend the terms of the proposal by Glencore – possibly as soon as Friday, reports “The Guardian”. If agreed, the deal would create a business that would be at the centre of the global trade in vital commodities such as wheat and sugar. If it is to succeed, much will hinge on the support of the Qatari investment fund that owns more than 12% of Xstrata, and which scuppered the first attempt at a deal by arguing that the price being paid by Glencore was too low. That led to a dramatic revision of the terms a fortnight ago when Glencore raised its offer and altered the proposed management structure of the enlarged company.

Instead of being run by Xstrata's chief executive Mick Davis – who at one stage stood to receive £30 million in retention payments to keep him for three years – the company would be led by Glencore CEO Ivan Glasenberg after six months. The management changes are thought to have been a concern for the investment fund of the gas-rich Gulf state of Qatar, which had demanded 3.25 Glencore shares for each Xstrata share it owned. The original offer, made in February, was for 2.85 shares, although this was raised to 3.05 shares this month – minutes before the two companies were due to hold shareholder meetings to vote on the tie-up. Also to be settled are any new retention packages for top Xstrata staff, who under the initial terms stood to share in share awards of more than £240 million. Glencore has asked the Xstrata board to consider what changes are needed.

The generosity had threatened a rebellion by city investors, who were being asked to vote separately on the payments to more than 70 staff. Xstrata has argued that the retention packages are needed because 80% of the combined group's income will come from the mining company in which Glencore already owns a 34% stake. When hitherto-secretive Glencore floated in London last year it was widely seen as the first step towards making a bid for Xstrata, as well as a way of enriching its 485 partners. The retention packages would still need the approval of Xstrata shareholders. The merger is currently structured as a scheme of arrangement, which requires approval from 75% of investors, though it can be turned into takeover – requiring 50% approval – if Xstrata and the Takeover Panel agree.

Grasberg ethics slap, royalty hike, state control tussle can't stop Freeport's upward march

Frik Els, mining.com, September 28, 2012

On Friday, New Zealand's public pension announced fund that it has pulled out its investment, worth more than \$1 million, from Freeport-McMoran Copper & Gold (NYSE:FCX) over concerns about allegations of human rights violations faced by the company at its Grasberg mine in west Papua, Indonesia. The fund cited ethics problems with Indonesia's police and military forces under the company's payroll and "concerns over requirements for direct payments to government security forces by the company in at least two countries in which it operates." The storied copper and gold mine in the remote Indonesian province has been the jewel in the crown of Freeport for decades and the Phoenix-based company keeps a tight grip on the project despite frequent worker strikes, occasional outbreaks of sectarian violence and political interference.

The open pit and underground Grasberg hosts the world's largest copper deposits and is the world's largest gold mine – in 2011 it produced 1.4 million ounces of gold. It accounts for almost a fifth of Freeport's earnings. Freeport's stock – worth \$37.5 billion in New York – shed 1.5% on Friday on a generally down day for miners and the broader market, but the company has not been hurt by a slew

of potentially damaging news out during the quarter. The counter is up 25% since July 25 when news first emerged that the Indonesia has "requested" 51% of Grasberg in a mooted domestic IPO of Freeport's Indonesian operations. The country surprised the global mining community in March with a new rule that forces all foreign mining companies to sell majority stakes in their mining operations to locals by the tenth year of production.

Although ostensibly Government Regulation No. 24 of 2012 does not apply to existing projects like Grasberg that came into being under Indonesia's Suharto regime, polite "requests" for control may become edicts in future. Last week Indonesia announced that it will require mining companies including the local divisions of Freeport and Vale SA (NYSE:VALE) to increase royalty payments to 10%. Freeport currently pays 3.5% for mining copper and 1% for gold. A task force set up by the government of Indonesia will be reviewing ownership and taxation for resource companies operating in Southeast Asia's largest economy and make recommendations for the next year.

New Zealand Pension Pulls Investment In Freeport Mine

Human rights abuses cited in decision to divest

By Karen Abplanalp

AUCKLAND, New Zealand (Pacific Scoop, Sept. 28, 2012) – New Zealand's public pension Superfund stand against alleged Indonesian government security forces breaches of human rights is making a mark around the world. The story has been covered by international media and hit the front page of Indonesian news website the *Jakarta Globe* today, with the headline "New Zealand fund pulls Freeport investment, cites Papua rights offences." It is the first time a government fund has made statements linking Indonesian security forces, corruption and human rights abuses. The NZ Superfund (NZSF) and its investment in the US-owned mining giant Freeport McMoRan's Grasberg mine were the subject of a major *Metro* investigation last December written by me while I was a postgraduate communication studies student at AUT University. At the time, the fund was adamant that it would not divest from Freeport and that the mining company was meeting the fund's responsible investment standards. What has changed then for NZSF since the *Metro* investigation?

NZSF's head of responsible investing Anne-Maree O'Connor replied to *Pacific Scoop*: "*We have had more time to continue our engagement with a number of companies on our portfolio and to review the resources we have to commit to engagement, and look through which companies we would likely have success with engagement, which ones we needed to draw a line with that we should not pursue engagement because we did not feel that would could generate enough change given our resources and our holdings in the company.*"

Human rights breached

The NZSF statement said: "*Freeport-McMoRan has been excluded based on breaches of human rights standards by security forces around the Grasberg mine, and concerns over requirements for direct payments to government security forces by the company in at least two countries in which it operates. Despite improvements in Freeport-McMoRan's own human rights policies, breaches of standards by government security forces are beyond the company's control. This limits the effectiveness of further engagement with the company.*" NZSF has investments with RioTinto, which owns 40 percent of Freeport McMoRan – does this mean that NZSF will divest from Rio Tinto also?

O'Connor said: "*Freeport McMoRan is the operator mine and they are the ones who make the payments to (the military) and are responsible on the security issues.*" "... *It is a significant stake, 40 percent, but Freeport McMoRan is the company that is operating the mine, and they are the ones*

that need to make management policy decisions." It will be interesting to see if other crown financial institutes follow suit. The Government Pension Fund and the Earthquake Commission also have investments in Freeport McMoRan.

IHRC thanks fund

The Auckland-based Indonesian Human Rights Committee (IHRC), which has long campaigned against "unethical" investment in the mine, met with the NZSF today to thank the fund for its decision to divest from Freeport McMoRan. IHRC chair Maire Leadbeater said the meeting went "extremely well". "We were met by CEO Adrian Orr and by Anne-Maree O'Connor and were shown to a room of about 40 people, all of their staff." Leadbeater told the staff they were really pleased about the decision, and told them about the kind of response they were getting from around the world. Indonesia and Timor-Leste campaigner Josef Benedict from Amnesty International said the agency continued to receive "credible reports" of human rights violations committed by the security forces in the neighbouring provinces of Papua and West Papua.

The reports included allegations of torture and other ill-treatment, unnecessary and excessive use of force and firearms and possible unlawful killings. "Investigations into reports of police abuses are rare and only a few perpetrators have been brought to justice," he said. "Amnesty International is also concerned that international observers, non-governmental organisations and journalists continue to be denied unrestricted access to the two provinces." Amnesty International believes that the lack of independent and impartial monitoring of human rights in the West Papua region contributes to a "climate of impunity". *Karen Abplanalp is an Auckland photographer, writer and contributor to Pacific Scoop.*

Harmony says Wafi-Golpu could support \$9.8 billion mine

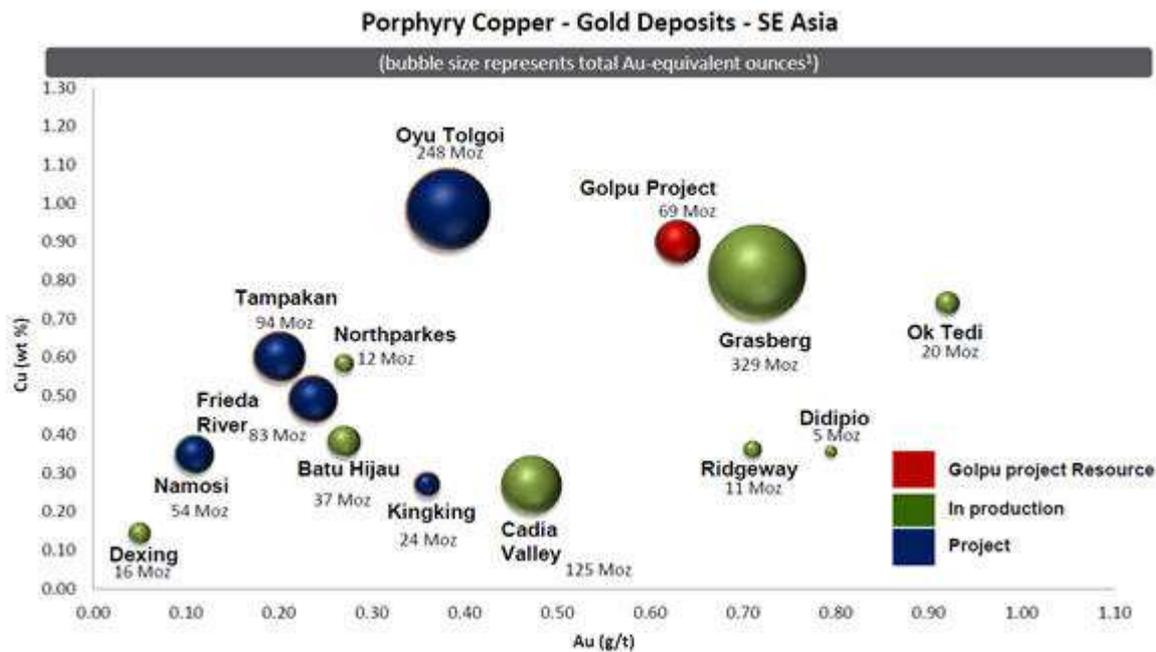
Frik Els, mining.com, September 28, 2012



Johannesburg-based Harmony Gold Mining (NYSE:HMY) has outlined the potential of the Wafi-Golpu project, a 50-50 JV with Australia's Newcrest Mining in Papua New Guinea, saying in a presentation the deposit could support a \$9.8 billion mine with peak annual production of 560,000 gold ounces and 335,000 tonnes of copper. The mine with a 26-year mine life will cost \$4.85 billion to bring to production with annual output at 490,000 ounces of gold and 290,000 tonnes of copper with start-up in 2019 followed by expansion. The economics of the mainly underground mine located 80 km from the port of Lae is sweet – gold output will cost a negative \$2,600 an ounce while copper would be extracted for just \$0.54 a pound. Copper was trading at \$3.76 in New York on Friday.

The market has been anticipating great things from Wafi-Golpu. Harmony's 2007 pre-feasibility study showed a 1.3 million oz gold and below 1 million tonnes of copper. This has now grown to contain roughly 12.4 million ounces of gold and 5.4 million tonnes of copper. Harmony Gold says the site is highly prospective and will embark on a feasibility study next year with a focus on enhancing gold recovery which is pegged at 61% at the moment and a \$400 million drilling program.

Discussions with local landowners are also ongoing. Harmony Gold's Australian partners Newcrest's (TSX:NM, ASX:NCM) Lihir gold mine in Papua New Guinea has run into trouble with landowners over compensation and the 600,000 gold oz per year mine had to be briefly shut in August. The government of PNG has the option to take a 30% stake in the Wafi-Golpu mine at cost. Chart is from Harmony Gold's presentation to analysts – click [here](#) for more on Wafi-Golpu.



Minister for Environment: Debate Nautilus

Post-Courier 28.9.2012

By JASON GIMA WURI

THE Minister for Environment and Conservation, John Pundari, has directed the Department of Environment and Conservation (DEC) to hold public forums to debate environmental risks and issues associated with the Nautilus Solwara 1 Project in Papua New Guinea. Mr Pundari wants the forums to be staged in Port Moresby's National Research Institute (NRI) and Madang's Divine Word Institute, to bring together experts in the areas of ocean and current modeling, ocean and marine sedimentology, deep sea geology and vulcanology, bioaccumulation and marine ecology and deep sea fisheries, to present their cases on the Solwara 1 Project. "These experts will be from PNG and overseas, including Universities, National Research Institutions, Academia as well as NGOs, Leaders and interested individuals," he said.

Minister Pundari explained that the Deep Sea Mining Solwara 1 Project was a new frontier project in PNG and the project comes with its own environmental risks. He said these risks were assessed by competent experts from the world and the region that included some of the world's renowned scientific institutions and experts, and management strategies were developed to mitigate those risks through the development of a comprehensive Environmental Management and Monitoring Program. "I want these experts in oceanography, sedimentology, vulcanology, fisheries and marine ecology including organizations such as the Universities, National Research Institutions, international and National NGOs and other experts and leaders to come together, present their cases

and debate the facts on aspects of the Solwara 1 project so we can all determine whether the Government's decision to approve the project was good or bad," Mr Pundari said.

Agiru visits PNG LNG site

The National, 28th September, 2012

By FRANK S KOLMA

IT is a virtual city on its own.

Population: 10,000-plus. Land area: 700 hectares. Location: 20km northwest of Port Moresby.

Name: Portion 152, described variously as the LNG plant or Konebada Petroleum Park. It is self-sufficient in food, accommodation, water, electricity and transportation, senior management of the country's biggest economic venture told Hela Governor Anderson Agiru yesterday. It has a 60-bed hospital and a desalination plant which processes sea water for use by the project. A 2km slipway leads to deep water for LNG tanker anchorage. Agiru, as host governor and custodian of much of the project's gas resources in Kutubu, Hides, Juha and Angore, was given a thorough briefing of the project's progress on site. The new province has been honoured with the naming of one of the giant LNG tankers currently under construction. The first one off the shipyards will be called "The Spirit of Hela".

The team, led by Esso Highlands managing director Peter Graham, told Agiru the two-train plant was almost completed. When complete, the project will produce 6.6 million tonnes of liquefied gas per annum. Over nine trillion cubic feet of gas and 200 million barrels of associated liquids will be produced over the project life. Gas and associated liquids will be collected in Hides, Angore and Juha fields and will be processed at a conditioning plant at Hides. Oil will be piped via the existing oil pipeline to the Kumul terminal in the Gulf while gas will be piped on Konebada. The total cost for this initial phase is estimated at US\$15.7 billion, excluding shipping costs.

With a four-year construction period, LNG deliveries are scheduled to commence in 2014.

The project has an expected operational life of 30 years. LNG from the project is fully contracted to four key buyers comprising of TEPCO (1.8 mtpa) and Osaka Gas (1.5 mtpa) from Japan, CPC from Taiwan (1.2 mtpa) and Sinopec (2.0 mtpa) from China. Agiru also discussed with project management how government and project managers could engage in the development of Hela. Details were kept under wraps.

African billionaire to visit PNG

Post-Courier 28.9.2012

SOUTH Africa's mining magnate and first black billionaire, Patrice Motsepe, who has an annual net of US\$2.7 billion, is coming to PNG next month. He will be in Port Moresby to meet with key leaders; specifically, Prime Minister Peter O'Neill, Finance Minister James Marape, National Planning Minister Charles Abel, Treasurer Don Polye, and Mining Minister Byron Chan, Petroleum Minister William Duma and mining and business entities. Mr Motsepe, born in the sprawling black township of Soweto is a lawyer, who became the first black partner at Bowman Gilfillan law firm in Johannesburg and eventually ventured into mining in 1994 buying low-producing gold mine shafts and turning them profitable using a lean management style. He is the chairman of Harmony Gold - a shareholder with interests in Wafi Golpu and other business interests in PNG. Motsepe, who is also the chairman of African Rainbow Minerals (ARM), a leading South African diversified mining and minerals company, and has interests in gold, ferrous metals, base metals, and platinum. He is one of Africa's leading entrepreneurs and was voted 2002 South Africa's Business Leader of the Year by the CEOs of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award.

Simberi: New mine owners meet with provincial govt

The National, 28th September, 2012

NEW owners of New Ireland's Simberi gold mine got off to a sound start by providing a comprehensive brief on the mine and its intentions to the people. Senior executives of St Barbara Ltd arrived in New Ireland and briefed Governor Sir Julius Chan and the Provincial Executive Council in a meeting. St Barbara Ltd is an Australian gold mining company that recently took over the Simberi mine from Allied Gold Ltd. St Barbara purchased the Simberi Mine on Sept 7. St Barbara chairman, Collin Wise, provided a power point presentation outlining the operations of St Barbara in Australia and the Pacific and detailing the corporate overview of St Barbara and the future prospects of Simberi. Welcoming the chairman, Sir Julius expressed pleasure at the meeting and noted that this is only the second time any of the executives of a company associated with the Simberi Mine had come to Kavieng to brief the NIPG. He noted that the relationship between NIPG and the former owners of Simberi, Allied Gold, were strained at best.

"The Allied Gold executives never even bothered to brief us on activities at the mine," Sir Julius said. He expressed pleasure at the fact the management of St Barbara paid a visit to his government so early in their tenure as owners of the mine. Wise and his team said they were eager to establish a new and positive dialogue with the NIPG and were committed to continue briefing the provincial government on any significant developments in the future. Both parties expressed eagerness to commence negotiations of the MOA, which is expected to begin later this month. Also present for the presentation was Ben Micah, the Minister for Public Enterprise and Acting Mining, who gave a rundown on the historical record associated with the establishment of the mine starting with Nord Resources. Wise was accompanied by the chief operating officer Alistair Croll and Tim Omundsen the environmental and community relations consultant of St Barbara Ltd for the presentation.

Public forum on Solwara 1

The National, 27th September, 2012

By MALUM NALU

MINISTER for Environment and Conservation John Pundari has directed the Department of Environment and Conservation to hold public forums in Port Moresby and Madang to discuss, debate and present their cases on the Solwara 1 project. He said the forums would be held at the National Research Institute in Port Moresby and Divine Word University in Madang, and would bring together experts in the areas of ocean and current modelling, ocean and marine sedimentology, deep sea geology and volcanologists, bioaccumulation and marine ecologists, and deep sea fisheries.

"These experts will be from within PNG and international, including universities, national research institutions, academia, as well as NGOs, leaders and interested individuals," Pundari said. "Deep sea mining Solwara 1 project is a new frontier project in PNG and the project comes with its own environmental risks.

"But those risks were assessed by competent experts from the world and region that included some of the world's renowned scientific institutions and experts, and management strategies were developed to mitigate those risks through the development of a comprehensive environmental management and monitoring programme. "I want these experts in oceanography, sedimentology, volcanologists, fisheries and marine ecology – including organisations such as universities, national research institutions, international and national NGOs, and other experts and leaders – to come together, present their cases, and debate the facts on aspects of the Solwara 1 project so we can all determine whether the government's decision to approve the project was a good or bad decision." Pundari said the environmental permit for the project was granted to the developer, Nautilus Minerals, after the state was satisfied that it had followed all due processes.

He urged stakeholders to understand that the issuance of an environmental permit was not the end of the process, “but the beginning of the legal contractual relationship and commitment between the state and the developer to manage the environmental impacts of the project in a responsible and transparent manner”. “In the light of the public concerns being raised regarding seabed mining by various sectors of the community, I have directed the Department of Environment and Conservation (DEC) to facilitate the public forums to explain the regulatory processes to stakeholders,” Pundari said. “The discussions will also provide an opportunity for stakeholders to bring forth their views to the state. “No doubt Papua New Guinea is going to be the first country in the world to venture into deep sea mining. “We want to go into these new frontiers with full backing of good science and the way to do it is to bring together all experts to debate the facts in a public forum so that the public is informed of how decisions are made by the government to approve or disapprove a development project.”

LNG project spent K183m on lancos

The Nationl, 27th September, 2012

THE owners of the LNG project spent a total of K183 million on landowner companies (lancos) during the June quarter. The PNG LNG Quarterly Report said the money went to goods and services that included road maintenance, supply of timber, plant and equipment hire and some community development projects. “The total project-related spending on lancos to date has reached more than K1 billion, reflecting the work of the Enterprise Center and the project’s business development team in promoting local business participation in the project,” the report said. “Looking more broadly, total in-country project-related outlay on both lancos and non-lanco suppliers has reached almost K5 billion. The report said to date more than K380,000 had been received by seven different lancos and landowners for the construction of 17 rainwater catchments. While this is happening, other lancos are also taking advantage of business opportunities not directly related to project constructions to provide services to the project. The report said four lancos from the plant site outside Port Moresby had formed a profit-sharing partnership with RH Trading Ltd to operate three commissaries at the plant site selling basic items to workers who previously travelled to Port Moresby for weekly provisions.

PNG: New plan on mining laws

Post-Courier 27.9.2012

By *HAIVETA KIVIA*

MINING Minister Byron Chan told Nakuwi landowners of the Hidden Valley gold mine and Morobe Provincial Government leaders that the mining laws of Papua New Guinea will be changed. Mr Chan said the law would be changed to reflect the land ownership rights of Papua New Guineans so that they did not miss out on benefits derived from such projects in their areas. However, he qualified his statement by saying that the changes in the law would not take place tomorrow but over a period of time and would reflect the economy of the world and the country. Mr Chan and Harmony Gold executives Johannes van Heerden, chief executive officer for South East Asia based in Australia; Mashego Mashego, executive director of Harmony Gold, South Africa; and Jaco Bosholf, executive of Harmony Gold South Africa, who were in Winima village on Monday to witness the hand over of Benefit Sharing Agreement and Special Support Grant projects. They were put to task by Nakuwi landowner group chairman Rex Mauri and Morobe’s Deputy Governor Morokoi Gaiwata on behalf of the landowners.

The Minister said the law would be changed over time and would reflect the needs of the landowners but would also take into consideration the prevailing conditions of the world economy and especially the status of the Asia Pacific economy. Mr Chan said this would ensure that the developers of

oil, gas and mineral projects were not disadvantaged. Mr Mauri asked Mr Chan, the State of PNG and the developers for an increase in their royalties from two percent to five percent so that the landowners could meaningfully participate in the project and spinoff business activities. He also asked for the mining lease at Hidden Valley to be changed to Special Mining Lease (SML) which had broader benefits for landowners. Mr Gaiwata asked for amendments to be made to the relevant laws regarding landowners only owning what was on top of the soil and down to six feet and not anywhere else under the land or sea. He asked Mr Chan to change the law so that landowners could own everything from the top of the soil right down and across to where the ore body ended.

Mr Mauri also asked Mr Chan to inform all mining companies to respect landowners and ensure that they did not unnecessarily miss out on opportunities that would have positive impact in their lives and that of their children. Mashego Mashego, a black South African and the Executive Director of Harmony Gold in South Africa, who flew all the way from there to witness the BSA and SSG projects, said Harmony Gold had a social obligation to ensure that landowners in places they did business in did benefit from the project. Mr Mashego said from the boardroom in South Africa, they were constantly asking whether they were making a difference in the lives of landowners where they did business and he came to Winima at Wau, Bulolo District in Morobe Province to see firsthand if benefits were flowing to the landowners. "We are here to understand the dynamics and not only understand it but to deliver," he said. He said MMJV was here to stay in Morobe Province and they were committed.

Hidden Valley: Mine funds to benefit locals

Post-Courier 27.9.2012

By HAIVETA KIVIA

THE Special Support Grant and Benefit Sharing Agreement funds from Hidden Valley Gold Mine are now being put to good use for the benefit of Nakuwi landowners of the Hidden Valley Gold Mine and Bulolo District. But Nakuwi landowners see and feel that it is not enough, and through their chairman Rex Mauri, they are asking the developer and the Government to change the face and outlook of Wau town and the whole of Bulolo District. They have again asked the developer, Morobe Mining Joint Venture (MMJV) owned 50/50 by Harmony Gold of South Africa and Newcrest Mines of Australia, to consider setting up another mining township in Wau rather than at 9-Mile outside Lae city. Mr Mauri spoke emotionally about these issues and others during the gathering at Winima to hand over vehicles and machineries to landowners and respective Government agencies in the district through the BSA and SSG. Representatives from MMJV, Harmony Gold in South Africa and South East Asia, Mining Minister Byron Chan and Morobe Provincial Government witnessed and officiated at the handing over of the benefits and projects. He said nothing much had changed for them in their villages and their favourite Wau town since the days of exploration and now production at Hidden Valley.

Post-Courier has physically seen firsthand that primary landowners from Biangai villages like Winima and Kuembu and Watut village Nauti have nothing much to show for physically on the ground. At Winima, the permanent and professionally constructed buildings in the village are the aid post, community hall and classrooms while 98 percent of the people are living in bush material houses. The same can be said of Nauti, where this reporter has already gone to and seen that houses were generally made of bush material except for the roofing irons. Most of these roofing irons were handed out to the villagers by CRA which was the initial explorer. SSG and BSA funds are being put to use but it is at snail's pace and Nakuwi Landowners Chairman Mr Mauri wants the projects to be speeded up and meet the demands of his people and improve their lives. He also wants to see his people living in permanent houses to reflect their status as landowners of Hidden Valley mine and for that to happen, three tractors were bought and handed over to Winima, Kuembu and Nauti people.

