

## **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>

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### **Australian Greens launch attack on foreign owned miners**

PNG Mine Watch, 29.6.2011

The Australian Greens say too much of Australia's mining profits are heading offshore and they have released a report which has found 83 per cent of Australia's mining industry is foreign-owned. The report says that in the next five years \$50 billion in earnings derived from Australian mining investments will go offshore. Senator Brown wants a Resource Super Profits Tax and believes Australians would have been more supportive of the idea the first time around if they had seen the figures. "I think Australians simply have been left in the dark about the rapid takeover of ownership offshore of Australia's minerals," he said. "I don't think Australians have any idea that Australia's mining industry is 83 per cent foreign owned." Senator Brown says images of Australian miners campaigning against the Government's mining taxes give a false impression of the level of local ownership of the industry.

"A few local billionaires who've made a motza out of mining are covering up for the much greater profits than even they have yielded flowing overseas into the pockets of similar millionaires scattered around the world," he said. Senator Brown wants the new mining tax to apply to gold and ura-

nium. But Ben Mitchell from the Minerals Council of Australia believes there are holes in the Greens' research. "What I can say over the last 10 years [is] that 98 per cent of cash flow generated from mining has been either paid in taxes, in royalties or reinvested back into mining," he said. Mr Mitchell says he is not surprised by Senator Brown's position. "He said on Sunday that he wanted to close the coal industry down so it should come as no surprise that the Greens have produced a report geared to suit that position," he said.

### **Bougainville defends involvement in PNG war**

AustralianMining, Jessica Burke, 28 June 2011



Rio Tinto subsidiary, Bougainville Copper has defended its alleged involvement in causing the civil war in Papua New Guinea. The claims came to light yesterday, when a signed affidavit by then Opposition leader, Sir Michael Somare accused the mining giant of having played an active role in the military operation that led to the civil war in the 80's and 90's. The contents had not been known until the SBS gained access to it and revealed its contents. The now Prime Minister, Somare, has recently undergone double heart surgery and could not comment on whether he stands by his comments, but the ABC spoke to Peter Taylor, Chairman and Managing Director of Bougainville Copper and Executive Director of Rio Tinto Australia. When asked for comment on Rio Tinto's involvement with police in PNG during the war, Taylor said it was a difficult time to be in the nation. "Bougainville Copper only did what it had to do," he said. "There was a state of emergency declared and like any state of emergency you had to comply with the requirements.

Bougainville Copper has announced plans to reopen the mine and is currently receiving support from the PNG government, led by Somare. According to reports, some landowners remain angry about the case, still in the United States courts, for compensation for past damage, but Taylor believes it only a small minority who are opposed to the mine. "There are some landowners - according to (President) John Momis, they represent about 3% of the landowners, who are still opposed to the company reopening, but, you know, we haven't had face to face discussions yet and I think we need to do that.," he said. Taylor said negotiating with armed protestors was difficult but could be done. "Well, you invite them to the negotiating table and you hope they accept that invitation and we sit down and we discuss that they've got and the issues that I've got." He said the ongoing court case was not an issue for Bougainville Copper, but rather for Rio Tinto, who the case is against. Papua New Guinea's Opposition leader, Belden Namah has said a new company should come in to develop the copper mine on Bougainville, but Taylor said he has received a conflicting message from President Momis and the majority of landowners.

He said the company has been in discussion with landowners and the government to develop an appropriate plan. "There has been an agreement between the national government, the Bougainville government and the company to sit down and have discussions but we've also agreed that an essential element is to have the landowner representatives at the table, and they are still in the process of forming a single body. "And once that's done there is nothing, really to prevent us from all getting

around the table. “When you talk about landowners who are anti the mine, I am not sure that we are really talking about landowners or some of the former combatants who are manning a roadblock on the way to the mine site. “There are very few landowners, I think, who are not prepared to come to the negotiating table. Taylor said the treatment of the issue by the SBS was “one-sided” and it is “solely a matter for PNG.”

## **Deep Sea Mining: Drilling to begin in 2013**

Post-Courier 28.6.2011

THE Solwara1 seabed mine operation by Nautilus Minerals, located 30 kilometres from the coast of New Ireland and at a depth of 1600 metres is expected to begin by the end of 2013 with the mining of ‘high grade’ Seafloor Massive Sulphide deposits that contain copper, gold, silver, zinc and lead. While the project is unique as the world’s first seabed mine, the lease arrangements are a reflection of the evolving legislative and regulatory process in Papua New Guinea since the 1970s. “This will enable us to avoid past experiences from the OK Tedi and Bougainville Mines,” said Lyndah Brown-Kola, Senior Technical Assessment Engineer with the Mineral Resources Authority (MRA). Mrs Brown-Kola was part of a team of government officials who attended the Deep Sea Mineral Project workshop organised in Fiji by SOPAC, a division of the South Pacific Secretariat of the Pacific Community. The team presented to the delegates the legislative and regulatory process in PNG that led to the granting of the seabed mineral mining lease.

Mrs Brown-Kola said that the current legislative and regulatory review process was adequate to ensure that environmental, operational, and financial concerns were addressed. “We operate in conjunction with the Department of Mineral Policy and Geo-Hazards Management, which has responsibility of setting all mining policies. “It is part of the Mining ministerial portfolio,” Mrs Brown-Kola said. She said the Government policy enables the State to acquire up to 30 per cent equity interest in mining projects in PNG. The government has set as a policy, that through its nominated state entity Petromin, it offloads five per cent to landowners as royalty. This provides a clear window of transparency in a project, as well as ensuring that the government shares in the profits, while responsibly participating in the mining operation through Petromin, which is an independent state commercial entity.

Mrs Kola-Brown said that the government had been looking at the Solwara I project since 1997 and it granted nautilus Minerals the first offshore mineral exploration license in 2008. “We have been working with Nautilus for fourteen years. It was only this year that we granted the company a mining license. This followed two years of deliberations over their application,” she said. Mrs Kola-Brown said the two years were spent ensuring environmental concerns were addressed. It was a requirement to issue an Environment Permit as a condition before the mining license was given. “We have been educating PNG communities in the region to make sure they understand all facets of the project. “We have sent our technical overseas to expand their expertise in seabed mining,” she said. “We are well aware of the importance of this project and understand that it will be used as a model for others around the world to learn from. I am very proud to be a part of this venture.”

## **Compensation first, then Panguna mine talks**

The National, June 28, 2011

By ISAAC NICHOLAS

PANGUNA landowners in Bougainville are demanding compensation before any talks are held to review the Bougainville Copper Agreement. Panguna Landowners Association chairman Chris Damana was responding to a report on SBS Dateline programme which claimed the PNG government was acting under instructions from mining giant Rio Tinto when it killed thousands who

wanted to shut down Panguna mine in the 1980s. Damana said: “It is a pity that SBS has seen fit to report our Grand Chief Sir Michael Somare’s statement at this time when our Prime Minister is critically sick in Singapore. “The Panguna landowners have always believed that Rio Tinto/BCL and the Australian government connived with the PNG government at that time to pursue this onslaught of causing death and untold suffering and sorrow to our people. “Our people of Panguna mine leases and the rest of Bougainville will have to be compensated before there is any talk on the review of the Bougainville Copper Agreement.”

Damana said the landowners were committed to the re-opening of the Panguna mine by BCL “but must be compensated first”. “A compensation package outside of what our landowners are owed on the 1990 compensations must be negotiated between the Panguna landowners and Bougainville government to address this,” he said. “Panguna landowners’ stand on the BCA review is not a review but a new Bougainville Copper Agreement based on the belief that as the landowners of Panguna Mine we will share what we have been blessed by God with to have on our land for the benefit of all the people of Bougainville.” Damana said the resources on Bougainville “are for the common good”. “On this same note we want to assure other Bougainvilleans, especially the ex-combatants that you are not forgotten,” he said. He said Bougainville was on the move. “Despite what is happening in South Bougainville we are progressing. We must have a positive outlook. “Here we must give credit to where it is due and this means our former presidents, late Joseph Kabui and James Tanis must be congratulated for their part in bringing us to where we are today. “We fully support our President John Momis and Minister Fidelis Semoso for their move to reopen the mine,” Damana said.