With that came three Lucas portable sawmill purchased from Farmset Limited which will go into an eco-forestry project to saw timbers for the local people to build their homes. Thirty coffee pulpers and brush cutters were also handed over to the Winima people and similar ceremonies will be conducted for Kuembus and Nautis. Out of the SSG funds, Bulolo Hospital will be relocated from its present site to State land near the Pine Lodge motel which will be easily accessed by the locals and residents of Bulolo. Two brand new Toyota Landcruiser 10-seaters to be fitted with all the necessary police gears worth over K150,000 each were also given to police in Wau and Bulolo. Wau Hospital will also be renovated and certain schools in Wau and Bulolo will also get new classrooms and facelifts. Roads in and around the historic Wau town will be upgraded and sealed with bitumen. The SSG is managed by Morobe Provincial Government under the law and the landowners are represented by their chairman.

LNG: Environmental group formed

The National, 27th September, 2012

THE people of Southern Highlands and Hela now have a forest and natural resources development organisation to help protect the environment from the liquefied natural gas project. Virgin Rainforest Protection (VRP) Inc was formed to educate the people and tell the government of the dangers to the environment during the development of the gas project. “VRP is a non-profit organisation established by the concerned villagers in the Lake Kutubu catchment to advocate and partner with stakeholders, NGOs, individuals and private sector in developing forestry and natural resources,” chairman Peni Yarogi said. He said the organisation was designed with integrated approaches of management, development and protection of the forest resources and natural environment to conserve and renew them as an asset for future generations. “Our vision is to eliminate poverty as that is a cause of fast depletion of forests and its resources. “We will therefore initiate dialogue and implement plan of action and strategies to focus on poverty alleviation.

“The objectives and goals pursue the policy dialogues and strategies of the Department of Environment and Conservation, Forestry Authority, Office of Climate Change and Development and other community and environmental resources development partners,” Yarogi said. He said VRP stood for the sustainable management of forestry development, conservation and restoration of forestry resources and services in petroleum projects impacted areas in the two provinces. “VRP builds upon local and global needs to combat dangerous climate change impacts, adapt and create green job opportunities for rural communities and to advance future economic of PNG after the oil, gas and other underground minerals are exhausted. “This organisation upholds the government’s attempts to protect and control flora and fauna where PNG is party to a number of international and regional conventions and treaties aimed at sustaining and conserving biodiversity,” he said. “Addressing environmental impact efforts and the disappearance of untouched forest in the Kutubu region and other parts of the country is a grave concern at present.”

Indonesia Human Rights Committee welcomes Super Fund decision to divest from Freeport Pacific.

Scoop, 27 September, 2012

Media Release: Indonesia Human Rights Committee applauds NZ Superannuation Fund decision to divest from Freeport McMoran on ethical grounds.

IHRC is delighted that the NZ Superannuation Fund has decided to pull its investments from the Freeport McMoran mining giant. (NZ Superannuation Fund Media Release 26 September, 2012.) ‘We have been campaigning for the Superannuation Fund and other Crown Financial Institutes to divest from Freeport for six years and we know the news will be welcomed the West Papuan people who have been campaigning about the mine’s impact on their communities for decades.’ ‘The Nor-

wegian Pension Fund divested from Freeport several years ago on environmental grounds, but the NZ Superannuation Fund has stated that the breaches of human rights by the security forces were the critical factor in their decision making. So this is an advance.’ ‘We intend to call to the Super Fund Offices in Auckland on Friday to make a personal acknowledgement of this important step.’

Freeport has been directly or indirectly responsible for gross human rights abuses in West Papua since it was first granted a highly favourable contract to exploit gold and copper in the days of the Suharto dictatorship. These abuses include torture, illegal detentions, and killings. These days the area close to mine is no-go area and an area where the Indonesian security forces rule the roost. Shooting deaths are regular occurrence on the access road and last October police killed a miner and injured several others who were carrying out a lawful strike.

According to Rev Socrates Yoman a leading human rights advocate Freeport is like an ATM for the security forces – when there is conflict they can be sure of money. The mine has destroyed a mountain considered sacred by the indigenous Amungme people and displaced thousands, destroying their forest-based subsistence lifestyle in the process. Local people live below the poverty line- only Jakarta and the mining magnates get the wealth from the enormously profitable mining enterprise. Freeport uses a system for disposing of the mine waste tailings in the river system -outlawed almost everywhere else in the world. Over 200, 000 tonnes of waste a day are deposited in the river leading to the creation of vast dead zone where nothing grows.

New Zealand Fund Ends Investment In Freeport Mine

\$1 million in shares pulled over human rights abuses

WELLINGTON, New Zealand (Radio New Zealand International, Sept. 26, 2012) – Human rights breaches have prompted the New Zealand Superannuation Fund to end its investment in the huge Freeport McMoRan copper and gold mine in Indonesia’s Papua region. The fund has sold shares worth just over a million U.S. dollars in the Grasberg mine in West Papua, blaming the company’s human rights policies and payments to Indonesian security forces. The New Zealand Green Party co-leader, Russel Norman says that’s a very positive development. "The people of West Papua will, I think, receive the information very gratefully, the fact that the New Zealand government, the New Zealand Super Fund is taking a stand against the terrible practices at this mine. I think it’s great news." Dr. Russel Norman says it’s great the Super Fund is taking a stronger ethical stance.

Governor Gary Juffa Condemns Deep Sea Mining In PNG

Opposes Solwara 1 to ‘protect’ coastal residents’ interests

PORT MORESBY, Papua New Guinea (The National, Sept. 26, 2012) – Northern Governor Gary Juffa has vowed to stop the Solwara 1 project on behalf of his people and those of the affected areas of Papua New Guinea. Juffa made the commitment in front of a crowd of university students and other interested groups at the University of PNG main lecture theatre in Port Moresby last week. He presented a short brief outlining the strategies he was employing and the reasons behind his actions. He was taking this step to protect the interests of the people of Northern living along the coastline and islands and those of Papua New Guineans who were reliant on the sea for survival.

“The lawyers engaged are now studying the process of awarding of permits and licences and so forth for Nautilus Ltd for their so-called project. “They will determine whether there were sufficient checks and balances, conflict of interest and corruption by the company and Mining Department. “While the company has gone out of its way to assure the people and the government about its commitment, the reality is that the process appears flawed and improper,” Juffa said. He said the

project was yet another example of a flaw in the country's system where a company was expected to deliver an environmental impact statement that it paid for. Juffa said the company would never get away with this in Canada or Australia.

Ross Garnaut extends his links with PNG's mining polluters

PNG Mine Watch 28.9.2012

The National newspaper has reported Professor Ross Garnaut has joined the Board of junior mining company, Highlands Pacific. Garnaut was the adviser on climate change to the Australian Government of John Howard, but despite his role as an environmental advisor in Australia he is very much involved in the mining business in PNG – including the high polluters. Garnaut is Chair of the Board of the PNG Sustainable Development Programme (PNGSDP) – which is the entity that holds Ok Tedi Mining Ltd (OTML) shares on behalf of the State of PNG and invests the dividends (currently around a billion dollars) in Singapore. PNGSDP's role is to bring the interest onshore to provide development funding for projects in Western Province and the rest of PNG – although many people are asking what development, as there is very little to show for the last eleven years of funding (which leads some to quip the money is brought onshore just to pay large salaries to expatriate consultants and board members....).

Garnaut is also the Chairman of the Board of OTML, which is still polluting the Fly River, and is now on the Board of a company, Highlands Pacific, that owns 8.7% in the Ramu Nickel mine and is party to their dumping of 5 million tonnes of toxic mine waste into the Bismark sea, 400m off shore and at a depth of 150m. This means not only is Garnaut at the helm of what has been one of the worlds biggest environmental mining disasters (Ok Tedi) he is now on the Board of a company that scientists and environmentalists fear could be responsible for another world class mining disaster – Ramu Nickel. Garnaut was also Chair of Lihir Gold for 10 years during which time the sea dumping of mine waste off Lihir Island resulted in 60 square miles of smothered sea floor – a role for which Garnaut is claimed to have been paid \$300,000 per year. As Chairman of the Board of PNGSDP Garnaut will be taking a slice of the \$600,000 per year that is split between the seven directors.

At OTML, where he is also Chairman of the Board and has been a director for at least the last 11 years, he will also be earning director's fees. Some of this wealth is used by Garnaut to fiercely defend his reputation, as Greg Hoy, a reporter on the 7:30 Report on the ABC in Australia found when he reported on Lihir and exposed the environmental damage in September 2010. Garnaut complained to the ABC and within 24 hours there was an apology up on the ABC website and the the program transcript and the evidence from the report supporting the statements was removed. The ABC conducted an initial inquiry which upheld Garnaut's complaint (see here on the [ABC website](#)) but it seems a later review by the ABC Complaints Review Executive did NOT uphold the complaint (see here on the [ABC website](#)). Read how the Sydney Morning Herald reported on the ABC program and Garnaut's response – [Garnaut defends dumping mine waste in river](#).

Garnaut also threatened an Australian NGO with a defamation case at the same time for their role in the ABC story and because they had reproduced the ABC transcript on their website. Garnaut's 'litigation counsel', lawyer Stuart Gibson, even tried to contact this blog demanding that stories linking Garnaut to the environmental damage at Lihir be removed. "Ross threatens to sue, and proceeds with legal action, against anyone who says anything remotely negative about him. He will not have the media questioning his career, his motivations, or his wealth" says a well-placed corporate commentator. Garnaut's response to the ABC program that highlighted his connection to the environmental impacts of the Lihir mine can be read on [his own website](#).

Philemon, Garnaut join Highlands Pacific board

The National, 26th September 2012

By GYNNIE KERO

Highlands Pacific Ltd yesterday announced the appointment of former politician Bart Philemon and Professor Ross Garnaut to its board. Philemon has been appointed as non-executive director to replace Fiu Williame-Igara, who is stepping down to concentrate on other work commitments. Prof Garnaut is the nominated director of Papua New Guinea Sustainable Development Programme Ltd in accordance with the recent share placement. Williame-Igara has been with the company since March 2005. Philemon served as member for the Lae open seat from 1992 until the recent election. Chairman of Highlands Pacific Ken MacDonald said yesterday: "Fiu is our longest serving board member and her contribution and support for more than seven years has been outstanding. "We wish her well in the future.

"We welcome Mr Philemon and Prof Garnaut to the Highlands board. "Both new directors are experienced company directors, have made outstanding contributions to public service and bring important local perspectives to our Board. "Mr Philemon has, among many appointments, been chairman of Air Niugini, a director of Oil Search Ltd from 1986 to 1993 and has held a number of ministerial posts in PNG government, including minister of foreign affairs and minister for finance and treasury. Prof Garnaut has had a number of influential appointments with the Australian government. is currently chairman of the PNGSDP Ltd, and its nominee director on the board of Ok Tedi Mining Ltd, and was foundation chairman of Lihir Gold Ltd from 1995 to 2010. "We are very privileged to welcome to our board two such outstanding directors."

Western Province: Telefomin needs roads

Post-Courier 26.9.2012

THIS is the call from 40 000 residents of Telefomin district. They are saying build us a road and leave us alone. With no roads linking Telefomin to major towns, Telefomin residents and surrounding LLGs Oksapmin, Yapsie and Namea have been appealing for a road to link them to Kiunga or Tabubil. Under the leadership of the newly elect member for Telefomin, Solan Mirisim, things are about to change. This is so with exploration currently done on the Frieda River and Tifalmin Mine. Roads linking Telefomin to Kiunga and Tabubil will definitely reduce the price of goods and services. Prices of basic food staff like rice, flour, sugar, Coca-Cola, Maggie noodles, tinned fish and Ox and Palm will be reduced. Currently, the only form of transport to bring in the goods and service is by air.

The Telefomin Open MP, Solan Mirisim and his team for the first five-year term have made the Tabubil-Telifomin – Oksapmin Road construction a top priority. At the cost of K170 million, the road is estimated to be constructed over a period of 3 to 5 years. Costs and designs will be presented to the Prime Minister, Peter O'Neill in a few weeks to be included in the national budget. Telefomin District is one of 89 Districts in Papua New Guinea and is one of the least developed in the country. Even in this 21st century, and since PNG got its Independence from Australia, Telefomin's development challenges are inexplicable, mine-boggling and cannot be underestimated.

The impact of the lack of development in the District has resulted in poor social and economic indicators including high birth mortality rates, low lifespan and low living standards - living on less than K1 per fortnight - a measure in which World Bank uses to classify people under the poverty line. There is still hope for Telefomin to become one of the cornerstone's of Papua New Guinea's economic growth through the exploitation of its abundant natural resource which includes mineral deposits and untouched flora and fauna. The focus of Telefomin's new team headed by their rightful leader, Solan Mirisim is on infrastructure especially roads, transportation, health and education.

Mt Kare: Hetapula cautions authorities

Post-Courier 26.9.2012

The major landowner clan of the Mt Kare Gold Mine, Hetapula Landowners Association, has called on the Minister for Mining and the Mineral Resource Authority (MRA) not to release any payment to any Incorporated Land Groups and companies until recommendations are made by the Hetapula association. Hetapula's interim Chairman, Bennett Paro, members Mark Tuluya and David Tapi, said in a joint statement that there have been allegations of unknown landowners seeking to claim payments, and urged the responsible offices to be tough on such people. They said the Hetapula Association consists of the four main clans in the Special Mining Lease area of Mt Kare, and are the only recognised landowner entity since 1988. of the mining in 1988 up until 1993 when its operations were disrupted.

“We want to let all stake holders know that the association still exists and we do not want any other unknown landowner companies to interfere with the smooth operations of Mt Kare since it has recommenced operations,” Mr Tuluya said. He said there were allegations of some former senior MRA officers engaging in outside deals with unknown landowners and trying to benefit from the mining. “We are happy to work with the state and the new developer, Indochine Mining and we do not want any disruption caused when talks are still underway,” Mr Tuluya said. He said other landowners who were part of Hetapula Association in the past but currently operating outside are invited to rejoin as members of Hetapula Association to ensure there is no dispute and smooth operations of the mine. He added that there were too many landowner issues faced in the LNG gas projects and they don't want to entangle in such disputes work in unity to allow smooth operation our mining.

Nautilus research announced

Post-Courier 25.9.2012

NAUTILUS Minerals has announced last week that its 100 percent owned subsidiary, Tonga Offshore Mining Limited (“TOML”) confirmed that Golder Associates Pty Ltd., (“Golder”) has completed a maiden Mineral Resource estimate for TOML's Clarion-Clipperton Fracture Zone (“CCZ”) polymetallic nodule project, located within the Central Pacific Ocean . The Inferred Mineral Resource has been reported at a range of abundance cut-offs. Nautilus President and CEO Steve Rogers commented, “Our maiden mineral resource estimate for the CCZ again highlights the enormous potential of seafloor resources. We believe that the advance in processing and offshore technologies over the last 20 years now makes the extraction of these significant resources technically feasible.” The reduced social disturbance associated with deep sea mineral production and the development of a strong regulatory framework by the International Seabed Authority since 1994 are key elements that set this project apart from large land based resource developments.

Steve Rogers added that, “At Nautilus Minerals we are hugely excited to be leading the development of this enormous, currently untapped potential on the seafloor. Our priority focus must remain with our high grade Solwara 1 seafloor massive sulphide (“SMS”) project, and other prospective SMS systems in PNG and Tonga. With the immense polymetallic nodule mineral resources of the CCZ however, we have to start the engineering and evaluation processes now to realise this opportunity at the appropriate time in the future. There is the potential for a further update of this mineral resource estimate, in that approximately 30 percent of our licence area is not included in the estimate, but both of these areas are known to have nodules present from limited sampling work carried out to date.”

Bougainville: Mine update, Momis

Post-Courier 25.9.2012

By *WINTERFORD TOREAS*

THE NATIONAL government annual K500 million reconciliation payment to Autonomous Bougainville Government (ABG) with the first K100 million given by Prime Minister Peter O'Neill paved forward negotiations on the re-opening of the Panguna mine which still in progress with many positive achievements and changes already taking place. ABG President John Momis said during the recent ABG Parliamentary sitting this month, much work has already been done in preparing the ABG and landowners to negotiate the future of the Panguna mine. President Momis said 98 percent work on the preparation of the initial six landowner associations has already been completed, with the Rorovana Association still awaiting its certificate of incorporation.

An interim landowner organisation known as the United Panguna Resource Owners Association (UPROA) has also been established with the appointment of interim executives comprised of executives of the initial six landowner associations, as well as the additional three landowner associations that were approved by the Bougainville Executive Council (BEC) early this year. Mr Momis said that a joint delegation comprising of officers from both the ABG and the PNG National Government also completed their two weeks scoping mission in and around the Panguna mining areas. The purpose of this two weeks survey was to determine what was actually in Panguna. Apart from this studies on the conditions of the people affected and impacted by the Panguna mine operations and other kinds of detailed studies required were also conducted.

A joint coordination committee will receive the report of the scoping mission and then develop and approve terms of references for the detailed baseline studies that would be required to be undertaken on behalf of the parties to the negotiations. He also revealed that three regional forums have already been planned for the latter part of this year in the three regions of North, Central and South Bougainville. The aim of this forum is to inform the people of Bougainville on what the government is doing regarding negotiations on the possible reopening of the Panguna mine. It is understood that there are plans to have the mine re-opened as soon as possible to support the ABG government's economic development strategy and fiscal self-reliance.

LNG project to bankroll SWF scheme

The National, 25th September 2012

By **EMMANUEL MAIPE**

REVENUE from the LNG project will be allocated to social and economic initiatives, according to the PNG LNG Quarterly Report. It said revenue generated from the project would go towards two funds created under the Sovereign Wealth Fund (SWF) that would support economic and social initiatives and also stabilise fluctuations in revenue income from resource projects. "The Papua New Guinea government is establishing a stabilisation fund and a development fund under the Organic Law on the Sovereign Wealth Fund that was passed by the Papua New Guinea parliament in February 2012," the report said. It said revenue from the project would be allocated to the development fund to be used for economic and social initiatives, and also allocated to the stabilisation fund to help level out fluctuations in revenue income from resource projects in the country. The report said discussions were continuing between the state, civil society and the industry on the implementation of the Extractive Industries Transparency Initiative, which is a global initiative that promotes transparency by monitoring resource companies' payments and government revenue at a country level. This has caused the project to engage with representatives from other resource companies through the PNG Chamber of Mines and Petroleum to develop industry recommendations related to the initiative.

Marengo eyes Canada as new base

The National, 25th September 2012

MARENGO Mining Ltd, developer of the world-class Yandera project in Madang, has announced that, subject to shareholder and regulatory approvals, it proposes to restructure the company to move to Canada by way of a scheme of arrangement. The shift will not result in any changes in Marengo's management, operations or strategy and its shares will trade under the same symbols as the Marengo shares trade at present. In April, 2008, Marengo listed on the Toronto Stock Exchange (TSX) and concurrently raised US\$10.4 million. Subsequently Marengo has undertaken a number of successful capital raisings and raised US\$127.6 million, primarily through supportive North American institutions. "This decision was made after careful consideration of the alternatives, including remaining a purely Australian company, dual listing on TSX, or listing on the Alternative Investment Market (AIM) in London," according to managing director and chief executive Les Emery.

"Ultimately, the company believes that access to the much deeper capital markets of North America will assist facilitation of financing for the Yandera project. "Marengo is currently domiciled in Australia. "In the context of the Marengo Group's current operations and plans for expansion, the Marengo board of directors has determined that the redomicile is in the best interests of shareholders and the board believes that the redomicile will better position the group to realise its strategic goals." Among the potential advantages of the redomicile are:

n A greater ability to raise debt and equity; and
n Improved market sentiment and profile

- Access to a market more receptive to mining projects in Papua New Guinea;
- Exposure to larger and more diverse investment markets;
- It is consistent with Marengo's growing international shareholder base and improves the potential for further international investor interest; and
- Retention of Australian Securities Exchange (ASX) and Port Moresby Stock Exchange (POM-SoX) listings for investors based in Australia and PNG respectively;

Exxon well fails to yield gas

The National, 24th September 2012

PLANS for a possible expansion of ExxonMobil Corp's US\$15.7 billion PNG LNG project suffered a setback after an exploration well failed to discover any natural gas. The Trapia-1 well did not intersect any prospective reservoir intervals before reaching its total depth of 3,800m, the US company's joint venture partner Oil Search Ltd said in a statement last Thursday. Hopes that the partners will find enough natural gas to expand the project two-three LNG production units from the two currently under construction were recently buoyed by a large gas discovery at the P'nyang prospect. In a note last Tuesday, Commonwealth Bank of Australia analyst Luke Smith said the Trapia-1 well was high risk and the market's focus is on the Hides development well as that field has the potential to contain more than 10 trillion cubic feet of natural gas resources--enough to support at least a third train

Potape: There is nothing to show for from LNG benefits

Post-Courier 24.9.2012

By ANDREW ALPHONSE

IT is evident that the much anticipated multi-billion kina PNG LNG project would not be able to deliver the benefits as expected to the landowners in the Hela and Southern Highlands provinces, according to outspoken Komo Margarima MP Francis Potape. Mr Potape said this when visiting the

project sites and the electorate during the 37th PNG independence anniversary weekend. Mr Potape's electorate hosts bulk of the upstream segment of hydro carbon projects in the LNG project like Moran Central, North West Moran, Angore, Hides PDL 1, Hides PDL 7, Juha plus the facility areas like Beneria LNG pipeline routes, Komo international LNG airport, Hides LNG conditioning plant site and Yuni LNG Technical College among others.

Mr Potape said before the PNG LNG project was pursued by the State and developer ExxonMobil, there were many promises of improved infrastructures like better sealed roads, development of townships like Margarima, Komo, Hulia, Tari, Nipa, Lake Kapiago, Mendi, Ialibu, Kutubu, Pangia, Erave, Kagua together with growth centers like Para, Nogoli, Hides, Angore, Juha and others. He said people and landowners expected the LNG project to bring with it the better basic infrastructures and benefits for all like the rehabilitation of the Highlands Highway from Lae all the way to Lake Kapiago. He said with the engineering, constructions and procurement (ECP) stages of the LNG project now nearing completion and the first LNG shipment likely to be exported in 2014, frustration is building amongst landowners.

Small scale miners get skills

Post-Courier 24.9.2012

MOROBE Mining Joint Venture (MMJV) led flag-ship small scale miners training (SSMT) facilitated by Mineral Resource Authority (MRA) completed a two weeks training in Wau Morobe province recently. The SSMT saw 23 participants taking part in the training which aims to educate individuals to make a difference in their gold rich communities from areas like Nauti, Watut and recently Markham. This level one training conducted by Mineral Resources Authority's (MRA) Training Centre established at Wau gave participants, mostly youths, the chance to enhance their small scale mining techniques. These skills taught by the MRA trainers enable the alluvial miners to improve their production output levels.

Jemex Nanix from Hidden Valley landowner village Nauti, said that 18 of them were sponsored by Hidden Valley Joint Venture (HVJV), one of three joint ventures that make up MMJV. "I'm so happy because I've learnt a lot of new things that I can use to get more gold when I go back," Mr Nanix said. SSMT College Manager Al Comparativo, congratulated the graduates and stressed how important skills like this would improve their lives. "You can get more out of your hard work by utilising the skills learnt so your families can benefit. But I remind you to learn to value your money, help your families and invest in further training if needed, to grow your business," Mr Comparativo said. MMJV's Community & Regional Development Manager Benjamin Kamaya reiterated the company's commitment to strong partnerships with the government to build capacity at the community level. "One of the reasons why we support these trainings is that we want you to have the opportunity to contribute and drive the economy at the grassroots level," Mr Kamaya said.

Lihir mine takes a hit

Paddy Manning, Sydney Morning Herald, September 22, 2012

THE trouble-plagued Lihir goldmine in Papua New Guinea continues to drag on Newcrest Mining, which yesterday lowered its production forecast for the September quarter, limiting any chance it could hit the upper range of its year target. Newcrest shares fell 2.9 per cent to close at \$28.92 yesterday after an electrical fault reduced the mine to 25 per cent of its output. It would take 10 days to resume full production, Newcrest estimated. Morningstar analyst Mathew Hodge said Lihir had been "a troublesome place ever since it started". "It's a very expensive place to do business," he said. "It's inside a volcano, and the ore is very difficult to treat - it's not liberated easily. "It's a bit like

[Anaconda's failed] Murrin Murrin [nickel mine], requiring high pressures and high temperatures, which brings additional maintenance costs."



The Lihir Gold processing plant in Papua New Guinea. Photo: Angela Wylie

Mr Hodge said Newcrest had "obviously found more issues than they expected when they made the takeover" of Lihir Gold for \$10.6 billion in 2010. Newcrest said gold production for the September quarter was expected to be about 460,000 ounces. Deutsche Bank's Brett McKay calculated this new target was 40,000 ounces lower than should be expected after factoring in 15,000 ounces lost at Lihir due to yesterday's electrical fault, the 10,000 ounces lost when a conveyor broke down at the Ridgeway mine in NSW, and another 5000-ounce reduction from another Lihir shutdown in August. Newcrest maintained that despite the lower September quarter output Lihir would hit its target for the year of 700,000 to 900,000 ounces.

PNG investment in Australia soaring

Post-Courier 21.9.2012

By DAVID MURI in Brisbane

PAPUA New Guinea's economy will struggle to grow while former coloniser Australia is predicted to enjoy steady growth despite massive windfalls from the our lucrative resource boom. With larger portions of the benefits from the resource sector are expected to be invested elsewhere, including Australia, because of its conducive business environment. Engan councillor and businessman Paul Kurai says prominent citizens denied by government support back home consider multicultural Australia, especially Queensland, as an investment haven. Mr Kurai adds Papua New Guineans were also paying heftily for quality education and healthcare being offered by Australian institutions. Mr Kurai's comments were in line with a recent presentation by Dr Aaron Batten of the Asian Development Bank at Lae's International Hotel. Dr Batten outlined on the PNG Economic Outlook that PNG's Foreign Direct Investments in Australia stood at a staggering US\$1.2 billion. According to statistics derived by Dr Batten from Australian Bureau of Statistics, PNG's assets are four times more than that of Australia's own investments in PNG, which stands at merely K300 million.

Mr Kurai said in Brisbane yesterday this figure could likely increase as more and more Papua New Guineans are investing in education and property in Australia everyday. The councillor himself

owns a sterling property at Brisbane's modern and scenic North Lakes suburb and enrolls his seven children at nearby schools at a staggering price. Mr Kurai said he is spending nearly K500,000 to reside his family in Australia annually. He believes that more people are doing likewise, confirming PNG investment in Australia is soaring vigorously. "I have sleepless nights back home just to make sure my children secure the best education on offer and afford the life in Australia. I spend around half-a-million kina every year to keep my family here," he said. "My kids are enjoying every moment of their life here than they used to back home. The hospitals and schools here are up to standard and general lifestyle is fantastic," his wife Assumtha sums up.

PNG rugby league star Paul Aiton's mother Anne said many prominent Papua New Guineans were buying vacant land and properties in various suburbs in Queensland and were planning to relocate their families. Dr Batten predicted that the outbound Foreign Direct Investments would be a contributing factor to the significant growth slowdown in the PNG economy expected next year. Mr Kurai said the government must create conducive environments for local businesses to operate and survive. He continued that basic services like health and education must be provided for the benefit of all the citizens. "Provision of these vital services will deter people from migrating to Australia and investing our money here."

LNG operator has spent K5billion

Post-Courier 21.9.2012

By *ANCILLA WRAKUALE*

OPERATOR of the multi-billion Liquefied Natural Gas Project, Esso Highlands Limited, have spent almost K5 billion (US2.4 billion) in PNG to date. The money was in the form of project related spending with landowner companies (Lanco) and non-lanco suppliers. This was according to the PNG LNG Quarterly Environmental and Social Report for the second quarter. The report stated that the work of the Enterprise Centre at the Institute of Business Management (IBBM) and the project's business development team has played an important role in promoting local participation in the project with approximately K183 million in project related spend with Lancos in the second quarter of this year and K1 billion to date. Meanwhile, at yesterday's PNG LNG Media update workshop, hosted by EHL, Lead Media and Communications Adviser Rebecca Arnold said work progress on the project sites are going well.

Arnold said the 407 kilometre offshore pipeline installation was completed. She said more than 800metres of runway length at the Komo Airfield was completed. She said the outer shells and roof installation for the two LNG tanks have been completed. The 2.4 kilometres jetty trestle outside Port Moresby that will transport the LNG out to the tankers have also been completed. The US\$15.7 billion project involves the construction of gas production and processing facilities in the Southern Highlands, Hela and Western Provinces of PNG. It encompasses liquefaction and storage facilities (outside Port Moresby) with a capacity of 6.6 million tonnes per year. More than 700 kilometres of pipeline will connect the facilities. The project will progress in development phases, with the first LNG deliveries scheduled to begin in 2014. During the life of the project, it was anticipated that over 250 billion cubic meters of gas will be produced and sold. LNG will be sold to China, Japan and Taiwan. The report said the project remains on target for the 2014 first shipment of LNG.

Stakeholders to work with LNG operator

Post-Courier 21.9.2012

The Government, the operator of the multibillion kina PNG LNG Project ExxonMobil Corp, and other stake holders of the project have been called to work together with the project area landowners to iron out certain outstanding issues to safeguard the project. Chief Hare Hengi, Chairman of the Hides LNG Landowners Association (HLNLA) yesterday made the call after Hides petroleum

development licence (PDL1) landowners have protested over various unresolved project related issues with the government and ExxonMobil. Chief Hengi told the Post Courier that on Monday, over a thousand landowners including women and children have demonstrated a peaceful protest from Nogoli Base camp to Hides Gas Conditioning Plant site and the pipeline routes demanding stop work until their outstanding grievances were addressed by the State through the Department of Petroleum and Energy and ExxonMobil.

Mr Hengi said the list of outstanding grievances the landowners wanted the government and the developer to address are among others: address their request for well head rental as per their umbrella benefit sharing agreement (UBSA) and licence based benefit sharing agreement (LBBSA); the long overdue K20 million ministerial commitment for the Tuguba chiefs at the UBSA and LBBSA for their signatures, review on the memorandum of agreement of the Hides Gas Electricity to Porgera Gold mine, project social mapping and an independent comprehensive environment studies to determine the environment damages by the project. "I as the leader of the agrirved clans and the entire Hides PDL1 LNG landowners, I don't want this project to be repeatedly interrupted. We want this project to go ahead and deliver to the people of Papua New Guinea, the energy hungry Asian market and rest of the stakeholders. But all needs to be done is for the government and the developer to come down to them and address them properly and iron out any outstanding issues once and for all," Chief said.

Expert: LNG fuel is cleaner

The National, 21st September 2012

THE liquefied natural gas project is one of the safest fossil fuels in world, the Papua New Guinea LNG field engineering leader, Dave Raaf, told a workshop yesterday. The workshop, facilitated by the LNG project, was to give journalists an appreciation of how the product from the gas fields in Hela and parts of Southern Highlands' provinces would be condensated and exported. "LNG is one of the safest fossil fuels that can be produced. If you light a candle and get a clear glass you will see that the candle flames will leave thick black dark stains on the glass in less than 10 minutes," he said. "However, if you do the same with LNG you will see that there is no stain on the glass. This shows that LNG is cleaner." He said LNG was kept at a cool at a temperature of -160 degrees Celsius. Raaf said that was why it could not explode into the air. Raaf said since the operation of liquefied natural gas projects in the world there had never been any major incident except for one in 1944. He said in 1944, a pipe broke because of the cold temperature. He said that had been improved through modern technology which helped design special pipes that did not break because of the cold temperature of the LNG.

Fiji: Mine move welcomed

Fiji Sun, September 20, 2012

By RACHNA LAL

The miners looking to setting up a mine in Namosi have welcomed Prime Minister Commodore Voreqe Bainimarama's endorsement of the resumption of special prospecting licence for their proposed billion-dollar copper and gold mine. The endorsement will mean the Namosi Joint Venture (NJV) can resume exploration works, project studies and the Waisoi Project environment impact assessment until 2015. Namosi Joint Venture country manager, Greg Morris, thanked the Prime Minister and Government officials for their leadership in helping resolve areas of community concern and finding a co-operative way forward. The Prime Minister earlier this year had to step in and stop Namosi Joint Venture's exploration work following environmental concerns raised by landowners.

He had than approved the rehabilitation action plan for the site.

Mr Morris said: “We are also very appreciative of the participation and support from the Tikina Namosi Landowners Committee (TNLC) in the process leading to the successful implementation of the Namosi Rehabilitation Action Plan. “Through this co-operation, we have developed a better understanding of each other and how to communicate and work together more effectively.” Mr Morris has assured they will build on the strong relationships developed during this process and move forward within the framework jointly agreed by the Namosi Joint Venture, Government and the TNLC on behalf of landowners. He further indicated Namosi Joint Venture’s commitment to working closely with the local community and other stakeholders. He said Namosi Joint Venture was pleased the Waisoi Project environmental impact assessment studies could resume. “This is because the environmental impact assessment findings will be a critical step,” he said. “It will help the community, Government and the NJV consider whether a mine at Waisoi can be built safely, economically and in an environmentally and socially-acceptable manner.”

The Namosi Joint Venture is a group of three companies who have come together to explore for and potentially mine mineral resources in Namosi and Naitasiri Provinces. The joint venture includes Newcrest (Fiji) Ltd (70 per cent), Materials Investments (Fiji) Ltd (28 per cent) and Nittetsu Mining Co. Ltd (2 per cent). Newcrest is the operator and manager of the Namosi Joint Venture. NJV has been granted a Special Prospecting Lease (SPL 1420) by the Fijian Government to explore for minerals in the Namosi region, about 30kms west of Suva. The licence area is primarily in Namosi and Naitasiri Provinces. In addition to exploration, Namosi Joint Venture is studying whether a mine could be developed at Waisoi in Namosi. The Government has confirmed that under the Environmental Act 2005, the Waisoi Project requires an Environmental Impact Assessment (EIA) to be undertaken to assess the potential impacts of a mine in the area. The Waisoi Project environmental impact assessment is underway and is anticipated to be completed in 2013. The miners believe if a mine at Waisoi can be safely and economically developed, it would bring significant economic opportunities to the local and wider Fiji community.

Letter to the editor

James Cameron proof; there’s life in deepest seas

Post-Courier 20.9.2012

LET me express my views against the Nautilus Minerals-PNG boss Mel Togolo who said that there is no fish existing below the depth of 1600m. Obviously, you know you are an Islander who should be standing with the majority of the people in the province to oppose this project. If you know a bit on Marine Science, you would definitely feel a deep guilt in yourself that your comments recently are totally false, unreal and very misleading. How can you say that fish do not live at depths where there is no light and oxygen when science has proven that fish actually live far below the 1600m depths? You must come to the fact and accept that whatever your Nautilus does at the ocean floor will still have huge impact on the marine ecosystem in that area. Do you know anything about Ocean Upwelling and Bottom Up Control regarding the food chain in the marine environment? I think that you have been misled by the minds of greedy money making people.

Let me open up your mind about the deepest depths of the ocean. You must believe that there is life at the very bottom of where you want to do your mining. Fish species and invertebrates like crabs; octopus etc are down there. And where do you think most of the rich nutrients that the fish and other pelagic species feed on come from? These nutrients come from the Benthic zone exactly like the place where you want to do your so-called mining. This happens through the process of Upwelling where rich nutrients from the deeper cooler waters flows up to the pelagic zone and allows species like tuna, travellies, dolphins, sharks, marlins etc to feed on. Some months ago James Cameron

went down to the deepest oceanic trench in the world (about 11 000m deep) and proved that there is life even at the most deepest part of the ocean. He even took photographs of bizarre marine species that haven't been identified before. Didn't you read or even watch 60 minutes on EMTV before commenting? Please tell us where fish in that area will get their nutrients from.

Ashley XVI, Pioneer Fidalian

Letter to the editor

Solwara 1 won't threaten fish

Post-Courier 20.9.2012

NAUTILUS Minerals recognises and respects the particular importance of the commercial and traditional fisheries in the Bismarck Sea to Papua New Guinea's economy and culture. Our approach with Solwara 1 was methodical, cautious and respectful of Papua New Guinea's traditions. That is why we have given the time and resources to understand, mitigate and eliminate any potential impact from our operations on the fisheries:

- * As determined in consultation with the National Fisheries Authority during the Environmental Impact Assessment process, Solwara 1 is not located in a primary fishing ground.
- * Solwara 1 is located approximately 30 km from the coast and 1600 m below the surface of the sea, well beyond coral reefs and fish stocks. Fish such as tuna are concentrated in the zone of light in the top 200 to 400 m of the surface of the sea, so there is a "buffer" of more than a kilometre between where the fish are concentrated and any extraction impact.
- * Robotic equipment on the seafloor will recover the resource to the production vessel where the mineralised material is separated from the seawater using gravity. The seawater is then filtered and returned to depth where it is discharged about 25-50 m above the seafloor, close to its source.
- * The fully enclosed pipe and pumping system ensures that the copper resource is taken from the seafloor to the surface vessel without ever coming into contact with the seawater above the Solwara 1 site. This is not the cheapest option, but it is the most environmentally and socially responsible solution to ensure fish stocks would not be impacted.
- * Unlike other resource projects, there will be no blasting at Solwara 1.
- * Solwara 1 will use biodegradable fluids and oils in all equipment operated in the sea. No hazardous chemicals or tailings will be discharged to the sea.

Since 2007, Nautilus has consulted extensively and in good faith, through public forums with government, including officials from the National Fisheries Authority, NGO stakeholders and communities in New Ireland, East New Britain and elsewhere in PNG. More than 20,000 people have participated in these meetings and multi-stakeholder workshops addressing technical, environmental and socio-economic issues. Nautilus is currently developing its Environmental Management Plan, due for submission before commercial production starts in 2013. I and my team continue to welcome the input of concerned individuals and organisation.

Steve Rogers, CEO, Nautilus Minerals

Chan irked by Newcrest and department

Post-Courier 20.9.2012

MINING Minister Byron Chan has expressed disappointment at Newcrest Mining Ltd and the National Planning Department for non-delivery of tax credit scheme commitments. The tax credit scheme which was devised last year by the Joint District Planning and Budget Priority Committee (JDP&BPC) and endorsed by the Provincial Executive Council (PEC) for major infrastructure projects in the province have gone unnoticed, contrary to what was previously agreed to by Newcrest and the Department of Planning. Mr Chan who was on an official visit to his Namatanai Electorate

over the Independence weekend, was particularly concerned after visiting the province's run down pioneer school, Namatanai Secondary.

“Companies and state departments responsible for service delivery are not doing what they are supposed to be doing. “How can we foster relationships if commitments made are not honored. This is a total failure, especially when our people need basic services such as education, health, roads and other essentials. “I’m therefore calling on respective departments and companies to leave up to the commitments they have made,” Chan said. Meanwhile, Chan also took delivery of promised school funds worth over K100,000 to various schools in the electorate. A total of K145,000.00 worth of cheques were disbursed to six primary schools and an aid post in Kukudu. This includes Hilalon (K20,000), Lipek (K20,000), Malo (K20,000), Matantiduk (K20,000), Nambumai (K10,000) and Kukudu (K55,000). The funds are part of the education grant as promised by the previous O’Neill-Namah government.

Misima landowners get dividends

Post-Courier 19.9.2012

THE Mineral Resources Development Corporation (MRDC) met with Misima Island landowners last Tuesday to finally transfer Oil Search shares and distribute dividends from these shares in accordance with the Misima Mediation Agreement (MMA) which was reached earlier this year. MRDC representative, Kini Renagi who met with the leaders said the visit was significant as it also meant MRDC was closing its file on Misima. Mr. Renagi said now the responsibility would be on the landowner associations and the leaders to decide for the benefit of their people on what to do with their Oil Search shares and distribute the dividends fairly. MRDC held 2, 057,144 shares on behalf of the Misima Landowners. As per the Misima Mediation Agreement, the shares were transferred to the following nominated landowner entities;

- * Misima Towoho Siung Association – 1, 028, 572 shares (50 percent);
- * The remaining 50 percent would be distributed as follows;
 1. Siung Association – 411, 428.80 shares (40 percent);
 2. North Misima Co-operative Society Ltd – 308, 571.60 shares (30 percent)
 3. Magamega Association - 308, 571.60 shares (30 percent)

MRDC also paid the landowners outstanding Oil Search dividends amounting to K177, 814.59. This was distributed to the following nominated entities;

- * Misima Towoho Association – K88, 907.29 (50 percent). Thereafter MTSA is to transfer:
 1. Siung Association Inc – 30 percent;
 2. Emel Ltd – 30 percent;
 3. Misima Towoho Association – 40 percent;
- * The other K88, 907.29 was paid to Special Mining Lease (SML) landowners who are represented by three entities and were paid as follows:
 1. Siung Association – K35, 562.91 (40 percent);
 2. North Misima Co-operative Society Ltd – K26, 672.18 (30 percent);
 3. Magamega Association Inc – K26, 672.18 (30 percent);

Misima was the first successful mediation process MRDC was involved in which finally settled landowner disputes that had been going on for 17 years.

Ari’u people lack basic services

Post-Courier 19.9.2012

ARI’U is a good example of a remote and isolated village from basic services such as health. Tucked away in the Owen Stanely Range between Central, Northern and Milne Bay provinces is this village where the only services guaranteed to its people is from their environment. With the

nearest road link a five day walk away either to Moreguina in Central or Popondetta in Northern, delivery of services remain a dream rather than a question of when. A representative of Goldminex Dominic Kongua said: “The remoteness says it all; there isn’t even an airstrip or a means of communication for this group of people. However, they live in harmony with their environment and their daily sustenance is provided for solely by nature.” These people currently sit on a goldmine that could one day contribute immensely to the wealth of Papua New Guinea and the forethought of that could answer many of their dreams. Mr Kongua said the current explorations at the Kepere Fault undertaken by Goldminex Resources PNG Ltd have definitely brought a sigh of relief to the people of Ari’u. Their source of primary health care is currently provided by the exploration company’s medical clinic.

Although the clinic’s primary purpose is to serve its employees, as part of the company’s community obligation, the company helps out a lot with the medical needs of the people. It also provides medical evacuation to Port Moresby for woman in difficult labour. It takes about two hours to walk from the village to the medical clinic. Mr Kongua said: “On September 13, 2012, as the country was preparing to celebrate the 37th Independence celebrations, the medical team from Goldminex was called upon to attend to a young woman in labour who proudly delivered a healthy baby girl under the supervision of the medics.” He stated that “We understand that there is a program within the Health Department where it works in partnership with exploration and mining companies in remote sites to provide primary health care”. “The question is where do we start and how can this partnership be made workable?” Mr Kondua stated that “Furthermore, we hope and wait patiently for the new Oro Governor Gary Juffa to find a way forward for his forgotten mountain people of Musa (Lower Musa, Middle Musa and Upper Musa).”

Mt Kare: Hetapula Association rightful landowners

Post-Courier 19.9.2012

WHILE the Mt Kare gold mine at the border of Enga and Hela provinces has recommenced operations, many unknown landowner companies have been formed to benefit from its revenues, causing a major concern to the original landowner companies. This is from the interim chairman of Hetapula Association, Bennett Paro, who clarified that the Hetapula Association which consists of four main clans in the Special Mining Lease (SML) area of Mt Kare has not vanished but still exist. “The Hetapula Association has been the main landowner company recognised by the state, Mineral Resource Authority and the developer since the mine first commenced operations in 1988 up until 1993 when its operations were disrupted.” “Although 26 years have passed, we still have our company assets and resources available to empower the Hetapula Association,” Mr Paro said.

He said Hetapula had been actively involved in many decision making and business activities in the past operations of Mt Kare mine and was widely known by international mining companies. “We want to advise that the Hetapula Association still exists and we are calling on those interested members who had been part and partial of the Hetapula clan to join and be members of the association,” Mr Paro said. He said the Hetapula Association carries the name of the four main landowning clans in the SML area, which are Heli, Tawini, Pujaro and Lanopa. “These four clan groups form Hetapula, and I as the interim chairman, invite members of this four groups who are operating outside the province to come and register as members in the Hetapula Association.”

“We have too many landowner issues faced in the LNG gas projects and we do not want the same to happen in Mt Kare and disturb the operations. We, the Mt Kare landowners, know ourselves and we have to work in unity to allow smooth operations in our mining,” Mr Paro said. He said a proper meeting will be held to appoint permanent executives of the association. “This will take place when various members are approved to register with Hetapula by their respective Incorporated Land Groups,” Mr Paro said.

37th independence anniversary: Message of hope

Post-Courier 19.9.2012

By *NEVILLE TOGAREWA*

PAPUA New Guineans will continue to remain second-class citizens in their own land and vulnerable to all forms of social and economic injustices until the laws are changed so they become main beneficiaries of the resources they own on their land and in their seas. This is the powerful message that founding father and Chief Governor Sir Julius Chan gave to his people of New Ireland and Papua New Guinea as part of the 37th independence anniversary celebrations in his provincial capital Kavieng on Sunday. Sir Julius urged his people not to be fooled by the status quo, saying PNG is now at the cross-roads and it is incumbent on the people to take a stand by asserting their rights, claiming their birthright and working hard for a better future.

The father of kina and toea said independence 37 years ago on September 16, 1975 was a proud moment when the founding fathers envisioned a progressive and prosperous future for everyone but this has not happened in the last three decades. "It was a proud moment; a moment when all our dreams pointed to freedom and responsibility; of shaping a safe, peaceful and secure future for our new country," Sir Julius said. "Thirty-seven years later, that dream has not been fully realised. We have seen fighting among leaders and corruption and misappropriation by leaders and officials. Our people continue to divide against each other. So we must remind ourselves that a house divided cannot stand," he said. "We are at a turning point in our history. Everywhere we look, we see huge developments taking place; huge mines, oil or LNG projects being implemented. The big boys say this is good for PNG; that our economy is growing faster than any other economy in the Pacific. But is this really true?"

Sir Julius said he sees things differently. "The economy is growing but that growth is not leading to better lives for our people. We have huge gas, oil and mining projects but where is the money going? It is going to huge international corporations," he said. "(The money) is going to the national government where it is wasted, misappropriated and to pay fly-in-fly-out foreign workers who are on fat salaries that are 10, 20 or 100 times what our own people earn." "Someone needs to tell the truth. I ask all of you to look reality in the face. And when you look at reality, what do you see? "We see the wealth of our country being torn from the ground. The ground itself is being violated, tortured. Mama and papagraun (landowners) are being ripped up and torn apart. Billions of kina are being made but the billions are not going back to the very people whose land is being destroyed. That is wrong. "That is why my government has said that we will not agree to any more mining activities in New Ireland, whether it is on the land or under the sea until the laws are changed to return the wealth to the people who own and live on the land."

Governor Sir Julius said for the people of New Ireland and PNG, land is sacrosanct, they own the land, they are part of the earth and it is the foundation of their very existence. "If we are going to agree that mining activities will be done and that our land can be damaged, then we must be very clear about who is responsible to deal with the consequences. That is why I say we are at a turning point. "The gold, oil and natural gas will not last forever. The developers will leave but we will still be here. If we do not make certain that the benefits we receive allow us to survive after the developers are gone, we will be doomed. "That is why I call on all New Irelanders to stop thinking about today and the short term. We need to start thinking about the future – 20, 50 and 100 years into the future. "That is why I say no more mining activities until we change the law and the people once again own the minerals that are on and beneath their land and beneath the solwara (sea) that provides them with what they need to live," he added.

Government Approves Namosi Mining Venture In Fiji

Additional talks to be held over community concerns

By Indrani Krishna

SUVA, Fiji (Fijilive, Sept. 18, 2012) – Fiji's government has given the green light to the Namosi Joint Venture (NJV) to recommence all activities relating to special Prospecting License including exploration, project studies and Waisoi Project Environmental Impact Assessment (EIA) until 2015. The Prime Minister Commodore Voreqe Bainimarama made the decision following the successful rehabilitation of environmental issues raised by landowners earlier this year. Under the Government's direction, the Tikina Namosi Landowners Committee and Namosi Joint Venture have worked in partnership to address landowners' concerns that enable both parties to develop a cooperative way forward. Government and the landowners will meet again once the Environmental Impact Assessment is completed.

Mining in Australia: Ferguson warns of rising cost risk

Post-Courier 18.9.2012

AUSTRALIA has to keep the cost of delivering mining projects in check for the planned mining investment pipeline to become a reality, Resources Minister Martin Ferguson says. A Minerals Council of Australia (MCA) report released today found that Australia's cost position was declining, with labour costs growing more quickly than the national average and now ranking among the highest in the world. Rising capital costs, along with increased energy and transport costs, were also weighing and the report called for more skilled migrants and changes to the Fair Work Act to boost productivity. Mr Ferguson said there was \$270 billion in committed and \$230 billion in planned capital investment in the pipeline. "The opportunity is still there for the wave of investment to continue, but we have to keep the cost of delivering these projects down," he said.

"To maximise our opportunities we must ensure we maintain an environment which continues to attract investment to the benefit of the whole community." Mr Ferguson said as a nation Australia must be conscious of the cost of delivering projects and the challenges it presents to potential investors. The Federal Government had introduced a \$3 billion investment in skills and training, was working towards streamlining environmental approvals and allowing access to skilled migrants to address the challenges, he said. "Our future earnings will not be based on record commodity prices, rather on increased volumes resulting from our being able to deliver projects in a cost effective manner," Mr Ferguson said. The Minerals Council report said the Government was too focused on the redistribution of wealth rather than the productivity of the sector.

LNG: Drilling starts in SHP

Post-Courier 18.9.2012

Eso Highlands Limited, which is engaged in gas production and processing facilities, onshore and offshore pipelines and liquedification facilities, has commenced drilling operations of the PNG LNG project at the Hides natural gas field, located in the Southern Highlands Provinc. The drill wells will produce approximately nine trillion cubic feet of natural gas over the life of the project. "The PNG LNG Project is unique and important for Papua New Guinea. The start of our drilling program is a key step in meeting our goal of first LNG deliveries in 2014," drilling manager Jim McDermott said. The designed Nabors Rig 702 is being used to drill the initial well, the first of several natural gas production wells at Hides. The rig has incorporated features to help safely and effectively drill PNG's resource. It has been designed to withstand earthquakes and includes containment equipment and facilities to protect the environment. A second rig to be used in the PNG LNG Project drilling program has arrived in PNG and is currently being transported to the Hides area. "We have an exceptional team, including Papua New Guinean drilling engineers who recently re-

turned from Melbourne, Australia, where they spent a year-and-a-half learning about ExxonMobil's drilling operations. They are now putting their training into practice," Mr McDermott said.

Letter to the editor

Landowners should put national interest first

Post-Courier 18.9.2012

THE claim being made by many landowners that they are owners of minerals in the ground they live on is absurd. I have searched the Bible right through out but have failed to see the reason for this claim. The LORD only is the owner of the land. He created Adam and Eve and entrusted them to look after the earth as custodians. See the first few chapters of Genesis. But the natives who live on the land where a mining venture is to start can claim compensation for damages to the environment, the trees they themselves have planted and animals they themselves raised etc. This is quite sensible obviously. But will PNG continue to exist as a single national entity when this cherished law is passed in parliament for the so-called landowners to own majority shares in mining ventures on land they happen to live on? GNB says in Rom 13:1 "Every one must obey the state authorities, because no authority exists without God's permission.....". Laws are made by governments for the good of the nations but to make laws as stated above just for the benefit of a few so-called landowners is uncalled for. National interest must come first. Besides, investors are already complaining as they will not work under such circumstances not yet proven worthy of their trust. Guy Rols NCD

A better PNG: the 37th independence anniversary

Post-Courier 18.9.2012

By *GORETHY KENNETH*

PRIME Minister Peter O'Neill has assured the seven million people of Papua New Guinea that his Government is committed to working together with all the stakeholders to build a better future for everyone. Delivering his keynote address at Independence Hill in Port Moresby during the flag-raising ceremony on Sunday morning to kick-off celebrations for the 37th independence anniversary, Mr O'Neil urged everyone to work hard to build a united, stable and progressive nation where the people can look forward with confidence and hope to a prosperous future. "Together in unity, together in ownership and together in participation we can transform our nation into one whose population is educated, living improved and happy lives and participating in personal and national wealth creation," he said. Mr O'Neill said PNG was a growing and evolving nation that was fast asserting itself as a leading developing economy in the Asia Pacific region.

He made his address in front of a large crowd and witnessed by members of the diplomatic corps, Ministers, MPs, women, school children, members of the disciplinary forces and the general public. Mr O'Neill was accompanied by his wife and son who sat alongside the Deputy Speaker of Parliament Aide Ganasi who was the guest of honour. "Our Government is realistic enough to understand and we commit ourselves to providing inclusive, transformational and participatory leadership that is zero-tolerant against corruption at all levels in our country," Mr O'Neill said. "More importantly, our Government is serious about growing our nation's future through prudent and stable economic and political management. That has begun with the delivery of free education for all our children, free basic healthcare to all people, improved infrastructure which include roads, highways, seaports and airports and better telecommunication and energy supply systems to be delivered efficiently under our Public Private Partnership arrangements," he said.

"Our Government has no time to waste. We are now working on financial options to deliver our programs within the legal and financial framework of our country. All the transactions that commit our nation's future will be done with the highest degree of transparency." Mr O'Neill said the Gov-

ernment was passionate and committed to involving all capable citizens in the development of PNG. “As head of your government, I am confident that we can achieve greater prosperity for our country and for our people. Our dream is for every man, woman and child to become educated, to become free from the chains of poverty, happier and healthier with better opportunities for better life. I had that dream when I was growing up in my village many years ago.” Mr O’Neill also spoke of laying out simple and achievable plans including plans for service delivery. He also spoke of how the government will not tolerate slackness, corruption and excuses for not delivering on the commitments to satisfy the people’s expectations. “As government we have laid out a simple and achievable plan as building blocks for our nation’s development now and in the years ahead.

These building blocks include:

- Educating the people;
- Providing better healthcare;
- Providing better security for the people;
- Providing better infrastructure – roads, bridges, wharves – to build the economy; and
- Managing the economy better.

“We can do all these together, better than ever before. Our government will not tolerate slackness, corruption and excuses for not delivering on the commitments our people expect us to deliver,” the Prime Minister said. “Within the first three months of this government, any person, both in politics and public service, that is not willing to live up to these commitments will have no place in our people’s government.” “Our government is realistic enough to understand and we commit ourselves to providing inclusive, transformational and participatory leadership that is zero-tolerant against corruption at all levels in our country. “We have a growing and evolving nation that is fast asserting itself as a leading developing economy in the Asia Pacific region. While the industrialised nations face serious economic and financial crises, our nation is respected by many as a growing developing country.” “Our national growth has averaged eight per cent over the past 10 years and recorded 11 per cent growth in 2011, with forecast for 10 per cent growth this year. As a nation we have done well but not enough to underpin a sustained quality education, good health and a marked reduction in our key social and poverty indicators,” he said.

“Everywhere throughout our country we see overwhelming evidence of decline of basic services infrastructures like roads, airports, seaports, hospitals, schools and provincial and district administrative centres. “The economic, political and social building blocks that our government has begun putting in place will form the foundations upon which our nation will prosper and grow over the coming years. “Growing and the nation’s future happiness, health and wealth will be achieved through an educated and healthy population, improved modern infrastructures and strengthening the law and order environment,” Mr O’Neill said. “We can repair, renovate and maintain our existing service infrastructures hand-in-hand with construction of new roads, bridges, hospitals and schools by better prudent management and planning of our resources.

“Yes, we can do better and our government is already starting. Our nation’s success and failures can be measured by many different yardsticks. “We have a good government now in office and we can do better than ever before. But our critics continue to look at us negatively. They insist on writing our nation off as one without hope and one without a future,” the Prime Minister said. “Our government is government of inclusiveness, reconciliation and strong leadership that is capable of producing productively for our people and our nation. We are a government that is committed to making positive changes that will improve the lives of all our people,” Mr O’Neill said.

Video: Lutherans join fight against seabed mining in PNG

EM TV, PNG Mine Watch 17.9.2012

Senior members of the Lutheran Church in Madang and Morobe have joined an international chorus of opposition against the government's move to allow Nautilus Minerals to mine PNG's seabed. The group which includes former pastors and bishops say they don't want to be guinea pigs in what they're calling experimental seabed mining.

Link: http://www.youtube.com/watch?feature=player_embedded&v=4q_KDF044XQ

PROF: SEABED MINE A DISASTER

Post-Courier 15.9.2012

By *JASON GIMA WURI*

THE poor application of international laws and Papua New Guinea laws and policies on the Deep Sea Mining is a very serious challenge in managing and protecting the resources of the oceans and health of communities in PNG. Head of Environmental Sciences and Geology at the University of PNG (UPNG) Professor Chalapan Kaluwin made these comments when summarising the Seabed mining forum this week. He said such international laws as the United Nations Law of the Sea, UNCLOS, International Maritime Organisation (IMO) Laws, Noumea Treaty, UNCED agreement and PNG's laws and policies which were Mining Acts, Environmental Act etc on the Deep Sea Mining (Solowara 1). "It is important to know that there is no Deep Sea Mining Policy in the world in managing such resource for PNG government and its stakeholders must understand this status.

"In addition coupled with the relative short term (2-3 years) scientific and environment results, studies (mainly desk top models) and reports carried in the Solowara 1 region (EIS/EIA report) submitted to the PNG government for Phase 1 (30 Months Project) should be treated with caution and precautionary principles must be applied until full scientific proof is available," Professor Chalapan said. The forum raised questions such as; why should PNG government agree to mine in the Ocean floor at a depth of more than 1,500 meters if the land resources are abundant and plentiful for a 7 million people for more than 50 years and beyond, with lack of capacity and expertise in these sectors? "Can we tell the developer to go back into its back yard or other countries to trial this initiative worth US\$1 billion (EIS-Phase 1 for 30 months) if their ocean mining policies are in place? Yes you can.

"Application of adaptive technology in the tropical marine ecosystem has very serious limitation on PNG in deep sea mining must be evaluated and monitored for its mitigation purpose. Given the Sustainable Development (economic, environment and livelihoods) scenarios and assessments of PNG and coupled with too questions and uncertainty on the Solowara 1 project, the PNG government and its people must defer the implementation of this pilot project for the time being, if the Bougainville Copper Limited lesson is to be model for the Bismarck Seas and its provinces. Our review and analysis on documents, our experiences and based on the above and the EIS for Phase One of Solowara 1 strongly believe that Solowara 1 pilot project will be a long Term Disaster for PNG and the health of its people," Professor Chalapan said.

Nautilus: Sir Julius remains steadfast

The National, 14th September 2012

NEW Ireland's position on the Solowara 1 project remains unchanged, Governor Sir Julius Chan says. In a letter dated Sept 12 to country manager Mel Togolo, Sir Julius said until it received clear indications that its demands would be met, it would continue to boycott meetings with Nautilus Minerals, the Mineral Resources Authority and other representatives, whose intent to convince us to

sanction Solwara 1 under the current conditions and under the current mining regime. He said the province wanted answers to the questions that the provincial government had reiterated over the years. He said they wanted an independent review of the environmental impact statement. Sir Julius said many international experts had questioned the accuracy of that statement and the provincial government needed a full review before it would help in any further discussions.

He said there had been no response from Nautilus or the national government on that demand. The provincial government asked for a disaster preparedness fund to cover the possibility of a major environmental disaster but that too had not been responded to. "I feel that the risks are so great that US\$100 million standby is without a doubt not asking too much," he said. The government's third demand was that the province would not entertain new mining activities until the Mining Act 1992 was revised to return control of minerals on land and in sea to the people. "We insist on the raising of the level of royalty, SGG and tax credit payments before we consider any new mining ventures." Sir Julius said there was no point in having additional meetings as the province's position remained clear and unchanged.

Activist against sea-bed mining

The National, 14th September 2012

By PISAI GUMAR

THE Millennium Good Governance Madang chapter supports the two local parliamentarians' call against sea-bed mining. President and activist Steven Andambo supported Ken Fairweather (Sumkar) and Anthon Yagama (Usino-Bundi). He backed former East New Britain premier and East New Britain Autonomy Committee chairman Sir Ronald Tovue who raised objections to sea-bed mining and urged all Momase parliamentarians to unite and say no to it. "It is not a matter of stopping the project, it's too early for such mining, especially when it has not been done anywhere else; why not try it out in Canada." "Papua New Guinea is not a trial dumping ground," Andambo said.

Misima: Landowners pocket more than K177,000

The National, 14th September 2012

MORE than K177,000 in dividends was paid to Misima Island landowners by the Mineral Resources Development Company (MRDC). The visit to Misima on Tuesday signified the final transfer of Oil Search shares and distribution of the dividends in accordance with the Misima Mediation Agreement reached early this year. Corporation representative Kini Renagi said the visit was significant as it meant MRDC was closing its file on Misima. The Misima gold mine, Milne Bay, had already closed its operations. MRDC held 2,057,144 shares on behalf of the Misima Landowners and under the Misima Mediation Agreement, the shares were transferred to the nominated landowner entities. The corporation paid the landowners outstanding Oil Search dividends amounting to K177,814.59.

Aid post worker gets house

Post-Courier 14.9.2012

THE National Government through the Mineral Resources Authority (MRA) continues to implement development projects earmarked under the Public Investment Program (PIP) for New Ireland Province. Last week representatives of the MRA officially launched an Aid Post Orderly's (APO) residential house at Katangan village in ward 12 of the Central New Ireland Local Level Government in Namatanai District. The establishment of the house was funded through the Lihir Mine PIP.

The house boasts two middle size bedrooms and a fairly spacious lounge room. This is complimented by a nicely laid-out verandah where the whole family can enjoy leisure time. The construction of the house and related items cost about K200, 00.00. Member for ward 12 Sam Bonga said at the launching that this was the first time his people had seen such a development that had come directly from the National Government.

He thanked the MRA and the National Government for recognizing the importance and the need for such an infrastructure in his ward. The LLG sub district administrator Apisai Tilpis said the establishment of the project (APO's house) was a huge relief for the LLG as it was the biggest LLG in the province which meant that the administration could not provide for all the needs of its wards in most cases. He said assistance like the house lifted some of the burdens of the LLG. MRA Acting Managing Director Philip Samar said the launching of this project demonstrated the National Government's commitment towards all mining provinces in the country. He said apart from the PIP projects in NIP, projects were also being developed in other mining provinces such as Madang and Morobe provinces.

Gas deal queried

Post-Courier 14.9.2012

Chairman of the Hides Special Purpose Authority (HSPA) Lemson Lemape Mapira has called on the State, Oil Search Ltd and Barrick Gold Limited to tell the people how the Hides gas electricity deal was struck. Mr Mapira reacting to last week's media reports of the Oil Search's agreement to supply up to 56 billion cubic feet (bcf) of natural gas (including associated liquids) to Barrick is a news to them and wanted to know under what terms conditions agreement was brokered. "This is considered illegal as there has never been any consultation with the Hide Petroleum Development Licence (PDL) 1 landowners, the HSPA which is the mouth piece and third tier government on the ground, the Department of Petroleum and Energy and parties concerned.

We have in 1990 in the Hides Gas to Electricity to Porgera at the Bird of Paradise Hotel in Goroka, agreed after tens year of operation, the Hides Gas Plant will be transferred to the landowners. Since then, two decades have passed by and we are confused what had happened to the agreement as there has never been any review of the Hides memorandum of agreement (MOA). Mr Mapira said yesterday. He said under the domestic obligation as provided under the Hides MOA, 0.15 tcf will be owned by the Hides landowners will supply gas to Porgere but to date we don't know that provision has been effectively materialised. We are no confused who is the owners of the Hides Gas Plan.

Under the 1990 MOA, after ten years it was agreed that the plant must be transfer to the landowners. But now it appears that Oil still claim to own and trying to sell extra gas to Porgera. And now it leave us with the question of where are the landowners in terms of their rights to own 0.15tcf and their right to supply that proportion of gas," a literally upset Mr Mapira asked. The Chairman said the deal between Barrick and Oil is deemed illegal as the issues on transfer of plant owners as stipulated under the Goroko Accord and never been effect and in the absence of an MOA, it is still confusing. He said that entitlement is being denied for over two decades. "We also want to know where the extra gas will come from. If there is any extra gas, then the landowners themselves will supply. We have the capacity to do that.

Mount Kare completes study

Post-Courier 14.9.2012

MOUNT Kare Landowner Umbrella Company Head Trustee Corporation Limited Chairman Andrias Aiyange praised the Indochine Mining Limited for successfully facilitating the Land Investigation Study (LIS) as required by the Lands Act to indentify the legitimate customary landowners of

the Exploration license (EL) 1039 Mt Kare gold project. Mr Aiyange also thanked the Indochine Mining Limited Country Manager George R.L Niumataiwalu for the way-forward-approach taken to settle controversial landownership issues which is predominantly a bench mark achievement and visually guaranteed security and paved-way for potential investors to invest in the gold mine project. He said that all landowners whose genealogy relates to EL1093 Mt Kare gold project must make them known to the Summit Development Limited (SDL) a subsidiary of Head Trustee Corporation Limited and be included in the LIS before the end of this month so that they can be entitle to the benefits.

According to Mr Aiyange the company is also planning to conduct a landowner boundary survey upon completion of the LIS interview information collected report and the demarcation of the land will put to rest unscrupulous landowners and will instill law and order abiding community within the project area. He said that the Mt Kare Gold Project Landowners are happy to support the Indochine Mining Ltd for accommodating landowners' grievances and every decision is executed upon mutual understanding with landowners and this is something new, an eye opener, rare and special to us and will not hesitate to recommend granting Special Mining Lease (SML) or ML EL1093 License. "Many opportunists are going around speculating fabricated information and I as Chairman urge SDL to complete the Landownership Investigation Report (LIR) to form basis of identifying the legitimate landowners within EL1093," he said. Mr Aiyange said that LIS and Landownership Investigation Report (LIR) are the bolts and nuts that justify legitimate landowner identification.

Porgera: Fire razes CID office

Post-Courier 14.9.2012

By *JACOB POK and JOHNNY POIYA*

The main police Criminal Investigation Division (CID) building in the mining township of Porgera in the Enga province was burnt down to ashes in the early hours of yesterday. Provincial Police Commander Martin Laraki confirmed the incident saying the entire building went up in flames between one and two am. "Unknown elements broke into the main communication centre located at the general duties section and gained access to the CID building and burnt the building down," Mr Laraki said. He said all records of major criminal files for willful murder, rape and misappropriation cases in the Porgera district that are stored in computers and hard copy documents were all destroyed in the fire. "All went down to ash...nothing was retrieved," Mr Laraki said. He said the building is situated adjacent to the main police station and the cell block. Mr Lakari said a quick response by some of the police officers and neighboring settlers helped put out the fire before it could spread to other nearby buildings.

He said the unknown arsonists entered the place soon after police officers on duty left for motorist patrol in the district. "Investigations are currently being carried out and I have urged the people of Porgera to assist police in the investigations." "People must take ownership as police are there to protect lives and properties. Such actions should not be tolerated," Mr Laraki said. "It is a serious issue which shows that some people have no respect for law and order in the district. It will also be an extra burden on police to go back, re-arrest offenders and filing fresh reports," Mr Laraki said. He said the burning of the police station indicated Porgera was still a very volatile area. An additional police mobile squad unit from Mt Hagen will be rushed up into the gold rich valley to boost manpower by yesterday afternoon. Police MS05 from Mt Hagen is already on-site to investigate attacks on the mine by disgruntled locals employed by the operator, Barrick (PNG) Ltd.

Locals want Basil to offload Watut River court case against Newcrest & Harmony Gold
 Union of Watut River Communities Association | Indigenous Peoples Issues and Resources, PNG
 Mine Watch 14.9.2012

Locals living along the Hidden Valley polluted Watut River in Morobe Province wants Bulolo MP and Deputy Opposition leader Hon. Sam Basil to honor his commitment and offload the court case against Australian Newcrest Mining and South African Harmony Gold – operators of Hidden Valley Mining in Morobe Province commonly referred to as Morobe Mining Joint Venture (MMJV) to Union of Watut River Communities Association (UoWRCA) Incorporated. Speaking on behalf of its members, UoWRCA President Mr. Reuben Mete made the call today while addressing some of its members in Middle Watut. “Basil has made commitment to offload the court case to us last year at a public forum in Sir Ignatius Kilage Stadium and also on several conversation with him and promised to do that before the general election but he hasn’t done so to this date”, Mete said.

He might have other interest in this issue which is unknown to us. Mr. Mete also question the joint media statement done by Morobe Mining Joint Venture and Bulolo District Member Parliament late 2010 on ‘Expert technical advisory panel’ to review the Watut River System as a total misleading and giving false hope to the people of Watut and Papua New Guinea. A private meeting held by the Member for Bulolo and the Joint Venture in Australia on 14th March 2011 to identify satisfactory resolution of the issues without having to go through lengthy and expensive court proceedings was also put to question as any such meetings should involve the local people representatives and participation.

The mine related sediment in the Watut River has caused community concern due to the run-off from mine overburden and construction activities prior to the mine transitioned from construction to operation in October 2010. During the early stripping stages of Hidden Valley Project up until now sedimentation has been a problem affecting Watut River Communities destroying gardens, fertile soils, covering up drinking waters sources, diminishing of aquatic lives from the rivers such as prawns, ills and fish with Flash floods washing away footbridges and sacred sites and causing skin rushes.

Economic Slowdown In China May Negatively Affect PNG

‘Resource-rich’ PNG depends on mining industry exports

MELBOURNE, Australia (Radio Australia, Sept. 13, 2012) – Businesses in Papua New Guinea are cautiously watching the latest economic data from China, amid fears a slowdown in its demand for its resources could hurt mining projects. Figures for August show China's imports fell, exports grew only moderately, and there are indications inflation may be on the rise, prompting concerns the country may not meet its 2012 growth target of 7.5 percent. That's led to concerns among resource-rich nations such as Papua New Guinea (PNG), which rely on commodities exports for a large part of their economic growth. President of Port Moresby's Chamber of Commerce, Ron Seddon, has told Radio Australia's Pacific Beat while PNG doesn't do a lot of business with China, a decrease in demand there could affect global markets.

"From a Chamber of Commerce point of view, we're watching not only China but also to see where Europe is going to see whether it's going to have an impact on us," he said. "I know that we're resource-rich here in Papua New Guinea and they're very much a user of resources, but I guess we just pretty much have to follow what our government says and what the Asian Development Bank and other agencies say, that short-term we shouldn't be overly concerned." Wayne Golding, who represents Papua New Guinea's interests on the APEC Business Advisory Council, says extraction industries still performed strongly during the global financial crisis.

But he says if China's slowdown continues, major mining companies may begin deferring projects in PNG. "This time the crisis is completely different in the sense that we have a financial slowdown,

- but not only do we have a financial slowdown but the pricing of commodities has also slowed down and of course quantitative imports into China are also slowing down, and therefore this is now a double whammy," he said. "For Papua New Guinea, we're basically an extraction industry-driven economy - although we have a strong domestic culture base but with the extraction industry showing contraction in price and quantitative deliver - what we have is also a slowdown in project initiation and of course the amount of money available for extraction."

Highlands Pacific, OTML mull tie-up

The National, 13th September, 2012

By MALUM NALU

HIGHLANDS Pacific managing director John Gooding says the company plans to work closely with the giant Ok Tedi mine in the Star Mountains of Western province to develop its deposit there. His announcement yesterday follows hot on the heels of Ok Tedi Mining Ltd (OTML) managing director and chief executive Nigel Parker telling a meeting in Tabubil that close co-operation between OTML and Highlands Pacific was emerging. Last June, PNG Sustainable Development Program (PNGSDP) – which owns 63.4% of OTML – bought out 13.04% of Highlands Pacific at a cost of US\$15 million and became a cornerstone investor. Highlands Pacific's copper-gold porphyry exploration activities at Star Mountains are just 20km north-east of the Ok Tedi mine.

"Our strategy for Star Mountains is simple: to identify multiple near surface copper gold deposits of modest scale – 100-200 million tonnes – which can be easily mined and make a meaningful difference to the production options for the existing OK Tedi process plant, which we believe by mid-decade may have spare capacity," Gooding said yesterday. "To this end we will seek to hold discussions with OTML during 2012-13 on the potential for collaboration and possible studies. "As evidenced by PNGSDP's recent investment in Highlands Pacific, we believe PNGSDP sees the prospective Star Mountains exploration as an important potential ore source for OTML's future and we see Star Mountains as an important asset in its own right, in addition to our holdings in Frieda and Ramu."

Gooding said 14-hole diamond core drilling programme had been successfully completed at the Olgal prospect and drilling on a further four or five identified prospects was expected this year as part of a US\$8-10 million 2012 budget. Drilling is currently underway on the Rattatat and Pad48 prospects, approximately 3km from Olgal. Assays are progressively expected in coming months. "Drilling at Olgal was very successful with 12 of 14 holes encountering copper-gold intersections," Gooding said. "The standout intersection was the last hole drilled with almost 600m of 0.61 % copper and 0.85 grams per tonne (g/t) gold from just 24m below surface. "With more drilling this could become a maiden resource, and that is something we may return to in 2013. "Our current focus is to test multiple high priority targets with the goal of identifying the source of this copper within a potential porphyry cluster. "That is why our programme for the next 6-12 months will test multiple targets with 1-2 holes each so that we can prioritise our efforts."

Lihir landowners dissatisfied

Post-Courier 13.9.2012

NEWCREST Mining Limited the operator of Lihir gold mine produced a massive accumulative 9.5 million ounces of gold worth up to a total of US\$6.1 billion for the last 15 years have nothing to show for in sustainable infrastructure projects on the mineral rich island. Chairman of the Lihir Mining Area Landowners Association (LMALA) Peter Suar said the association is currently negotiating a five-year land use compensation package with Newcrest because many promises have not been fulfilled. Mr Suar said that the completion of the island's ring road, upgrading to international

standards of Kunai Airport, development of the Wharf area and the expansion of geothermal power are just a few of the infrastructure commitments yet to materialise. He said that in 2011 the total revenue from Newcrest's Lihir operations was more than K2.7 billion, an increase of K1.4 billion since 2007, however Lihirians are seeing little benefit from the wealth of natural resources or from the spiraling price of gold. Gold prices have increased from an average of less than US\$400 per ounce in 2007 to more than US\$1,500 per ounce in 2012 and during that period the value of land-owners compensation package was fixed at a little more than K100 million.

According to Mr Suar LMALA wants to see an improved compensation package to help fund programs to ensure the long-term future of the Lihir people and the demands include a mechanism to enable the people of Lihir to earn a greater share of the upside from higher gold prices and increased production. "LMALA is working with Newcrest to strike an equitable deal," Mr Suar said. "Lihirians need share in the profits that will allow preparations to be made for life after the mine." According to Newcrest, Mining of the ore deposits will continue until 2023 and the stockpiles may be processed for further decade after mining ceases. "The people of Lihir are not naive we know that gold will not last forever and we need to prepare now for a sustainable future. "Our most important concern now is achieving the Lihir Destiny, turning the wealth of Lihir into a sustainable future," Mr Suar said. "Our most important concern now is achieving the Lihir Destiny, turning the wealth of Lihir into a sustainable, independent non-mining economy.

Traffic and criminal investigation unit burnt down in Porgera Post-Courier 13.9.2012
By Johnny Poiya

A building housing the Traffic and Criminal Investigation Divisions at the Porgera Police station was completely burnt down by unknown suspects in the early morning hours of today. Files on Court Cases, computers and other office stuff were completely destroyed in the fire that razed the building to the ground between 12 and 2 in the morning. Enga Provincial Police Commander Martin Lakari said the suspect gained entry into the building by breaking into the communications centre located in the General Duties section and crawled on the floor into the CID section and set fire to it. The main police station building and jail located nearby was prevented from the razing flame by police personnel who were awoken by the fire, Superintendent Lakari said.

He said the burning of the police station indicated Porgera was still a very volatile area, adding an additional Police Mobile Squad Unit from Mt Hagen would be rushed up into the gold rich valley to boost manpower by yesterday afternoon. Police MS 05 from Mt Hagen is already there on the ground following the murder of two men and the subsequent attack on the mine by disgruntled locals employed by the operator, Barrick (PNG) Ltd. Chief Lakari said: "An investigation team from Mt Hagen would go into investigate the burning of the building which is an act of arsonists. We still don't know the motive behind it nor the suspects, and we can't blindly jump to any conclusions until all the investigations are complete."

The Porgera Police Station holds 60 officers who enforce law and order in the volatile valley. It is also the temporary headquarters of extra police sent into the valley on special operations. Enga Province is notorious for attacks on the Police force. Three police officers were killed in the past in the Laigap-Porgera district alone and a container holding ballot papers inside the Wabag Police station was blown up with explosives during the 2002 General Election. "I appeal to the people of Porgera and Enga Province to assist us with our investigations to track down those responsible. "We don't know whether it was somebody trying to destroy court files or some form of retaliation on the presence of heavy police here. " Mr Lakari said.

Oro Governor against seabed mining

Post-Courier 13.9.2012

By *JASON GIMA WURI*

ORO Governor Garry Juffa has once again strongly echoed his stance against the introduction of sea bed mining here in Papua New Guinea. Governor Juffa, who was a guest speaker at the seabed mining forum hosted by the University of Papua New Guinea yesterday, warned that the nation belonged to its 7 million citizens and not to just a minority who were selfishly pursuing the underwater mining venture for their own good. "I am very concerned about seabed mining, it is a project that should not go on. We do not need it because it will have little positive impacts for PNG. "My province, Oro, has a coastline and we will be directly affected. "With other colleagues in parliament like Morobe Governor Kelly Naru, Bire Kimisopa, Labi Amaiu, we are standing against such a project which will have a lot of negative implications if introduced.

"We want to constitute the middle bench, we want to represent our people as middle bench," Mr Juffa said. He said SABL was another issue that needed to be addressed accordingly, including the Joko Tjandra case where citizenship was given. "We have cheapened our nation, I am worried about our nation, especially our children and the future of this land. Where will they be in 10 to 20 years time?" He said. "Government Departments like the Department of Environment and Conservation (DEC) and Mineral Resource Authority (MRA) have become rubber stamps. "MRA is dish-ing out licenses and permits at will and appropriate legislation is not properly sought. "Corporate entities come into our country and do anything they want and leave after draining all our resources. These entities are becoming more in control of government departments. "We need a group of like minded people to come together and fight these issues together. Let your voices be heard, keep speaking, I am in parliament, I will do my part for the sake of our people. For too long we have elected politicians, we need leaders to fight the real issues for the people, not politicians," Mr Juffa said.

Nautilus: "Fishing will not be affected"

Mel Togolo | Nautilus Minerals, PNG Mine Watch 13.9.2012

As the Country Manager for Nautilus Minerals, I would like to address one of the concerns people of our country have expressed, and that is the perceived effect of Nautilus' activities on fishing and fish stocks. I know how important fishing is to the livelihood of many residents in New Ireland Province and elsewhere in Papua New Guinea. As a Papua New Guinean from the islands region, I would not be involved with the Nautilus project if I felt our livelihoods and fish stocks were in any way at risk. In fact, one of the things that excited me most about joining this company six years ago was its desire to be responsible towards the environment and people. I saw an opportunity for the mining industry and PNG alike to start with a clean sheet and to offer the world a minerals solution with less environmental and social impacts. This opportunity for PNG to change the face of mining is exciting to me and as a Papua New Guinean I am proud to be involved.

There are a number of reasons I feel confident that our fish stocks and livelihoods will not be impacted. First of all, Solwara 1 is located some 30km away from the coast and 1600m below the surface of the sea, so the location of Solwara 1 is far away from coral reefs and fish stocks. On top of this, the environmental and engineering teams of Nautilus have worked closely together with world experts to design the project in such a way so as to ensure that any extraction impacts are kept below 1300m water depth, including taking into account environmental conditions such as currents. We must remember that fish such as tuna live in the light and oxygen zone where their food is – i.e. the top 200m of the surface of the sea. So, there is a "buffer" which is over a kilometre long between the fish and any extraction impact.

One of the design achievements involved working with world-class offshore experts to design a pipe and pumping system which is fully enclosed. What this means is that the copper-, gold- and silver- rich material is taken from the seafloor to the surface vessel without ever coming into contact with the seawater above the Solwara 1 site. This was not the cheapest solution, but it is the most environmentally and socially responsible solution to ensure fish stocks and people's livelihoods will not be impacted. Nautilus has made other commitments too: unlike other projects, there will be no blasting at Solwara 1. We have committed to using biodegradable fluids and oils in all equipment operated in the sea and no hazardous chemicals or tailings will be discharged to the sea.

As an aside, another aspect of the project that excites me is that we are working on a processing solution that will mean there are no tailings in PNG from our operations. To me this is a great achievement! I am proud to be part of a team that thinks about these things and which aims to deliver these sorts of environmentally sound solutions to the world. All of the measures that Nautilus has undertaken have not been developed in isolation. In preparing the Environmental and Social Impact Assessment, for example, we have collaborated with the world's leading scientists (including marine scientists), local experts, communities and organisations to ensure that we minimise and mitigate the impact of our activities. We will continue to be open and transparent in preparing our Environmental Management Plan and monitoring program and welcome the input of concerned individuals and organisations.

International scientific team find extensive biodiversity in areas threatened by experimental seabed mining

PNG Mine Watch 12.9.2012

The supporters of experimental seabed mining say the seabed is deep, dark and cold and there is nothing down there. The scientists strongly disagree, and in a recent quick assessment, international scientists collected more than 500 species of crabs and prawns alone from the waters of PNG - including four totally new genera. Around 15% of the species collected were totally new to science. The findings of the scientific team are reported in the latest issue of *Oceanography**. The research was coordinated by two French institutions - the Museum national D'Histoire Naturelle and the Institut de Recherche pour le Développement - and the University of PNG. Together they formed an international team of 11 scientists from six countries to explore the deep waters of eastern Papua New Guinea. They concluded that not enough is currently known about the seafloor massive sulfides that Canadian company Nautilus minerals wants to exploit to say what the environmental impacts will be.

"Very little is known of the biodiversity and biogeography of deep-sea animals from PNG. Preliminary data suggest that deep New Guinean fauna is highly diversified. As an example, a rapid assessment of decapod crustacean biodiversity revealed more than 500 species collected including four new genera and about 15% new species". "While we are just beginning to fathom the amplitude of biodiversity in deep New Guinean waters, mining exploration and exploitation of seafloor massive sulfides is flourishing in the region. The exploitation of metals from SMS deposits is an emerging industry, and adverse environmental effects are hard to predict, as hydrothermal vent and adjacent ecosystems are still poorly known." [*Read the Oceanography magazine article](#)

Contaminated water for PNG

By NELLIE SETEPANO

Post-Courier 12.9.2012

THE WORLD Health Organisation has raised grave concerns over the safety and quality of available water supplies in the country. It has recently called on the PNG government to address the prob-

lem by establishing an independent mechanism to monitor the environmental impacts of climate change and extractive industries in regards to water quality. In a meeting last week, the head of WHO in PNG, Dr William Adu-Krow, reported that available information regarding water quality in the country has raised concerns regarding the safety and quality of available water supplies. It is obvious, and the WHO agrees that water quality in Papua New Guinea appears to have been affected by numerous factors, including climate change associated factors and extractive industries. Although water scarcity has not been identified as an issue in the country, the following issues have been identified;

nSalt water intrusion into island and water estuary areas, microbial contamination of water sources including some municipal water systems, contamination by mining activities and inadequate sanitation coverage. Dr Adu-Krow said while attempts have been made to harvest heavy rain water, the storage tanks in some areas appear to be poorly maintained resulting in microbial and other contaminations. Although surface water is abundant in rivers and creeks, some of these sources are polluted due to the direct dumping of solid waste and domestic sewage into these sources. Direct use of surface water without proper treatment has resulted in several water-borne disease outbreaks in the country. Ground water which is considered a safe water source has been found to contain traces of heavy metals in some areas in proximity to mining sites. Traces of mercury, cyanide and other heavy metals have all been reported to be found in water bodies in relative proximity to mines or mining activity.

The WHO representative said that the need for ensuring that no contamination of water bodies occurs during mining, and establishing stringent quality checks on communal water supplies, is important in ensuring availability and supply of safe water supply to the population. Meanwhile, Water PNG, the body responsible for quality water through its PNG Quality Control Unit, is tasked with producing safe drinking water to the specifications of the PNG Drinking Water Quality Standards, 2000, which is adopted from (WHO) Drinking Water Quality Guideline. “We extract raw water from both surface and underground sources, treat and distribute through a network of pipelines to our consumers. We are required to discharge from our Sewage Treatment Plants effluents that comply with water quality standards set by the Department of Environment and Conservation,” according to its website information.

The Quality Control Unit was established in 2005, in line with the Organization’s Strategic and Medium Term Corporate Plan 2006 - 2015, with a strategic objective to ensure that Water PNG complies with the National Drinking Water Quality Standards and Effluent Standards regarding the discharging of wastewater effluents and also in the quality of supplied drinking water. That is, it complies with PNG National Health Standards and the Environment Standards set by Department of Environment and Conservation for the protection of aquatic and marine ecology. It is also tasked with setting up its own laboratory for the testing of water and wastewater quality. The Quality Control Unit plays an important role in Water PNG’s operations. Some key functions of the Unit are to undertake:

- constant audit on water and wastewater treatment procedures employed by branches;
- water and wastewater testing for physical, microbiological and chemical contamination; and
- checks and verifications on treatment chemicals and their applications to water supply and waste water treatment.

Mona to ask Tolukuma to review mine MOA

Post-Courier 12.9.2012

A HIGH profile government delegation has been invited to Goilala to see for themselves the issues and concerns of the affected communities in the Tolukuma area before the review of the MOA in November. Member for Goilala Daniel Mona revealed to the people that he has initiated the first

consultative meeting at Konedobu with Petromin Ltd, Tolukum Gold Mines Ltd, the governor of Central Province, the Central Provincial Government, Mineral Resources Ltd, the Goilala district administration, Waitape local level government, and the Yulai landowner association. He said the meeting was successful and there are plans to review the MOA in November however a planned trip to Tolukuma is scheduled at the end of this month. He said he stood for a change and MOA is priority number one on his development agendas and road network from Port Moresby to Tolukuma to link the Twenty thousand population of the Waitape RLLG area which makes up 60 percent of the Goilala population.

The government delegation includes Minister for Mining Byron Chan, Petroleum and Energy Minister William Duma, Governor for Central Kila Haoda, and senior government officials led by the local MP Daniel Mona. Mr Mona said he stood for a change and the MOA is priority number one on his development agendas along with road network from Port Moresby to Tolukuma to link the 20, 000 people of the Waitape RLLG area which consists 60 percent of Goilala population. Chairman of the Tolukuma Yulai Landowners Association chairman George Gusi welcomed Mr Mona during his visit to Tolukuma over the weekend. Mr Gusi told Mr Mona that the people needed his support to review the outstanding MOA review and ensure that a road be built from Tolukuma to Port Moresby. He told Mr Mona to take the MOA head on as a local landowner of the Tolukuma Gold Mine area and surrounding Exploration License areas.

Mr Mona was given a grand welcome with the killing of 12 pigs, traditional buai breaking ceremony undertaken by chiefs from Auga Dilava valley witnessed by people from all over Goilala district. Over 7000 people attended the program to receive back their member who is from the Tolukuma area since his declaration as the Member of Goilala. Mr Mona assured the people that he will be with them all the way and pledged to serve them with humility and respect. He was presented buai as a sign of respect from the chiefs who witnessed his ceremony. Mr Mona also assured all Goilala students that he will meet their school fees during his five years term. He said he will work with the Governor to improve the Louis Mona Highway, which is named after his late father, a member for Goilala. Mr Mona is a former journalist who won the seat in June.

Call to suspend mining in PNG

Post-Courier 12.9.2012

By *GRACE TIDEN*

SOME of the country's natural resources should be left aside for future generations says senior statesman Sir Ronald Tovue. He said much of Papua New Guinea's financial activities such as mining projects and most recently the LNG and Sea Bed projects were all happening at the same time. He said the future generation will be left with nothing if PNG exploits its natural resources in only a small space of time. The former East New Britain premier and current chairman of the East New Britain Autonomy Committee said the committee had raised its objections to sea bed mining. "It was not a matter of stopping the project but it is too early for another mining project to be developed and especially when it has not been done anywhere else," he added.

He said the project should eventuate much later because there were currently a lot of mines in PNG. Sir Ronald said the current government should withdraw the license that was issued to Canadian firm Nautilus Minerals. He further said the company will benefit more from the project in the next 20 years and the people will be left with nothing. "They will become rich from our resources...our children will be left with nothing," he said. Sir Ronald said those people from PNG who were assisting the company to mine the sea bed have hidden agendas and should be more careful. "We have had the experience of Bougainville. That experience should teach us a lesson," he said. "It is the people who have spoken. The government should withdraw that license," he added.

Newcrest confident in Golpu project

The National, 12th September, 2012

NEWCREST Mining chief executive Greg Robinson says its US\$5 billion Golpu project in Morobe, to be run jointly with Harmony Gold of South Africa, will be its big “change”. He told the Papua New Guinea Advantage 2012 investment conference on Monday that the project – projected to start in 2019 - would cost US\$5 billion and another US\$5 billion would be poured into the country over the next 10 years. “I think that Morobe (Golpu) will be the change for us as we work with our partner, Harmony,” Robinson said. “It’s a US\$5 billion investment that we start work on in 2019. “Ultimately, we will spend another US\$5 billion over the next 10 years. “There is enormous opportunity. “That’s going to be a very significant investment for us

Australia’s Newcrest, which jointly owns the Golpu mine with Johannesburg-based Harmony, said last week that new exploration work pointed to revised reserves estimates of 5.4 million tonnes of copper and 12.4 million ounces of gold. This is an increase of 4.7 million tonnes of copper and 11 million ounces of gold compared with previous estimates provided by the companies. The mine could start producing by 2019, pending results of more studies and various approvals. The firm will also conduct a study later this year into a neighbouring deposit called Wafi. Papua New Guinea holds the rights to buy up to 30% of any mineral discovery at Wafi and Golpu.

Newcrest, which controls the Lihir gold mine in New Ireland province, also runs the Hidden Valley gold mine in Morobe province in a 50-50 venture with Harmony. Robinson said while many mines around the world had short life spans, PNG mines tended to have longer life spans. “A lot of major developments come with short life,” he said. “The average life of a deposit is around 10 years. “The tendency in PNG is that there are very large deposits and they are very long life.” Robinson, however, pointed out that PNG competed with the global market for investments. “I think we are lucky, fortunately,” he said.

Benefits from mining in Papua New Guinea – where do they go?

Margaret Callan, Development Policy blog, PNG Mine Watch 13.9.2012

The National Research Institute (NRI) has published an interesting study of the economic benefits from the Porgera Gold Mine over its lifetime, see NRI Discussion Paper No 124, Peter Johnson, *Lode Shedding: A Case Study of the Economic Benefits to the Landowners, The Provincial Government, and the State from the Porgera Gold Mine, Background and financial flows from the mine*

Benefit flows

The Porgera gold mine in Enga Province has been producing gold for over 20 years. This research identifies the benefits distributed from Porgera’s operations from 1990 to 2009 at Kina 6.4 bn (at 2009 exchange rates, USD2.3 bn). Of this total, Kina 4.8bn was distributed to groups and institutions in PNG in line with the mine’s Memorandum of Agreement and Kina 1.6 bn was distributed to international stakeholders. According to calculations in Table 1 of this report, the share of total PNG benefits accruing to various parties amount to: national government Kina 1.7bn; landowners Kina 1.2bn; ‘PNG nationals’ Kina 1.1bn (mainly wages and contracts); Enga Province Kina 424m; Enga Provincial Government Kina 279m and; Porgera Development Authority Kina 130m. In 2009 alone, K56 million in royalties, compensation and dividends was injected into the Porgeran economy, equivalent to approximately Kina 3935 per person, a contribution substantially higher than PNG’s 2009 per capita income of Kina 2337 (US\$850).

Johnson analyses Porgera’s benefit flows by type of benefit as well as beneficiary. Wages and taxes have each accounted for 31 per cent of financial benefits from the mine, with business contracts

close behind at 29 per cent. By contrast, royalty and compensation payments, while large kina payments, accounted for only 4 per cent and 3 per cent respectively of total benefits paid. However you cut it, it is clear that the Porgera mine has delivered massive resources to the national government, provincial authorities, development authorities and the people of Enga province. With what results?

Impact and accountability

Section 6 of the report titled, *Expenditure of Financial Benefits By Sector*, is sobering reading. It concludes that the mine has put a lot of financial resources into the hands of landowners and in this respect their expectations of the mine are likely to have been achieved. However, Johnson's examination of expenditure by the services arms of government (Porgera Development Authority, Porgera District Authority and local level government) concludes that it is not possible to determine how financial flows have been turned into infrastructure or health and education services. Johnson finds a "complete lack of transparency and accountability in many of the institutions associated with the Porgera mine" (p88). Over a billion kina in cash and benefits have been spread through the Porgera region but it is almost impossible to know where the money has gone.

This finding was highlighted by Thomas Webster, Director of the National Research Institute of PNG, in an interview with Stephen Howes reported on 31 May. Webster noted that the operator of the mine paid different government institutions and landowner groups as they were required to do, but "... it's clearly government institutions which are not doing what they were expected to do on the ground ..." and "... the mine pays particular individual or landowner groups, but these accounts are managed by – I don't know how they do it, but it's said one or two principal landowners, and then from quiet conversations, they said that these individuals are living in Port Moresby or in Australia."

The report sets out to shed light on the perennial question of why Papua New Guinea is resource rich yet its citizens are poor. It concludes that for the communities who are supposed to be the beneficiaries of the mining wealth, the legal and payments system is complex, opaque and one-sided, and there remains a lack of transparency at both national and sub-national levels of government. The report also notes weaknesses in the national government: a failure to report the details of payments from and to mining project stakeholders, and the lack of a system that tracks how stakeholders under its control operate.

Recommendations

The report includes a number of recommendations to improve the transparency and accountability of responsible institutions. It identifies the implementation of the Extractive Industries Transparency Initiative (EITI) as the first step. But it argues that a more important step would be to increase transparency by creating an audit trail of payments from national and provincial governments to other institutions such as the Porgera Development Authority, the Porgera Landowners Association and local-level governments. Such a second-tier transparency initiative would increase the accountability of these institutions. The report argues that current mining policy debates in PNG are being conducted in an information vacuum and risk missing the larger issue of whether monies meant to improve development outcomes in Porgera have been spent appropriately.

Comment

There are a few other perspectives I would add to Johnson's.. The first is that while accurate, clear and timely information is a critical first step in improving the accountability of all institutions receiving mining benefits, it is equally important to strengthen community-based engagement in planning and monitoring agreements associated with mining projects so that local citizens are better able to demand accountability from those in positions of responsibility. Community engagement must pay particular attention to the interests of women. A recent study by the Porgera Environmen-

tal Advisory Komiti on the social impact of the mine on women found that while the mine has provided some facilities previously lacking such as roads, hospitals and schools, many women had been impoverished and disempowered by losing access to land and livelihoods. In Porgera's predominantly patriarchal society, the benefits from the mine overwhelmingly favour men as employees or landowners.

Another issue highlighted by this report is the relatively small shares of royalty and compensation payments in total benefits to landowning communities. So it is perplexing that during community consultations on new mining projects, these shares tend to be given a great deal of attention and the potential benefits from employment and contracting opportunities relatively less. Finally, I note that AusAID hosted a Consultative Forum with Business (21 August) at which the government's *Sustainable economic development strategy* was launched. That strategy includes the Mining for Development Initiative which itself includes support for EITI. It will be interesting to see how the Mining for Development initiative plays out in PNG and whether it extends beyond EITI to working with mining companies, communities and governments to help improve the development results from mining projects such as Porgera.

While this is an important report it isn't easy reading. That is due partly to the complexity of the subject matter: nothing about the regime of benefit-sharing for mining projects in PNG is straightforward. So it is very difficult for new researchers to be confident in understanding this complexity and equally challenging to write about it in an accessible way. I recommend readers with limited time tap into the Executive Summary and Overview, read Section 2 on Negotiated Responsibilities, then skip to Section 8 General Observations and Section 9 Conclusions.

Chan called on to cancel licence

The National, 11th September, 2012

THE Mt Kare Management Company Ltd is calling on Mining Minister Byron Chan to cancel the Mt Kare gold exploration licence and issue a special mine lease. Chairman Albert Aliabe said for the past 27 years, the government had issued the same EL1093, allowing six companies in Conzin Rio Tinto Australia, Matu Mining, Matheson Enterprise, Pacific Carpenters, Buffalo Gold Ltd, Summit Development Ltd and Indosine into the area. "But none of the exploration companies have produced any results. "The EL1093 expired on Aug 24 and the government needs to forfeit the EL and should approve a SML to conduct gold production activities," he said. "Since 1988, CRA Rio Tinto moved into the area but the landowners forced them out after five years of exploration, citing that the activity was executed without landowners' consent."

LNG: LABA hits back

Post-Courier 11.9.2012

DIRECTOR of Laba Holdings Limited (LHL) Kohu Seneka has expressed concern that Central Governor Kila Haoda is being fed with misleading information about the LNG benefits to the four impacted villages in Central Province. Mr Seneka raised his concern following comments in a newspaper article of Wednesday 21 August 2012 in which the newly elected Governor questioned the LNG benefits to Porebada, Boera, Papa and Lealea villages. He said the issues raised in the article were "factually incorrect" and "confusing" and came from Boera, Rearea, Papa, Porebada (BRPP) Corporation Limited, a group that has continually tried to destabilise the operations of Laba Holdings. "They have deliberately misinformed the newly elected Governor to win his favour and support, just like they did with the former Governor," said Mr Seneka.

“The failure in delivering basic infrastructure development services must not be blamed on the project developer. “If BRPP study the Umbrella Benefit Sharing Agreement (UBSA) and the License Based Benefit Sharing Agreement (LBBSA) they will be left “red-faced,” he said. Those Agreements clearly specify that infrastructure services are the responsibility of the local and provincial government of which the village councilors are part and parcel of. In fact BRPP boycotted the LBBSA in Murray Barracks, so they don’t know what they are talking about,” Mr Seneka said. He said any misinformation by desperate people gives a negative perception of Laba, the Lanco companies and causes division in the communities. “This is not good for business and the communities,” he said. He clarified that Laba Holdings is a company that was formed under the PNG Companies Act 1997 and was registered on June 9, 2009. It has been created as the umbrella Lanco to represent the collective interests of the four villages of Porebada, Boera, Papa and Lealea . The four Lanco companies from the impacted villages are also registered companies according to Mr Seneka.

Another legal opinion supporting a precautionary approach to seabed mining PNG Mine Watch, 7.9.2012

Another legal opinion has surfaced, this one published by academics from the University of Stuttgart in Germany, and Environmental Defense in California, supporting a precautionary approach to experimental seabed mining. The full article can be downloaded below; this is the conclusion:

It is well known that terrestrial and aquatic ecosystems can be disrupted, damaged, or destroyed by terrestrial mining operations. Relative to terrestrial and aquatic systems, deep-sea ecosystems are much less understood and more difficult to monitor. Until and unless a better understanding of these ecosystems has been reached, the threats posed by deep-sea mining will be uncertain but potentially serious. The current consumption rate and the projected increase of consumption of minerals may increase incentives to proceed with deep-sea mining. Because the environmental impacts of deep-sea mining are uncertain but potentially serious, a prudent policy approach would consist of:

conserving mineral resources,
increasing the recycling of minerals, and
exploiting land based mineral resources with much greater efficiency and more stringent environmental regulation.

Mining on land has caused environmental devastation, certainly, but environmental risks of terrestrial mining are better known and perhaps could be more easily contained than those of deep-sea mining. Environmental impacts associated with terrestrial mining should be reduced before deep-sea mining is allowed to proceed. Once these concerns are addressed, comprehensive risk assessment for commercial deep sea mining can be conducted. A precautionary approach can create incentives for reducing uncertainty and minimizing ecological impacts associated with deep-sea mining. A presumption that deep-sea mining will have adverse ecological impacts until compelling evidence shows that it will not creates a strong incentive to conduct credible research on impacts. We therefore recommend the establishment of Marine Protected Areas around hydrothermal vents to facilitate monitoring and regulation of all activities in these zones. Conditions on the expansion of a mining operation from pilot phase to commercial phase and a mechanism to halt mining if adverse impacts are detected create incentives for minimizing ecological impacts.

Since there are no physical borders, mining of one area can affect other areas. This is especially true for mining within the EEZs where sediment plumes can not only drift towards the shelf or coastline, but also into international waters. Therefore the international community should be concerned about

pollution of international waters by unregulated mining activities within the EEZs of individual countries. This problem is similar to that posed by air pollution that crosses borders. While there are legal mechanisms for controlling transboundary air pollution (e.g., European and Canadian agreements to control acid rain), to our knowledge there is no regulatory policy in effect in international law to control this kind of pollution in the sea. Hence, a binding treaty may be required to prohibit pollution of international waters resulting from activities conducted within EEZs.

Since less developed nations may lack adequate environmental regulations or sufficient funds for environmental studies, mining within the EEZs of the above countries could cause serious marine environmental degradation. Incentives and financial resources to study and reduce environmental impacts related to the mining activities will likely be needed. New discoveries of rich and massive mineral deposits could spur a great deal of investment in deep-sea mining. Historically, environmental regulations have followed the development of new technologies and industries, rather than anticipating and guiding them. Massive investment in economic activities tends to result in resistance to environmental regulation. Performance standards and other types of regulations that anticipate potential environmental impacts have the potential for guiding technological innovation and industry operations toward the goal of minimizing such impacts. Lack of regulation within EEZs could result in harm to deep-sea ecosystems rich in species. Presently, a window of opportunity exists for the international community to implement scientific, technological, and legal measures to minimize negative environmental impacts before a sudden rush to commercialization (and attendant opposition to regulation) develops. [Precautionary Management of Deep Sea Mining](#)

Review Mining Act, landowners

Post-Courier 7.9.2012

By *KOLOPU WAIMA*

The Mining Act urgently needs review to accommodate grievances of landowners for all stakeholders to address current issues, says advocate and landowner at the Mt Kare Gold Project, Eddie Yuwi. Mr Yuwi said the current Mining Act was an illicit law the moment it was adopted from the Australian Mining Laws and introduced into the country and it has collided with customary laws. He said that it had been derived from the “*terra nullius*” doctrine where 97 percent of customary landowners are predominantly denied ownership rights. “Resource ownership rights must go back to the people (and) given a wide consultation between the state, landowners and industry partners,” said Mr Eddie Yuwi. “We the landowners are in full support of Steven Promnitz’s Indochine Mining’s (IDC) pre-feasibility study results that signified 700,000 ounces of gold at an impressive 3.7g of gold a tonne and 20 million ounces of silver.

However, Mineral Resources Authority and the Government must immediately address the issue to amend policies as they are supposed to do,” Mr Yuwi said. Mr Yuwi said Papua New Guineans customarily own 97 per cent of the land and this right must be restored by amending the mineral ownership policy. Wealth and capital empowerment in modern rich resource and wealthy PNG are the biggest issues in the country and the current mining act is not helping. Mr Yuwi said that mining and petroleum policy initiatives have no rationale for consolidation in the spirit of nationhood; in fact policies are framed from foreign economic intelligence, manipulating decisionmakers in the National Government. “In this respect, PNG urgently needs to amend the Mining Act for our national interest,” he said. Mr Yuwi said that the rules of law in accordance with PNG customs state that before the State can take ownership of any resources from the customary land, it must first legally alienate or acquire a customary land to make ownership of wealth and capital generated from the exploitation of any natural resources. The process must be in compliance with the consent of principal landowners.

Mt Kare: Landowners announce new company

Post-Courier 7.9.2012

THE tribesmen from Mt Kare in the Southern Highlands Province have announced the formation of a new landowner company. And in response to calls for the managing director of this newly established company to step down, he has stated that he would not. In a statement released in Madang, Albert Aliabe, the man who has been charged to head the Mt Kare Landowners Association, said the company now officially registered with the Investment Promotion Authority comprising 12 tribes which represent about 6000 people including Pujero, Heli, Layabi and Pakeyo. Mr Aliabe said with the establishment of the company it now stood ready to participate in the spin-off activities of the rich Mt Kare Gold Mine. He said the company was wholly funded by the landowners.

He added that the company was now in the process of signing the necessary contractual agreement with a developer, namely Carpenters of Australia. "We are in contention for contracts and spin off businesses once Mt Kare resumes full scale operations. We will be genuine and will work closely with the developer to bridge the gap of exploration and to advocate on equal distribution of participation and benefits," he said. "The relationship between the Mt Kare Management Company Limited and the mining company will be maintained at the highest level and interests of both parties will be reviewed and gauged from time to time as a yardstick for smooth operations of the mine."

Meanwhile, Mr Aliabe has called on the Government and companies in Port Moresby to cross-check so-called landowner groups that try to secure spin-off businesses before entertaining them. He warned that the company would not hesitate to challenge them in or out of court. Mr Aliabe said he was legally re-elected and claimed the calls being made for his resignation were being done by people who wanted to destroy the company. He stated that he would remain as the managing director because the calls by these men had no basis. He also claimed that these people were not financial members and had no right to be making such a call. He further stated that the promotions and transfer of personnel was an internal matter and therefore should be resolved internally and by the landowners themselves.

Gulf LNG imminent

Post-Courier 7.9.2012

The O'Neill-Dion Government will help fast-track the InterOil LNG project with development arrangements before the end of the year. Prime Minister Peter O'Neill in his State of the Nation address said the mining and petroleum industries are the source of the nation's wealth that will bring in revenue for the Government's development agenda. "Our government will assist InterOil to move faster on its LNG development timelines. We will conclude the development arrangements before this year ends." "Our nation's mining and petroleum industries may be source of our nation's wealth but they can also become the curse of our nation's future wellbeing. "Our nation is blessed with some of the world's richest but not fully tapped minerals and hydrocarbon resources."

Mr O'Neill in his address to the 9th Parliament on Tuesday said there are substantial known mineral and hydrocarbon reserves that place PNG firmly in the box seat as an invaluable raw minerals and processed LNG supplier to the emerging economic giants like India, China, Japan and South Korea. He said several major mining projects specialising in extraction of gold, copper and nickel are either in full operation or are about to come on-stream. "In the petroleum sector, the PNG Liquefied Natural Gas Project is progressing towards the end of its construction phase and will begin commercial extraction of natural gas in the coming months. "InterOil Corporation's Gulf LNG Project is a promising prospect and together with the PNG LNG project, the two LNG projects will underpin substantial revenue inflows into the nation's coffers for many years when they are fully operational."

China applies for cobalt-rich crust mining

Xinhua, Globaltimes, PNG Mine Watch 6.9.2012

The China Ocean Mineral Resources R&D Association (COMRA) is waiting for approval from the International Seabed Authority (ISA) for China to exploit cobalt-rich crust deposits in the Western Pacific, according to a statement issued by COMRA on Wednesday. The ISA recently confirmed the application submitted by the COMRA on July 27 for the exploitation in an area of 3,000 square km in the ocean. A COMRA official said the application will likely be discussed and approved by the ISA in 2013. The COMRA began surveying cobalt-rich crust resources in 1997, and the selection of this mining area was based on investigation in the past 15 years, the statement quoted an unnamed official as saying. This is China's third application for exploitation of international seabed mining areas after the country won rights to a poly-metallic nodule mining area in the Northeastern Pacific in 2001 and poly-metallic sulfide deposits in the Southwestern Indian Ocean in 2002.

Government says Nautilus not offering PNG a fair deal for K150m investment

PNG Mine Watch 6.9.2012

The prospects of Canadian miner Nautilus Minerals delivering its proposed Solwara 1 seabed mine in PNG look increasingly bleak as details emerge of the extent of the dispute between the miner and the PNG government. The PNG government believes the deal being offered by Nautilus to the people of PNG in return for an investment of \$154 million is fundamentally unfair and it has identified a list of terms that it wants to see changed. Confidential documents reveal the government is insisting Nautilus Minerals must:

Give PNG a full 30% stake in the mine

Give PNG a stake in the intellectual property rights arising from the mine

Give the PNG government a veto in major decision making

Reveal the full extent of possible future financial liabilities for PNG as a stakeholder

The PNG government also says Nautilus has failed to show it has in place all the required additional financing for the mine. Nautilus was supposed to demonstrate it had all the required \$407 million funding secured as long ago as April, but in a letter to the government as late as 29 July Nautilus referred to an outstanding amount of \$130 million. Nautilus said it planned to raise this money in two tranches, the first being \$75 million. It is this second issue that is at the centre of the formal dispute between the PNG government and Nautilus Minerals which is due to be heard in an arbitration process overseen by an Australian judge.

A 30% stake

The PNG government is insisting that Nautilus must grant the State a full 30% interest in all the legal and beneficial returns from the mine, including the intellectual property, as it is making an investment equivalent to 30% of all the development costs. As part of the complex ownership structure for the mining operation Nautilus has set up two joint-venture companies, Nautilus Minerals Niugini Ltd and Nautilus Minerals Singapore Ltd (see illustration below) but it is not offering the State a full 30% stake in both of the companies. At the same time Nautilus has offered the German ship building company Harren and Partners a 50.1% stake in Nautilus Minerals Singapore while the PNG government believes Harrens should "have zero interest".

Intellectual property

The government also says Nautilus is not offering a fair deal to the people of PNG because it is not giving a 30% stake in the ownership and control of the intellectual property rights. In particular Nautilus wants to shut PNG out from any benefits from future licensing and use of the Seafloor Mining Tools, Riser and Lifting System, the Dewatering plant and the mining vessel. The National

Ok Tedi: Tabubil – after mine closure

The National, 6th September, 2012

By MALUM NALU

THE PNG Sustainable Development Program (PNGSDP) has drawn an ambitious plan to develop the mining town of Tabubil in Western into a mixed economy college town, with high-quality infrastructure and services to attract a range of commercial and various economic enterprises. This plan was unveiled during a meeting in Tabubil last on Saturday between PNGSDP, Ok Tedi Mining Ltd (OTML) and Ok Tedi Development Foundation (OTDF) with a Fly River provincial government delegation led by Governor Ati Wobiro. The plan, according to PNGSDP chief executive David Sode, is known as “Tabubil Futures” and would provide a healthy and safe environment for all residents and visitors, be a centre of excellence for research, education and training and have hospital partnership with Divine Word University to deliver rural health training.

A Star Mountains Institute of Technology (SMIT) is already under construction as the first phase of running Tabubil into a college town. SMIT aims to provide research, education and training that support sustainable development for the benefit of the people of Tabubil, the Western Province and Papua New Guinea. College accommodation construction has already commenced. Tabubil Futures director John Wylie said that the initiative began with a recognition that the existing town was “a very valuable creation”. “It is one of the best-functioning communities in the country, and as such, steps should be taken to preserve it after mine closure rather than go into decline as has happened with other mine towns.” “Our agenda involves normalising the town and broadening its economic base. “The aim is to move Tabubil from being a typical mining town to a sustainable urban environment which can function effectively after mine closure, however far off that may be. “At a more practical level, the agenda involves two streams of work. “The first is ‘getting the platform right’ so Tabubil anchor new economic activities and the second involves making those new economic activities happen.”

Tabubil Futures is now working on:

- n The final stages of a comprehensive town planning exercise which will provide clear guidelines all future building developments;
- n Overcoming a critical housing shortage which is constraining new developments;
- n Keeping with the idea of a properly functioning property market where people can buy and sell houses or rent them if that suits their circumstances; and
- n Thinking through how the town should be managed in the future so that it can continue to be run efficiently.

“Aside from ‘getting the platform right’ we need new business activities to support Tabubil’s growing population,” Wylie said. “Without these sources of employment, the town will wither after the mine closes. “To achieve a practical outcome here we must avoid the trap of thinking about each potential new project in isolation. “Wherever you look there are exciting possibilities but before you can justify the investment, we almost always find that there are preconditions which must be put in place to make the project work: things such as accommodation to house the workers; transport infrastructure to get products to market; and enough demand to make things viable. “While we take it as a given that each new project has to be commercially viable, we also think about industry potential in the province as a cluster of business initiatives which can support each other. “We see this cluster underpinned by an infrastructure corridor stretching from Tabubil to a new port at Daru tying together a series of integrated supply chains.”

In keeping with this, Tabubil Futures is exploring a portfolio of new commercial initiatives:

- n A key new economic development will be the establishment of SMIT which will make Tabubil a centre of educational excellence;

- n Tabubil is bound to become a logical base for the corporate headquarters for new resource developments in the region, which will require homes for families;
- n Roll out new hotel facilities in Kiunga and Daru;
- n A gas-fired power station on the Stanley gas field with a transmission line that will link Tabubil to Kiunga and facilitate rural electrification along the corridor.
- n A local cement manufacturing plant, which will use the Stanley gas and local limestone. Preliminary studies indicate that this plant can supply local requirements (which will be substantial as the mine goes underground); the much bigger requirements for constructing the Purari hydro project; shipments into Moresby; and exports to West Papua and northern Australia.
- n Another prospective joint venture partner to develop an industrial scale agribusiness on the Bige reclamation area.

Tabubil Futures has in mind a diversified venture which can grow grain to be milled into stock feed for poultry, pig and fish production; fresh vegetables grown in greenhouses and open field production units; and tropical fruits. This business will help overcome a serious food security problem (most supplies are currently imported); a new supermarket and a bulk food distribution outlet in Tabubil. “You can see the cluster effect here,” Wylie said. “Stanley gas, the new power station, the port, cement and other bulk commodity developments all make sense when considered as a bundled package. “Building more houses, developing SMIT and upgrading the hospital will allow Tabubil to grow and this growth will easily justify the new hotel, new office accommodation, and new food supplies. “It will also necessitate improved aviation services to handle the growth in passenger numbers, and we are beginning to think through creative ways in which this can be done. “With appropriate transport infrastructure, developments in the north of the province will reinforce developments in the Middle Fly, and the new port development with its industrial estate in the south, and vice versa.”

Ok Tedi Mining hopeful of extension

The National, 6th September, 2012

OK Tedi Mining Ltd managing director and chief executive Nigel Parker hopes the mine life extension (MLE) feasibility study and associated environmental studies will be completed by November. He is also hopeful of obtaining community consent and government approvals for an additional 11-year MLE after 2015. Parker, however, expressed disappointment at political status and lack of government attention on OTML issues, despite the company’s contributions to the economy. “At the exit of BHP, the mine was expected to close in 2010,” he said at a meeting with Western Governor Ati Wobiro in Tabubil last Saturday. “Subsequent years have seen significant growth in revenues driven by consistent concentrate production and metal prices. “In January 2011, OTML bought back the Inmet Mining Corporation’s 18% shareholding for US\$ 335 million and those shares were cancelled.

“The surviving shareholders equity increased proportionately as result of the cancellation of the Inmet shares: PNG Sustainable Development Program Ltd 63.40%; the government of PNG 36.60%. “The current mine life has been reassessed and is expected to close in 2015.”

Parker said the current approved open pit mine plan would be depleted by 2015. “Approval of further open pit cutbacks is contingent on no net increase in environmental impact compared to closure of the current operation in 2015, and achieving informed community consent,” he said. “MLE will process 181 metric tonnes of ore – grading 0.63% copper and 0.77 grams per tonne gold – to produce one metric ton copper and 3.3 million ounces gold in concentrate over the 10 years from 2015. “Without MLE, a remnant resource of 704mt grading 0.55% copper and 0.6gpt gold will remain in Mt Fubilan.”

Parker said expansion of the pit would occur in four areas:

- West Wall: North end of west wall in the region of the Edinburgh limestone quarry. South end of the west wall in the Berlin and Paris ridge region;
- North East: North east corner of the pit between Fubilan pit and Taranaki pit;
- Gold Coast: South end of the east wall; and
- PD15: Northern end of Fubilan Pit (PD15).

OBG: PNG undergoing massive transformation

The National, 6th September, 2012

PAPUA New Guinea is facing the most-profound transformation period in its development history, according to Oxford Business Group regional editor Paulius Kuncinas. He made this assertion to diplomats, business executives and senior public servants at the launch of The Report: Papua New Guinea 2012 yesterday. “Whether you are an optimist or a pessimist, one thing is clear: PNG has turned a corner and is facing the most-profound transformation period in its development history,” Kuncinas said. “After more than 10 years of uninterrupted economic expansion, it has joined the coveted global club of ‘high growth’ economies. “Although the growth path remains somewhat choppy, nobody doubts PNG’s ability to move forwards and willingness to embrace change. “That has not always been so. “Many investors doubted PNG’s ability to rise above political disputes and infighting and give investors the confidence to channel billions of dollars in its attractive energy and mineral assets.

“The fact that PNG’s GDP posted another high year of high single-digit growth of 9% last year was a proof that its economy is no longer hostage to prevailing political winds. “Having said that, PNG’s ability to raise the living standards for everyone in the country will crucially depend on policy choices that will be made over the next few months and years. “We are conscious of the fact that the country continues to face tremendous development challenges that urgently need to be addressed to make sure that the country’s growth is equitable and creates opportunities for all its citizens.” Kuncinas said OBG remained convinced that benefits far outweighed risks for investors in PNG.

“Opportunities are too compelling to be ignored,” he said. “The signs in policy shift are positive, albeit, we have yet to see a durable consensus on long-term strategic priorities. “We urge the new government to take advantage of this historical opportunity to fundamentally transform PNG’s economy and to distribute wealth across the country. “As part of a ‘growth club’ in a world that lacks growth, and demand for commodities remains high, there has never been a better time to invest and do business in PNG. “We hope that policy makers will seize this opportunity and we will be able to broadcast a positive message to foreign investors that indeed: ‘PNG is open for business’.”

Nautilus gets 10-year lease, licence

The National, 6th September, 2012

By MALUM NALU

MINING Minister Byron Chan says a licence and 10-year lease have already been given to Nautilus for its Solwara 1 project off the coast of East New Britain and New Ireland provinces. He said this yesterday when asked by The National to comment on the issue, which has created controversy both in PNG and overseas. “The fact is that Nautilus already has a licence,” Chan said. “The mining lease is for 10 years. “Licence was given in March 2011 before I came in as (mining) minister. “I’ll make sure that I’m in a capacity to put systems in place to monitor the whole activity (underwater

mining). “As the local MP (Namatanai), I’m in control. “I’m the most-affected person in this whole issue. “I’ll deal with it appropriately when the time comes and make sure that everyone’s views are reflected in the memorandum of agreement.”

Chan said he was mining minister and all matters to do with the environment would have to be dealt with by the minister for environment and conservation. “Environmental matters for the minister for environment and conservation,” he said. “However, it is in my electorate, and as the minister for mining, I’ll make sure that everything is monitored appropriately. Asked if he supported the Solwara 1 project, Chan said: “We have to deal with it. “There’s nothing that’s been given away on a golden plate (to Nautilus). “There were a lot of scientists from all over the world who carried out environmental impact studies before the permit was approved.

“There were thorough scientific assessments before providing the licence to Nautilus.” Nautilus chief operating officer Anthony O’Sullivan said last week the Solwara 1 project was a “Level 3” activity under the PNG Environment Act 2000 (Section 53), which required that an Environment Impact Statement (EIS) be submitted to the PNG Department of Environment and Conservation (DEC) for review.

“An extensive multi-stakeholder approach has been used in preparing the Environmental Impact Assessment (EIA) and the EIS for the Solwara 1 project,” he said, “Workshops were held involving local and international NGOs, PNG government, and local and international scientists to determine the studies that were required to properly evaluate the environment, to identify which groups should conduct these studies, and to estimate project impacts.” The EIS was submitted to the DEC in September 2009, and public hearings for the EIS were held on November 2009. “The EIS was then reviewed by the DEC and an independent international consulting group was engaged by the DEC over a six-month period,” O’Sullivan said. “The EIS was then reviewed by the Environment Council, a group of leading PNG scientists who recommended to the environment minister to issue an approval-in-principle of the EIS in August 2009.”

Deep-sea mining: Marat responds to Sir J’s outburst Post-Courier 6.9.2012 By TODAGIA KELOLA

FORMER Attorney-General and Member for Rabaul Dr Allan Marat has expressed disappointment in the manner in which New Ireland Governor Sir Julius Chan had responded to his question on his stance on the Solwara One project. Sir Julius had come out on the radio and a weekly newspaper branding Dr Marat as “embarrassingly ignorant” and a “fool” in not knowing about a publication in August 2010 and which “everyone else – even the grassroots people – know about whilst he as a former Attorney-General in the Somare Government and then later the O’Neill/Namah Government was not aware of what the Government was doing”. In reply Dr Marat said: “A fool shows his annoyance at once but a prudent man overlooks an insult in simple questions. That I am, the NIP Government, and the ENBP Government, are against deep sea-bed mining in Solwara 1, is not an issue.”

He said: “Sir Julius Chan, who claims himself a knight, and former Prime Minister, does not know that I have never been in a Government where John Pundari was Minister for Mining. Sir Julius Chan does not even know that I was never a part of any Government that granted the Mining Lease to Nautilus Minerals in January 2011 to mine the deep sea bed in Solwara 1. And he does not even know about the exchanges I had with the MRA in the newspapers and radio about my objections to the Solwara 1 project. A prudent man keeps his knowledge to himself, but the heart of fools blurts out folly.” He also said the environmental effect from the mine would affect not only NIP and New Guinea Islands but all other coastal waters in PNG.

Proposed Gold Mine Threatens Fresh Water in Papua New Guinea

by Michael French Smith, September 6, 2012, Earth Island Journal

Villagers on Kairiru Island torn between quality of life and potential financial gains

I've been visiting Kragur Village on Kairiru Island in Papua New Guinea (PNG) as a cultural anthropologist since 1975. Kragur villagers have always been poor in money, but they have land to cultivate, the sea to fish in, and the forest from which to harvest innumerable useful things. They also have a remarkable supply of fresh water of a kind that money can't buy. Man-made threats to this extraordinary resource, however, are growing.



Kairiru Island enjoys annual average precipitation of about 124 inches, making it among the wettest places in the world. (Photo by Michael French Smith)

Kairiru Island enjoys annual average precipitation of about 124 inches, making it among the wettest places in the world. Despite its steep volcanic slopes, it appears that the island's geological structure catches and concentrates rainwater and channels it to numerous springs, which feed mountain streams large and small. And the water is clean. The government paramedic who staffs Kragur's tiny thatched-roof medical clinic tells me that water-borne disease is "very rare" among Kragur villagers. That's a stark contrast to many other PNG communities; water-borne diseases account for about a third of childhood deaths and much malnutrition in the country.

The streams' clear, cool torrents also provide excellent places to bathe. Soaking in the stream nearest Kragur soothes the aches and pains in muscles and joints, and Kragur residents says the water is "like medicine." Kragur people who travel to other villages often come home complaining there were no decent places to bathe and that they had to drink and cook with liquids no better than "swamp water." Kragur's water is not only unusually clean, it is unusually reliable. PNG had one of the worst droughts in recorded history in 1997 and 1998, an effect of the El Niño climate phenomenon. Kragur taro, yam, and sweet potato gardens dried up, leaving villagers short of food. But they were not short of water, for their main stream continued to flow.

Unfortunately, Kragur people have reasons to worry about their water. Population growth may soon pose a problem, but the most dramatic potential danger is gold mining. Mining companies dug exploratory trenches on the mountain high above Kragur many years ago. They have proceeded no further, but they still have an eye on Kairiru gold. Villagers told me that prospecting teams left

trenches lying open and that erosion is cutting them deeper and wider. They also told me that waste from the exploration fouled one of the island's streams and that the prospectors told people to wait a year before using its water again. Many villagers are rightly concerned that any further exploration, let alone actual mining, could do more serious damage.



The island's geological structure catches and concentrates rainwater and channels it to numerous springs. (Photo by Michael French Smith)

Kragur villagers almost invariably tell me that they are opposed to mining. Some also tell me, however, that not a few villagers are greatly tempted by the considerable money mining would probably bring, but they are reluctant to openly advocate mining. I know that some Kragur people who have settled in PNG's towns are at least keeping their minds open. Last year during a trip to Port Moresby, the country's capital city, I talked about mining on Kairiru with several Kragur professional men. They knew of the risks involved, and one of them waxed nostalgic about Kragur's streams and the pleasure of "letting the water run over you and scratching your back against a rock." But he also argued that to overcome its poverty Kragur would have to change, and you couldn't change without giving up something. Back in the village, mining was also on people's minds. A vocal opponent of mining asked me if I would say a few words against mining at a village meeting. I try to stay out of political controversy in Kragur and I begged off from taking a public position on mining. But I did agree to say a few words about how exceptional Kragur's water was.

So, one Monday morning I stepped out into the sunny center of the outdoor meeting ground to address villagers sitting on stones, bamboo logs, and the verandas of adjacent houses. Maybe they didn't know, I said, that even in America many people didn't have clean, plentiful, and free water like theirs; some big American cities even had to pipe water from hundreds of miles away and use complex machinery to purify it. I really got people's attention when I described the meter that measures how much water my family uses so that the government can bill us for it. "That's like paying for air!" one man exclaimed, aghast. I think my invitation to speak was part of an orchestrated effort by local mining opponents to sway opinion, because the following Sunday the parish priest spoke pointedly about mining and water at the roughly built Catholic church in a neighboring village. (Although they haven't put aside all their Indigenous religious beliefs, Kairiru Island people have been Catholics since soon after the arrival of European missionaries in the early twentieth century.) Father Paul — a very tall, very fair, Polish priest — took the text for his homily that day from Matthew 6:25-29, which reads, in part:

Therefore I say unto you, Take no thought for your life, what ye shall eat, or what ye shall drink; nor yet for your body, what ye shall put on. Is not the life more than meat, and the body than raiment? ... Consider the lilies of the field, how they grow; they toil not, neither do they spin: And yet I say unto you, That even Solomon in all his glory was not arrayed like one of these.

Father Paul then described how gold and copper mines in other parts of the country had despoiled large tracts of land and river systems. Kairiru's water, he suggested, was something of inestimable worth — like the lilies of the field — and islanders should not trade it for money. I try not to take sides in Kragur local controversies; that's one reason most people still welcome me there. But when Father Paul used these verses to argue that Kragur's water probably can't be improved or replaced with any amount of money, I had to nod my head in agreement. I could see Kragur people in the congregation doing the same.

Australia: Mining projects to be deferred

Post-Courier 5.9.2012

PERTH: More mining projects will be deferred as the nation leaves the heady days of the resources boom behind, Qantas chairman Leigh Clifford predicts. Mr Clifford, the former chief executive of mining giant Rio Tinto, said the atmosphere of uncertainty surrounding future resources projects had developed while governments struggled to agree on key infrastructure proposals. "Projects that are committed will be completed, but undoubtedly more projects will be deferred," Mr Clifford told the Association of Mining and Exploration Companies (AMEC) conference in Perth on Tuesday. "The heady days are behind us." His comments come after iron ore miner Fortescue Metals Group announced it will cut jobs and defer \$US1.6 billion (\$A1.57 billion) in spending on expansion plans in response to rapidly falling iron ore prices. Mr Clifford said there was some anxiety about where deferred projects would leave the resources sector and the national economy. "From my experience, the industry has a tendency to underestimate the extent of the peaks and the troughs," he said.

The current phase of transition and uncertainty in the resources industry offered an opportunity to identify national priorities. In a high cost, low price environment there had to be a premium on efficiency, he said. Mr Clifford added there was little consensus between levels of government and industry on infrastructure priorities. "Our urban infrastructure does not compare well with the major cities of the Asia Pacific," he said. While economic circumstances had changed, a tight focus was needed to identify infrastructure projects that stacked up. "Private industry will have to step up to fill the funding gaps of roads, power generation and other economic infrastructures," he said. "Politicians will have to be honest about what they can build and governments will have to adapt to the financing requirements of the market and the public will need to become more accepting of user-pays models."

PNG Economy Expected To Grow By 9.9 Percent in 2012

\$243.5 million deficit projected despite positive growth

By Isaac Nicholas

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Sept. 5, 2012) – Papua New Guinea's (PNG) economy has been growing at 8 percent a year over the past 10 years and is expected to remain so in the medium term, Prime Minister Peter O'Neill told Parliament yesterday. However, the Prime Minister reminded the nation of short-term challenges that have weakened the fiscal outlook, resulting in a budget deficit of over K500 million [US\$237.3 million] that is being addressed by the government for a balanced budget by the end of the year. Mr. O'Neill in his State of the Nation address said as reflected by the 2012 mid-year Economic and Fiscal Outlook Report, PNG's economy

grew at around 11 percent in 2011 and under the 2012 budget, the revised economic growth is expected to be at around 9.9 percent.

He said growth in the non-mining sector also increased to 13.1 percent in 2011 and is expected to be 10.4 percent in 2012. Mr. O'Neill said these growth rates are some of the strongest among nations of the world and inflation, on the other hand, has been estimated at 8.8 percent in 2012. He said on balance, the risks to the Papua New Guinea economy are modest as the internal drivers for growth continue to dominate the external factors.

He said there are a number of risk factors that have come into play to deliver that outcome which includes:

- Uncertainty in global economic recovery and commodity price volatility.
- Strong appreciation of the kina against other countries' currencies in the first half of 2012.
- Loss of fiscal discipline due to low revenues as a result of declining commodity prices and increasing additional expenditure pressures; and
- Continued disruptions to the PNG LNG project construction progress and other major mining projects.

The Prime Minister said this shortfall is estimated to be K392.5 million [US\$186.3 million]. Despite this expected revenue shortfall, total expenditure and net lending continue to be maintained as per the 2012 budget. Mr. O'Neill said actual expenditures recorded in the first half of the year indicate a potential overspending of K120.7 million [US\$57.3 million] by the end of the year, largely due to increase in spending on payroll and election-related expenses. The combination of these expected revenue shortfalls and overspending indicates a projected budget deficit of K513.1 million [US\$243.5], he said. "Our immediate challenge is to impose austerity measures and to maintain fiscal discipline in the second half of the year so that we are positioned to offset the estimated K513.1 million budget deficit recorded. Corrective options are now under consideration to return the 2012 Budget to one that is balanced," the Prime Minister said. He said these options include deferral of low priority projects and maintaining a tighter rein on expenditure. "Let me remind all of us again that we are a responsible, inclusive government and we will make the necessary adjustments to return the 2012 budget to a balanced one by year's end," Prime Minister O'Neill said.

PM: Sea mine still an issue

Post-Courier 5.9.2012

By Gorethy Kenneth

THE Papua New Guinea Government is only waiting for the Nautilus Minerals company to present their development proposal in order for Cabinet to make a further decision. Prime Minister Peter O'Neill has backed the sea bed mining company, arguing that the licence had already been issued, but the Government was also ready to take in all arguments and criticism from the non-government organisations. "...the issue of Sea Bed Mining, of course the NGOs as usual, are coming up with all sorts of allegations and arguments. They have every right to do so and we welcome those arguments. These arguments must be based on facts and evidence," Mr O'Neill said. "I also consulted this Government through our Department of Environment and Conservations from memory and we are consulting some of the best mines in environmental advice in the world — they are giving world advice to our government. "We will want to argue these facts on merits rather than on emotion, and then we can make informed decision about — we are going to develop our new ventures that are coming into our country. ..." he said. Mr O'Neill said PNG needed to take a lead role in mining issues and in this case the Government was waiting for a development proposal and assess arguments raised and let the Cabinet make its decision.

Lancos get award from Ramu Nico, MRA

Post-Courier 5.9.2012

THREE Ramu Nickel Cobalt mine landowner companies were allocated separated contracts worth up to K3.5 million by Mineral Resource Authority (MRA) under the Ramu Project memorandum of agreement (MoA). Wass Matau Limited (WML) a coastal Landowner company in the Ramu Nickel Cobalt mine was awarded K1 million to maintain school infrastructure and Maigari Limited, K1.3 million to build 8 new houses while Kurumbukari (KBK) Limited was allocated K1.2 million for road construction. MRA in April this year awarded the contract to WML to carry out maintenance work on the run-down facilities of the Rai Coast High School and is currently seeing maintenance work being carried out on students dormitories, school mess and ablution blocks. Principal of Rai Coast High School Alfred Nabong expressed his gratitude towards this very worthwhile assistance from MRA in funding the maintenance. Mr Nabong said in late 2009 the school was condemned because the infrastructure such as the students' dormitories, messing facilities and ablution blocks were in very deteriorating state.

“The education standard at the school dropped, and education authorities were in the verge of closing the school when I came in” Nabong said. MRA Community Project Engineer, Yako Punin Minaro was impressed with the work being carried out by WML engaged in maintaining facilities at the school and work is expected to be completed at the end of this month. The maintenance workers include nine full-time employees of WML and four casuals from neighboring Bibi village in Rai Coast district. Rai Coast High School is the only boarding secondary learning institution in the whole of the Rai Coast district which caters for students from the coastal and the hinterlands of the district. There is only one open-back ute that serves the school by fetching rations that are transported by boat from Madang to the coast near Rai Coast high school. Ramu NiCo, the developer of the nickel/cobalt project in Madang recently helped donating iron beds to the school and last year donated a tractor to the school.

Governments urged to understand Mt Kare issues

The National, 5th September, 2012

THE Enga and Hela provincial governments have been urged to understand the core issues that are delaying the progress of the Mt Kare gold project and unite to help the concerned parties. Mt Kare Management Company (MKMC) managing director Albert Aliabe said the government seemed to be concerned at the colonial land boundary as mining was located on the border of the two provinces. Aliabe said the colonial land boundary had caused great confusion in identifying proper land boundaries and legitimate landowners and that delayed the progress of the project. He said on the other hand, most landowners had yet to be educated to realise the roles, responsibilities and functions of landowner companies. “On the Huli side, landowners have yet to understand landowner company functions, likewise the Paiela landowner company, Abayuhope Mining Ltd,” Aliabe said. He said the imaginary boundary suggested that the project was located mostly in Enga but most landowners lived in Hela. He said a proper survey needed to be done to verify the legitimate landowners from both sides of the border.

He said locals were interested in working out who owned which rivers, swamps, lakes and traditional settlement areas rather than where the colonial boundary was. Aliabe said foreign and national companies with vested interests in developing Mt Kare lacked the necessary landowner information and created factions among concerned parties. “Some companies go to the extent of bribing landowners,” He said. Aliabe noted the inconsistency in landowner company representative when elected, saying there were different names and persons each time. “Landowner companies should be established and linked with umbrella companies from both sides of Panela and Tari that directly

deals with MKMC to manage the benefits to go directly to landowners on a 25% basis.” He said it was crucial that landowner companies educated landowners get them involved in spin-off activities.

Petromin takes part in Wafi-Golpu

Post-Courier 5.9.2012

PAPUA New Guinea’s national oil, gas and minerals company Petromin PNG Holdings Limited is the state nominee in the multi-billion Kina Wafi-Golpu copper gold project in Wau Morobe province. Petromin Managing Director and Chief Executive Officer (CEO), Joshua Kalinoe made this announcement following recent media statements by CEO of Harmony Gold, Mr Graham Briggs that the State will have to pay for its participation in the project. He said the State, through the former Minister for Mining John Pundari, had informed the Morobe Joint Venture (Harmony Gold and Newcrest) that the State’s mining and petroleum company, Petromin, had been nominated to participate in the project, upon issuance of a Mining Licence.

Mr Kalinoe said since the notification, Petromin has had preliminary discussions with the management of Harmony and Newcrest to facilitate Petromin’s participation. He said Petromin has commenced desk-top analysis to understand the technical and commercial dimension of the project. “This work is very basic and subjective in nature and will be updated throughout the project appraisal phase until definitive feasibility results are available. “The purpose of the analysis is to understand the financial exposure and to seek options for funding our participation, including that of the project area landowners,” Mr Kalinoe said. According to Mr Kalinoe the Wafi-Golpu project is generating a lot of interest in the market place and with the strength the Morobe Joint Venture (MJV) is bringing to commercialise it, he is confident that Petromin will raise the necessary funds to meet its sunk cost as well as its share of capex and opex.

Meanwhile the Newly elected Member for Goilala and Opposition shadow Minister for Education, Science, Research and Technology Daniel Mona made courtesy call to Petromin PNG Holdings Ltd to reaffirms his commitment to work with Tolukuma Gold Mine (TGM). Mr Kalinoe on behalf of his senior management and staff commended Mr Mona for his expressed commitment and firm desire to work closely with Petromin to ensure its subsidiary TGM Ltd continue to further contribute to the PNG economy, while advancing the interests of the local landowner community, people of Goilala and Central Province as a whole.

Mr Kalinoe said the Goilala MP’s visit to Petromin signifies close working relations especially at the national political level where innovative and visionary leadership is needed to address common concerns and shared objectives for the development and progress of the area. He added that Petromin was happy to cooperate with the new MP for Goilala in view of the forthcoming review of the Memorandum of Agreement (MOA) in relation to the 100% Petromin owned Tolukuma Gold Mine (TGM). Mr Mona, whose electorate in which TGM is located, assured Mr Kalinoe of his desire to work with Petromin and the State to deliver the Tolukuma Access Road project which is an outstanding part of the MOA commitment by the State.

Porgera people warned

Post-Courier 5.9.2012

By JOHNNY POIYA

THE people of Porgera were told not to give alcohol, money and women to policemen trying to fight the escalating law and order situation in the area. Deputy Police Commissioner Operations Simon Kauba told a large gathering in the mining town yesterday that such actions would prevent policemen from working independently to curb the law and order situation, as it would only escalate. Mr Kauba was accompanied by Assistant Commissioner Highlands Teddy Tei, Enga Governor

Peter Ipatas and Provincial Police Commander Martin Lakari. Mr Kauba also gave his word to the people that more police manpower will be stationed in the mining township, They would be deployed as soon as houses at the nearby satellite township of Paiam was completed.

He said the law and order situation, which seem to be an everlasting issue in this mountainous mining region which holds one of the largest open cut gold mines in the world, would not be solved if the people did not play a pivotal role in helping police to curb the problem. Killings of tribal enemies and illegal alluvial mining are very serious issues faced by the mine, law enforcing agencies and the people. Referring to the alluvial miners, Mr Kauba said: "These illegal miners are not devils. You sleep and eat with them in the night and pretend you don't know them during the day. Enough is enough. You have to support us." Over 200 police personnel from Mt Hagen based MS 05, Wabag Task Force and the local force are camped in the mining township following the murder of two local employees of the mine over a week ago.

Both men were allegedly killed by tribal enemies while on their way to work inside the mine from their residential areas outside the mine premises. The murders promoted a rampage on the mine by local employees. Most of the local employees from all over the province sleep outside of the mining premises. The constant murders in the mine site have promoted Governor Peter Ipatas to call for Laiagam Porgera and Kandep Districts to be declared as fighting zones. Provincial Police Commander Martin Lakari yesterday hit back at the Governor for playing politics with the call for the fighting zone in Kandep. Superintendent Lakari said: "There is no fighting in Kandep. Where is all this...coming from?"

Oil Search introduces health foundation

Post-Courier 5.9.2012

OIL Search is committed to Papua New Guinea and its people. This year the company is spending K4.6b on development appraisals, explorations, drilling and seismic activities in the country, according to Oil Search Executive General Manager for External Affairs and Sustainability, Gereia Aopi. "This work will define the growth potential of the company for the next ten years. The investment represents the vote of confidence in the country. We believe political and landowner issues as well as investors can be managed so that PNG can maintain a predictable and safe operating environment." Mr Aopi was speaking at the 48th Medical Symposium in Port Moresby yesterday when he introduced the Oil Search Foundation, a community health program.

He said the symposium theme 'Natural Resources Development And Its Impact On PNG Health Services' is relevant to Oil Search — and therefore the company gave insight into its health program. The Health Foundation is assisting the National Department of Health to implement the Global Fund Round Eight National Malaria Management Program to implement the new malaria rapid diagnostic tests and new treatment regimes. "We are also expanding our own programs to improve access to diagnosis and treatment with a village-based treatment access program," Mr Aopi said. Under the Round 10 Global Fund HIV Program, the Foundation will be supporting the work of nine NGOs across nine provinces, and implementing its own programs in Hela and Morobe provinces to scale up HIV clinical treatment and prevention programs.

The Foundation is establishing a Reproductive Health Training Unit to help address the issues of maternal mortality by conducting in-service training of health workers supported by AusAID. "The Health Foundation is looking at leveraging off the ever increasing mobile communications infrastructure to pilot projects in e-health and tele-medicine which could help to overcome many of the challenges we face in delivering health care to remote locations having limited numbers of medical specialists," he said. The Foundation will have a staff of over 80 people, a budget of over \$A24m in its first year of operations, and will initially work in nine provinces in PNG. The Foundation is will-

ing to work with the Government and various partners. “Our primary choice is to use our expertise and resources to help save people’s lives. We are lucky in that we have the opportunity to do so.” Professionalism, however, relies on strong institutional support. This includes strong educational institutions, universities and medical schools, research institutions, and medical societies.

That is why we are happy to support the PNG Medical Society to continue to hold events such as the Medical Symposium, to strengthen and foster the professionalism of the medical profession and ultimately to improve the health of the people of Papua New Guinea. He further said Oil Search has always been a part of the community in which it operates and now — as the company and the country are moving to the next level of growth — it sees itself as having a broader role to play in the fabric of PNG society. “We believe that the work of the Foundation can, and will, make a positive difference to the people with whom we work.” It has provided the vast majority of our people, and almost all our assets, over many years of hard and dedicated work. With the economy tipped to more than double over the next four years, people’s expectations have never been higher. They want, and need access to basic services of education, sound infrastructure and good health care. This has been recognised by the Government which has announced a number of initiatives to address these needs.

Ok Tedi: Mine life extension to cost US\$850m

The National, 04th September 2012

By MALUM NALU

MINE life extension (MLE) at the giant Ok Tedi mine in Western province will cost US\$850 million, according to Ok Tedi Mining Ltd managing director and chief executive Nigel Parker. He also said OTML was engaged in extensive exploration activities, including areas outside Ok Tedi as the company looked to the future. He revealed this when giving a comprehensive update of OTML activities to a delegation led by Western province Governor Ati Wobiro at the Tabubil Golf Club last Saturday. Parker said the feasibility study into the possibility of MLE was nearing completion. He said even before the exit of Toronto (Canada) listed company Inmet Mining Corporation as an OTML shareholder in February last year, the company’s board and management embarked on the possibility of an additional 11-year MLE.

“Currently, the feasibility study is in the final stages of completion,” Parker said. “The Mt Fubilan deposit has the resource to continue. “The capital cost of MLE is in the range of US\$850 million. “Mining methodology is a combination of open pit continuation and underground mining.” Parker said issues OTML was confronted with included:

- n Stable waste dump for 350-500 million tonnes of waste;
- n Tailings to the riverine system;
- n Hydro geology of the high rainfall environment;
- n Community approvals; and
- n State of PNG approval/enabling legislation

“In considering a mine life extension, the OTML board and management faces considerable dilemmas,” he said. “The proposal must be financially viable and it can be internally funded within the framework of continuing to support the state through direct-indirect taxes and dividends,” Parker said. “The impact of the MLE on the environment is in the forefront of the feasibility. “Management is of the view that the construction of a stable waste dump is possible – this view is supported by independent assessments.” Meanwhile, OTML is involved in extensive exploration activities including in-pit exploration, near-pit exploration, joint venture with Frontier Resources, exploration in New Ireland and buying into Highlands Pacific. on OTML’s near pit exploration licenses;

- Frontier joint venture farms-ins: OTML has taken 8.5% equity in the Australian-listed junior exploration company Frontier Resources Ltd and has entered into five joint venture farm-in agree-

ments with Frontier PNG subsidiaries. Two of these JVs are now in the advanced exploration stage;

- New Ireland exploration: Two exploration leases have recently been granted. Targets are copper-gold porphyries; and
- Highlands Pacific: Closer co-operation between OTML and Highlands Pacific is now emerging, with PNGSDP holding 13.04% of the Highlands' equity.

Western gets US\$2.3m vessel

The National, 04th September 2012

By MALUM NALU

VILLAGES affected by Ok Tedi Mining Ltd's Community Mine Continuation Agreement (CMCA) in Western are proud owners of a brand-new US\$2.3 million vessel, mv Fly Explorer, which was delivered to Kiunga along the banks of the Fly River on Sunday morning. The state-of-the-art vessel, which will be used mainly for research purposes along the Fly River by Ok Tedi Mining Ltd, is owned by the eight CMCA groups, namely Middle Fly, Dudi, Kiwaba, Manawete, Suki Fly Gogo, Nupmo, Waitri and Tunwe. Design, customs and delivery was made possible by the Ok Tedi Development Foundation (OTDF). Immediately after the dedication prayer and welcome speeches by Western Governor Ati Wobiro and OTDF chairman, OTML managing director and chief executive Nigel Parker, mv Fly Explorer and its sister ship mv Fly Hope took guests on a cruise and lunch along the Fly River.

OTDF chief executive Ian Middleton, told The National that this was the beginning of better things to come for Western as it started making use of its natural "super highway".

"It (Fly Explorer) will be used by the (OTML) environment department for riverine sampling," he said. "That's the primary purpose but we'll also do community relations patrols twice a year." Mv Fly Explorer features cabins for 12, a purpose-built laboratory, hydrographic winch for sediment sampling, outboard motor and fishing workshop, and office facilities at the top deck. It was built to order at Saraway Slipways MRI, Malaysia, and was sailed to PNG by an all-PNG crew led by Capt Pokai Aisuk from the Siassi islands of Morobe. This is the second such vessel ordered by the OTDF, the first being mv Fly Hope, a purpose-built 150-person passenger vessel delivered last April to enable accessibility to services never before experienced by the CMCA communities. A third vessel, mv Fly Warrior, a 65m bulk cargo/fuel carrier, is expected to be delivered to the people of Western this November.

PNG Minister Defends National Deep Sea Mining Plans

Claims Nautilus Minerals has complied with regulations

PORT MORESBY, Papua New Guinea (The National, Sept. 4, 2012) – Mining Minister Byron Chan is defending deep-sea mining investor, Nautilus Mineral's Solwara 1 project in the Bismarck Sea. Chan said recent media publicity had been misleading that the O'Neill government had initiated the deep sea mining project. He said the investor was given a mining licence 19 months ago by the then Somare Government. However, he said as a responsible government, the O'Neill government, had taken on board the project and would ensure that all stakeholders benefited from it. "I want to again assure the various stakeholders that this government is committed to ensuring that our mineral wealth is harnessed in the most optimal and responsible way," Chan said. He said issues relating to deep-sea mining were its environmental impact, lack of baseline data, lack of specific policies and the social and economical benefits. He said he would not respond to the concerns raised as they did not fall within the direct responsibilities of the mining minister.

Chan said Nautilus Minerals had complied with all laws of the country. He said Nautilus was issued an environmental permit after independent studies carried out by environmental consultants engaged by the Department of Environment and Conservation. He said Nautilus was now in the process of putting together an environmental management plan. Chan said the Papua New Guinea government had been complying with national and international laws. He said mining laws covered both sea and land, “thus mining activities offshore or on land is guided by the mining law”. He said Nautilus Minerals had to comply with the Mining Act, Environment Act 2000 and the United Nation’s Law on Seabed. He said that legislation was used and Nautilus Minerals had complied with all of them. Chan said deep-sea mining was not new to the country. He said the first was done in Madang and baseline data had been taken from there to do the Solwara 1 project. He said Nautilus, through the data in the deep-sea project in Madang, had come with more innovative technology and that the Bismarck Sea Solwara 1 project was not completely new.

Deep-sea mining: Legal opinion launched

The National, 4th September, 2012

PACIFIC civil society organisations launched a 10-page legal opinion on the application of the precautionary principle to deep-sea mining in the Pacific region forum last week. Pacific Network on Globalisation (PANG) coordinator Maureen Penjuli said the legal opinion came at a very important time when Pacific Islands Forum leaders were meeting in the Cook Islands. “It’s clear that we don’t know the impacts of seabed mining on our ocean environment and international law makes clear our responsibility to proceed with unprecedented caution in this area,” she said. “Given the considerable risks and uncertainties surrounding the environmental impacts of mining activities, the correct interpretation of the precautionary principle leads to only one plausible result a moratorium on deep seabed mining. She said the Environment Law Alliance Worldwide concluded that the application of the precautionary principle supported a halt on seabed mining until the risks of harm to the marine environment and coastal people were better understood.

Wanjik: Focus on validity of licence

By CALDRON LAEPA, The National, 4th September, 2012

FORMER mining department secretary James Wanjik believes the question everyone concerned with Nautilus Mineral’s sea-bed project should be asking is whether its mining lease is valid, not environmental issues. Wanjik says the project cannot be challenged on the legal grounds regarding its environmental impact because Nautilus Mineral has complied with much of the laws of the land. The real issue, he says, is whether the licence issued to the Canadian-based company is valid. “As a former secretary for the mining department, I am very familiar with mining laws within the country. “The issue here is not the environmental impact as many are saying. “You cannot speak much about the environmental impact until the project has commenced. “The environmental studies were completed, there may be objections. “Scientist would always object to each other about what they think is right”. “NGOs and concerned groups should question the validity of the mining licence issued”. Wanjik claimed that the Mineral Resource Authority (MRA) was illegally set up. “The MRA’s licence is not valid. “I was removed as the secretary because I did not support the establishment of the MRA.”

NGO opposes seabed mining

Post-Courier 4.9.2012

THE board and management of PNG Eco Forestry Forum has urged the Government to ban the deep sea mining project spearheaded by Nautilus Minerals. Executive Director of the forum Thom-

as Paka, through a statement, says this undersea project is being rushed and is not in the best interest of the people. “There are already ongoing mine exploration projects on land which the forum thinks is sufficient and the country should not venture into a project that is not properly researched and poses a lot of uncertainties.” Mr Paka highlighted that PNG would be used as a guinea pig for this project and that impacts of seabed mining could not be accurately predicted. He also said there was not enough research to understand the seabed ecology, and added that there were no laws and or policies to manage the activities of deep sea mining in PNG. He said from these issues highlighted by the forum and all concerned, the forum urged the Government to reconsider this rushed decision.

“The biggest question again asked by the forum and all concerned is; ‘What are the risks?’ “As yet there is no clear answer from the Government or others to this crucial question. “From experience, mineral exploitation on land has brought a lot of negative impacts both environmentally and socially.” Mr Paka went on to say that the Government at the moment was not able to monitor and mitigate all the environmental and social impacts of mines in this country. “It will definitely not have the funds nor the capacity to regulate and monitor this project properly which is a very grave concern because this Government will definitely not be able to mitigate if there are negative impacts and the livelihood of the coastal population will be affected,” said Mr Paka. Therefore, he said, the forum believed that deep sea mining was not in the best interest of the people and asked the Government to stop it.

Query on sea mine Post-Courier 4.9.2012
By JASON GIMA WURI

SEA bed mining in the proposed area will destroy the very habitats by which small organisms, some known and many still unknown, depend upon. These organisms whether sedentary or free swimming will have less to depend on for their survival when their habitats are destroyed. This was stated by Narakobi Lawyers in a written statement regarding seabed mining in Papua New Guinea. It said the chain effect from the mine could easily affect bigger organisms or fish that depend on the smaller organisms found around the surface of the sulfide vents. In fact, just around the selected area exists what is called the Magado Square or Okuk Square. This area is well known as a breeding ground for tuna fish and had been a protected area for a long time. “Could this ground be dependent on the origin of food chain from hydro thermal chimneys? Abundance of fishery could be dependent on life on the chimney?” questioned the statement.

The statement indicated that environmental damage of some magnitude would occur and it was sufficient to prevent mining of the Bismark Archipelagic sea floor. Furthermore, it said the scientific data, be it baseline or other, must be available to all stakeholders and the public to access with other best scientific advice before and not after mining. “Following which a properly constituted Board or Council be mandated under the law to make a decision, advisory to make decisions on political expediency, economic or environmental reasons. “It has the duty as Government for the people to pay attention to all those who might be affected,” it said. The paper stated that there was already one call from a leading university of the world that states that “Underwater mining will decimate deep water organisms” and surely this is enough to be cautious. “PNG must not repeat mistakes in Ok Tedi and others that warnings by most reputable international entities were ignored, resulting in massive environmental damage and degradation of environment which will last for many years to come,” the statement reported.

*Letter to the editor***Government must stop environmental damage**

The National, 4th September, 2012

IT is undeniable that PNG is facing major environmental concerns but our government is turning a blind eye to it. You do not have to go far to see first-hand the extent of environmental destruction that is affecting our rural populace. Logging operations have destroyed rich biological habitats and biodiversity as well as ecosystems, which are affecting our way of life. Environmental pollution caused by the mining industry is overwhelming. But when our people make noise, they are ignored or brushed aside. The government has yet to address the environmental destruction and pollution concerns raised by local communities in living within the Porgera, Ok Tedi, Lihir, Watut and Simberi mines. These are not mere allegations; they are real concerns. The government cannot even independently verify such claims because its agencies such as the Department of Environment and Conservation, Forestry and Health lack the capacity to even consider addressing these problems. From our local knowledge and connection to our environment, our people are in a better position to feel, sense and see the changes to their lifestyles and health.

We do not need foreigners to tell us that our environment is changing. As if the destruction of our forests, freshwater and land is not enough, now the government wants to destroy our oceans, reefs and underwater world with seabed mining. Our clear blue and green oceans will turn murky black and our untouched white sandy beaches will be filled with mud, not to mention the destruction of our ocean's biodiversity and food source. We are only borrowing our land and sea from future generations. Instead of being good custodians, we are destroying them. What sort of PNG do we want our children and grandchildren to live in? Let us put a stop to the seabed mining before it is too late. To those Papua New Guineans working for these companies and pushing for this agenda, wake up. Think about your country first. Mining Minister Byron Chan has an obligation to the island people who gave him the mandate. Put them first before any foreign interest. If it means making an unpopular decision, so be it. Tommy Rime Via email

Tolukuma: Mine agreement for review

The National, 04th September 2012

By SHIRLYN BELDEN

THE Central provincial government and stakeholders will review the Tolukuma mine agreement and development plan that will consider landowners' interests. Central Governor Kila Haoda and Goilala parliamentarian Daniel Mona met landowners and partners from Mineral Resources Authority, Petromin Ltd, Tolukuma Gold Mine and Woitape local level government in the first consultative meeting last Friday and decided to review the five-year Memorandum of Agreement. The review, which starts next week, will look into extending the agreement for another five years. The stakeholders said it would include greater benefits for the landowners that had not been provided for in past years. The development plan will spell out the development projects and activities for the mine-affected areas under the MoA. Yulai Landowners Association chairman George Gusi said the landowners had not properly benefited from the mining operation since it started 16 years ago. He said health, education and roads in the area had not been well developed and the people were suffering from poor living standards.

Woitape LLG president Maria Mark said although 80% was agreed as royalty and for tangible developments, they were unsure of how it was handled in the mine affected areas. The MoA has three components of mine closure development plan, mine infrastructure development plan and the formal agreement. Haoda said, they would maintain the lead in making sure service was delivered to

the people under the agreement and through government services. “This meeting demonstrates the new direction this issue will take in the years to come. People of Goilala and Central will move forward and I want to assure everyone that I will ensure, as long as I am the governor, to deliver to you,” Haoda said. “The review of the MoA is the right way to take as people must see the benefit of their land and resources while serving the country in accommodating the Tolukuma mine on their land.” Mona said as the member he would “take the issue head-on with first the review of the agreement.” He said it was vital to do so as the MoA helped the government in its service delivery system. The stakeholders at the meeting vowed to cooperate on the review and delivering of the agreement. A trip to Tolukuma is scheduled for next week and would include Petromin managing director Joshua Kalinoe, Mining Minister Byron Chan, Haoda and other dignitaries.

Ramu Nickel landowner company buys grader

Post-Courier 4.9.2012

By Mathew Yakai

The \$US1.5 billion Ramu Nickel Cobalt Mine project’s contribution to the community bore fruit when a coastal Landowners Association Wass Matau Limited bought a new grader machine for K600,000 last month. Managing Director Danny Gabong said the price was reasonable compared with the earlier price of K1 million and later at K800,000. The high Kina exchange rate has reduced the price to K600,000. Wass Matau Ltd bought the grader in Lae with a bank loan arrangement with Credit Corporation of K30,000 and Wass Matau paying the balance. “We now have the machinery and expertise to deliver any road construction and upgrading,” Mr Gabong said during the launching ceremony in Madang last Saturday.

He said the landowner company previously sub-contracted civil engineering works to other companies due to lack of machineries but now it is capable to handle work itself given that Wass Matau now has two dump trucks, one excavator and the new grader. “We are prepared to handle big contracts, make money and deliver dividends to the landowners who own the company with the current fleet,” Mr Gabong said. Wass Matau previously won contracts including Guava to Biribiri portion of the road along Ramu-Madang Highway in April this year. Meanwhile, Mr Gabong appealed to other Ramu NiCo Project landowner companies to mobilise resources together and work together so money is kept within the landowner groups. These landowner companies are; KBK Limited under Kurumbukari Land Owners Association, Basamuk Enterprises under Basamuk Landowners Association and Maigari Limited under Inland Pipeline Landowners Association.

“We cannot hire plant and machines from outsiders and give them the money but use our own plant and enrich Ramu NiCo’s motto, ‘One Ramu NiCo, One Community’,” he said. Mr Gabong also assured the Coastal Pipeline landowners that their company was in good hands and operating successfully under a very committed and experienced management team. “We will deliver the dividends once the Lands Title Commission determines the genuine landowners,” Mr Gabong said. He also thanked major companies and government agencies in Madang for giving them contracts in the past which assisted them to build their expertise and capabilities. Those projects helped them to learn where they could better their services, skills and expertise. “We thank Rai Coast JDP, Madang Provincial Government, Ramu NiCo, Madang Provincial Works Dept and other business houses including Amry Construction, Sigma Construction and Rookes Marine for working closely with us,” Mr Gabong said.

Porgera: Kauba seeks support

Post-Courier 4.9.2012

THE people of Porgera were told not to give alcohol, money and women to policemen trying to tackle the escalating law and order in the area. Deputy Police Commissioner Operations Simon

Kauba told a large gathering in the mining town yesterday that such actions would prevent policemen from working independently to curb the law and order situation and it would only escalate. Mr Kauba was accompanied by Assistant Commissioner Highlands Teddy Tei, Enga Governor Peter Ipatas and Provincial Police Commander Martin Lakari. Mr Kauba also gave his word to the people that more police manpower would be stationed in the mining town as soon as houses at the nearby satellite township of Paiam were completed. He said the law and order situation, which seemed to be “an everlasting issue” in this mountainous mining region, held one of the largest open cut gold mines in the world, would not be solved if the people did not play a pivotal role in helping police to curb it.

Plans to save Ramu river

The National, 3rd September, 2012

A SENIOR citizen from Bundi, Joe Koroma, is calling on four of the six Madang MPs to come up with a proactive plan on saving the mighty Ramu River. Koroma stressed that the river was heavily polluted which was evident in the decline of fish and other fresh water delicacies such as prawns and eels which used to be in abundance. “The four members of parliament, Governor Jim Kas, popularly dubbed as kwila blong Ramu, Anton Yagama member for Usino-Bundi, Tommy Tomscoll (Middle Ramu) and John Hickey (Bogia), who resides along the lower Ramu River, all have a primary reason to look after the river,” Koroma said. “The leaders should start early in attending to some of the big issues affecting the province.” He said that major developments were taking place in the catchment area of Ramu, which included the Ramu Agri project involving sugar cane and oil palm developments where pollution obviously affects the river.

“The excavation and infrastructure work already carved up at the Kurumbukari Mountain for the nickel and cobalt extraction and soil run off is already filling up the streams and lakes and flows into the Ramu. “Next is the copper and molybdenum mine at Yanderra in Bundi which will also empty its waste into the same river source,” he added. Koroma suggested the MPs advocate for mining companies to include Christian principles and practices in how they dispose of their waste. “If the past trend has been for multi-international mining companies to go for profit at the expense of environmental destruction and disadvantaging indigenous landowners, then a Christian approach will be to respect nature and bring more benefits for resource owners,” he said.

The Ramu River is the fourth largest river in the country and the mines and agro business all looking to make profit from minerals and commodity while ignoring those along the river is the core of Koromas concern as stated. He said that there existed opportunities for these Madang leaders to set precedents in Madang and liquefied natural gas projects in the province and a more Christian approach to get better outcomes could make these leaders stand out from the rest both nationally and internationally.

Poachers slaughter animals at Indonesian border

The National, 3rd September, 2012

PAPUA New Guinea’s protected animals and marine life are being slaughtered daily for the lucrative Asian markets along the unmonitored PNG-Indonesian border in Western, the Border Development Authority says. In a statement, the agency said these illegal activities were happening because of the absence of government services and officers at the Weam border post and Bula village in the South Fly District. Weam, situated inland, and Bula, on the coast, are the last PNG villages before Indonesian territory. Border authority officers saw illegal trading between Bula villagers and Indonesian poachers when delivering materials for social infrastructural projects at Bula village

and Morehead station last week. Indonesian poachers are teaming up with PNG villagers to hunt deer, sharks, river fish such as saratoga, barramundi and even poisonous Papuan taipans.

Deer meat is sold at 12,900 rupiahs (about K3) per kilogram in Indonesia and the poachers do not leave until the coolers on their dinghies are filled up with 750kg worth of meat. Saratogas are sold for 15,000 rupiahs (about K4) per kg and barramundi's air sack is sold for 1.2 million rupiahs (about K300). Both species are sold to be processed for medicine in Indonesia. The statement said the Papuan taipan was sold for 43 million rupiahs (about K10,000) for their poison to be used for medicine. Bula villager Mark Pize said poachers had taught them a new technique of killing deer with knives. "Before we used bows and arrows to kill deer for consumption and large herds can still be seen wondering near our village.

But now the meat is killed for Indonesian markets and herds are killed on a large scale," he said. "The technique is to whistle to confuse the herds and they just stand. You can just walk over and kill all of them with a knife. They will not run away even if they see one deer being killed." He admitted that deer herds that usually were found near their village had diminished and the villagers now had to travel much further to hunt for them. Pize said they now regarded themselves as Indonesians because Waigani and Daru had ignored them and they resorted to such practices for their survival. "It is illegal but we poach to survive. Children are growing up without knowing PNG's official currency kina and toea but are familiar with Indonesian rupiah currency. PNG kina had no value here," he said.

They are growing up knowing that Bahasa (Indonesian official language) and not that English, pidgin, motu are the common PNG languages. "We don't have schools here and most of our children are going across to live with our Indonesian friends to attend schools in Merauke. "We don't have business activities like agriculture and fishing projects to generate income. "We are used to eating Indonesian products for basic household goods like rice, sugar, salt, flour received from the poachers in exchange for our wild life." Another border villager, Augustine Pikanas, from Wando village, said they need PNG security forces to be stationed at Weam as Indonesian security forces sometimes mistreated them. "We need security forces so that as we can be treated fairly."

A concerned Indonesian poacher, Wilem Balagaze said he was sorry for the PNG villagers as the PNG Government could not develop their own people. "We, Indonesians, are more than willing to come and develop the economy and construct infrastructural projects for roads, health and education services for these villagers," he said. "We want to work with the PNG Government to develop these areas. But if the PNG Government neglects their people, we are ready now. "It's easy to bring things from Merauke then from Daru and Port Moresby. After all, it's only two hours by dinghy to Merauke and one day to Daru."

Ok Teki Mine's PNG Owners Sign 'Historic' Development Agreement

Fly River region to benefit from more business opportunities

By Malum Nalu

PORT MORESBY, Papua New Guinea (The National, Sept. 3, 2012) – PNG Sustainable Development Program (PNGSDP), the majority shareholder of the giant Ok Tedi mine, has signed a historic agreement with the Fly River provincial government to ensure that more business opportunities flow down to the people of Western. The company currently owns 63.4% of Ok Tedi Mining Ltd (OTML), while the balance of 36.6% is owned by the PNG government. The agreement was signed after a day-long meeting at the Tabubil Golf Club on Saturday in which representatives from PNGSDP, OTML, and Ok Tedi Development Foundation (OTDF) made comprehensive presenta-

tions to a delegation led by Governor Ati Wobiro, and deputy provincial administrator Willie Kokoba.

Wobiro signed the agreement on behalf of his people while board chairman Prof Ross Garnaut signed on behalf of PNGSDP. It was hailed as the beginning of a new era for the province, especially given that Wobiro is a former employee of PNGSDP, who is familiar with all its workings. "I'm sure that with the partnership we have already signed, we can bring our resources together," Wobiro said in his first major engagement as Western province governor. "This is an exciting time for all of us. "Our people expect us to do things and let's do the right thing." Garnaut said Western had access to a lot of funds from different sources and the way forward was to plan how to use them.

"In everything that we (PNGSDP) do, we hope we can work with the provincial government," he said. "We are natural partners in developing this province. "There are a lot of partners that belong to the province in Department of Finance SSG (special support grants), MRDC (Mineral Resources Development Company). "What we need to do is we need to have a plan to put the funds from PNGSDP, Ok Tedi, OTDF alongside your funds and build the important business projects that can really make a big difference in taking this province forward. "We have a partner who can work with us to make use of this golden opportunity. "It will be our great opportunity in turning this opportunity into achievement."

Ok Tedi: PNGSDP: Western's future is secure

The Nationl, 3rd September, 2012

PNG Sustainable Development Program (PNGSDP) has assured the people of Western that their future is secure. Chief executive officer David Sode, told a Fly River provincial government delegation led by Governor Ati Wobiro at Tabubil Golf Club on Saturday that PNGSDP's long-term fund (LTF) stood at US\$1.2 billion (K2.5 billion) at December 2011. This LTF can be drawn down only after closure of the Ok Tedi mine to support the province for a minimum of 40 years. Sode explained that PNGSDP currently owned 63.4% of Ok Tedi Mining Ltd (OTML), with the balance of 36.6% owned by the PNG government. He said two-thirds of its annual dividend was invested in the LTF, while one-third was used by the development fund.

The development fund is further split with one-third being spent in Western, while two-thirds goes to PNGSDP's national programme. The balance of the development fund as of July this year was US\$203.4 million (K420 million), of which US\$115.2 million (K238 million) was spent in Western; and US\$88 million (K182.2 million) was spent on the national programme. "PNGSDP promotes development that meets the needs of the present generation and establishes the foundation for future generations of Papua New Guineans," Sode said, "To do this, we partner with credible organisations to deliver development. "We work with government, multilateral donors, private sector companies, NGOs, community groups. "Where no partner exists, we have created new subsidiary organisations to deliver our objectives."

Sode said major projects embarked on in Western included, among others:

- 1 Survey of the northern and southern ends of a Fly River road corridor (K9 million); and
- 1 Start of the Daru Deep Water Port next January which will take 24 months to build.
 - Completion of Kiunga-Kokonda Road and Gre-Dringas Road (K51 million);
 - Completion of survey and design of the proposed 70km West Bank Road (K5.5 million);
 - Upgrading of Bak, Oksapmin, Golgobip, Eliptamin and Telifomin rural airstrips in the mine preferred areas (K5.5 million);
 - Upgrading of Daru Airport (K40 million)
 - Rehabilitation of Daru water system and construction of sewerage system (K52 million);

- Rural electrification mini-grid power systems (K32 million);
- Setting up of 57 communication towers (K77.8 million);
- Rubber development (K55 million);
- Daru barramundi hatchery (K27.4 million);
- Microfinance support at K5 million annually

PNG must pay for Golpu mining project

Post-Courier 3.9.2012

HARMONY Gold Mining Company Limited, South Africa's third-largest gold producer says that Papua New Guinea will have to pay if it wants a stake in the company's promising Golpu project in the Pacific country. Reuters reports that Harmony is staking its future on the \$ US4.8 billion project it is developing with Australian group Newcrest Mining. PNG has the right to a 30 per cent stake in mining operations, but Harmony Chief Executive Graham Briggs said if the Government exercised this option it would include development costs already forked out. "This is not a free carry; it will be full participation if the Government gets involved. Assuming they would take 30 per cent, they would have to pay 30 per cent of the historical costs," Briggs told analysts on a conference call. The gold and copper project's prefeasibility study estimates an initial mine life of 26 years with annual production of 490,000oz of gold and 290,000t of copper.

The aim is to start production in 2019. Briggs said it was difficult to say whether the Government was in a position to pay for the stake, but discussions with ministers suggested that they saw the project as generating significant growth for the region. "This is certainly a game-changer in Papua New Guinea it could add considerable amounts to the GDP and there are lots of opportunities for the Government to leverage off this," he added. Results of the prefeasibility study peg the cost of establishing a copper-gold development at around \$US4.8 billion, which will be shared evenly by Harmony and Newcrest. Chief financial officer Frank Abbott said the firm would consider debt or bonds to top up its capital expenditure needs as the production of its Papua New Guinea operations got nearer.

"We don't see the need for additional funding until 2017, and then it will depend on the gold price," Abbott pointed out. He indicated that if the gold price remained in the \$US1600/oz range, the company would need to raise R4 billion, but if it dipped to \$US1400/oz it would require almost R7 billion. Spot gold is currently fetching about \$1665. The project is a game-changer for Harmony as it diversifies production away from high-cost and politically-risky South Africa, where labour violence in the platinum belt has killed 44 people this month. The company currently gets 90 per cent of its output from South Africa and aims to lift production to 1.7Moz by 2016 from a target 1.3Moz in 2013.

War zones in Kandep, Porgera districts

Post-Courier 3.9.2012

By ISAAC NICHOLAS

TWO districts of Kandep and Porgera in Enga province will be declared fighting zones, Enga Governor Peter Ipatas said last week. Governor Ipatas also reignited the call for the ban of firearms in the country as he was very critical of police lack of action in the province in restoring peace. The Enga Governor said he had asked the provincial peace and good order committee to convene an urgent meeting early next week to declare the two districts of Kandep and Porgera as fighting zones. He said the use of guns is prevalent in most of the fights and asked from where the villagers are getting their guns and ammunition. He alleged that the leaders are the ones behind the purchase of guns and ammunitions for their people. "Most of the villagers are fully armed and because of that they

are so powerful but the ultimate price is death.” “A lot of killings are not by bows and arrows but with guns.”

Mr Ipatas said police can do the job in restoring law and order but there is no efficiency on the ground. “Every time there is trouble police are needing money to move in - but why? Didn’t they take an oath to protect property and lives. Why should they always asked for money?” Mr Ipatas said there was also no need for a state of emergency because it will be the same police who are going to be paid allowances to do the job that they can do now to restore normalcy. “If the police are not doing their job then some heads must roll including that of the Police Commissioner, Provincial Police Commander and whoever is in charge over the police.” Mr Ipatas said there is a big police presence in Porgera but they cannot contain the situation on the ground. “This is not guerilla warfare. It is a tribal war that must be contained by police.” Mr Ipatas said he will be organising a trip with the police, Barrick and government officials to fly into Porgera next week to assess the situation. “We leaders can be talking all day but at the end of the day it is the responsibility of police to restore law and order,” Mr Ipatas said.

VIDEO: PNG locals fight sea mining project

World News Australia, SBS, 2.9.2012

The ocean floor is the last great frontier for the resources sector. But what could be the world’s first deep sea gold and copper mine is mired in controversy. The battlelines are drawn, one and a half kilometres under the Bismarck Sea off Papua New Guinea. Canadian miner Nautilus Minerals says risks are low but locals say it will pollute the water on which they they rely so heavily.

Link: <http://ramumine.wordpress.com/2012/09/02/video-png-locals-fight-sea-mining-project/>

Dealing with Ok Tedi’s destructive legacy

Martyn Namorong, The Namorong Report, PNG Mine Watch 2.9.2012

I am in Tabubil as a guest of Ok Tedi Mining Ltd (OTML) to cover the launching of its environment monitoring vessel, the MV Fly Explorer, in Kiunga tomorrow. The vessel is worth around 2.3 million US bucks and is paid for by the Ok Tedi Trust Development Fund (OTDF). The vessel will be leased by OTDF to OTML to be used as a scientific research vessel to monitor damages caused along the Fly River by Ok Tedi mine. OTDF was set up as an arrangement between OTML and PNGSDP. OTDF now receives funding from PNGSDP and the Western Province People’s Dividend Trust Fund set up by State under Mining(Ok Tedi) Mine Continuation (Ninth Supplemental Agreement) Act 2001. In other words, OTDF has used Western Province people’s money to buy a vessel to monitor damages to the Fly. It is expected that the money will be recouped as OTML makes lease payments for the use of the vessel.

Western Province’s political elite are meeting Ok Tedi mine Officials today in Tabubil. The new Governor and the 3 Open Members of Parliament are expected to arrived at 10 am for a briefing at the Golf Club. They are then expected to witness the launching of MV Fly Explorer tomorrow. Officials from PNG Sustainable Development Limited (PNGSDP) are also expected to be present today and tomorrow. PNGSDP was created by BHP Billiton as it exited it’s world class mine in Western Province after creating a world class environmental catastrophe. It (PNGSDP) was created as part of a deal that prevents Western Province people from suing BHP Billiton for damages to the Fly River.

The damages to the Fly River ecosystems and the villages whose livelihoods depend on the Fly have been enormous. The PNG Government has recognized this by granting 5% equity in the mine

to affected villages. The problem with equity arrangements like this is that the people only benefit if the miner makes a profit or if they sell their shares. It would have been much better for them to be given a certain percentage of export value of each copper shipment, fixed at the World Market Price. OTML, which is now co-owned by the Government of Papua New Guinea and PNGSDP, has since been trying to reduce further damages to the Fly River. It has built a tailings disposal mechanism (previously tailings were directly discharged into the Fly River Tributaries resulting in the World's Third Largest Environmental Catastrophe). A tailings pipeline runs from the mine site at Tabubil to Bige. It is currently being replaced following a flaw in the pipeline that caused a major tailings spill last year.