### **Study: Bright future seen for LNG industry**

The National, June 27, 2011

A BRIGHT future is forecast for the LNG industry, as long-term gas demand drives major investment in global LNG facilities, Mariner New online reports. A new report from energy business advisers Douglas-Westwood (DW) predicted the Pacific basin including the PNG LNG project would be the main contributor to a 10-year global investment high of US\$26 billion per annum by 2015. The report is being launched today at the 6th FLNG Asia Pacific Summit in Singapore and the 5th Annual Gas Storage Conference in London, with presentations by Jason Waldie and Joseph Dutton. “Last year saw recovery in LNG demand, led by Asian consumers. “China, in particular, has seen its LNG demand grow from 1bcm (billion cubic metre) in 2006 to around 13bcm today. “LNG imports to Western European and Latin American countries have also increased. “In addition, we have the prospect of increased demand for natural gas as the world considers the future of nuclear energy in the aftermath of the Japanese crisis,” report lead author, Lucy Miller, said.

“On the supply side, 2010 saw the commencement of major construction work on new facilities in Australia and Papua New Guinea. “Despite lower levels of expenditure on new LNG facilities, resulting from projects being delayed by the recession, the market is expected to recover and capital expenditures on LNG facilities for the 2011-15 period is forecast to total over US\$93 billion,” concludes Miller. The report suggested that much of the sector’s growth would be driven by an abundance of promising liquefaction projects in Australasia and import facilities in Asia. The market model used to develop the forecasts was based on a project-by-project review of development prospects, with the timing of expenditure phased to reflect likely project structure. The 200-page report included 130 charts and 70 tables showing historic and forecast expenditures in US dollar values from 2006 to 2015, segmented by facility type and region. Expenditure related to LNG liquefaction and regasification terminals was further broken down by individual components – including jetty and loading arms, storage tanks, compressors and construction services.

## GUADALCANAL VILLAGERS FRIGHTENED BY MINE SPILL

*Residents want explanation from Gold Ridge mine*

By Daniel Namosuaia

HONIARA, Solomon Islands (Solomon Star, June 27, 2011) – Downstream communities of Pitukoli, Levalu, Kwara, Vaskiki and Saura in the Gold Ridge area of the Solomon Islands' Guadalcanal have raised concerns over the cyanide spill which occurred at the mine chock station late last month. Provincial assembly member for Gaubata ward, and former Guadalcanal premier Stephen Panga said his people at the moment are living in fear after the leak. He said his people are living in great shock and fear because they don't know what might happen to them and their environment. They want the company to explain why they have not been informed of the incident and what could be its likely impacts. "Our people demand Gold Ridge Mining Limited (GRML) an explanation as to why our communities were not informed and being consulted about the incident when it first occurred," he said. He urged the company to quickly release the report of their findings as well as the independent environmental group, Pacific Horizons.



Mr Panga said his people cannot understand why it has taken the company and Pacific Horizon almost a month to produce their report findings of the leak. He said his people also raised their complaints as to why it has taken them two weeks before they knew of the leak. Mr Panga said signs of skin itchiness and rash are developing on children within their communities who normally use the river for swimming. "This happened after the spill and is of a grave concern to my people," he said. Communities downstream called on the company to carry out awareness talks to inform our communities about the incident and what its possible effects could be. He said sensitive issues like this should be the responsibility of the company to come to downstream communities to explain rather than using the association representatives to deliver information across to communities. Because association members themselves have little scientific and technical knowledge to explain such incident," he said.



Solomon Star understands a company vehicle (hilux) was confiscated by some members of the community last Saturday. This was to show their dissatisfaction to the company why they have not informed their people about the spillage. However after a meeting by the company with community heads Tuesday this week, the vehicle was handed back to the company. Mr Panga then called on the government to make sure an independent body is there to assess such situations and report truthfully to such incident. "Because the great fear of my people is whether our environment is safe and not contaminated by the cyanide spill," he said. Several attempts to contact head of Communications officer Mr George Kuper, Metapona Downstream Association (MDA) chairman and the acting general manager of Gold Ridge Mining Limited were unsuccessful yesterday. However Solomon Star understands, MDA chairman Sam Maneka who is also a communications officer is said to have organized several meetings with community leaders in the past weeks about the spillage. "But no concrete information has reached villagers," said Mr Panga. [Solomon Star](#)

### **Rio Tinto behind bloody Bougainville war: Prime Minister**

Post-Courier 27.6.2011

Brian Thomson of the Age Newspaper

Prime Minister Sir Michael Somare has accused Australian mining giant Rio Tinto and its subsidiary Bougainville Copper Limited (BCL) of being behind the PNG military's bloody suppression of Bougainville rebels opposed to the company's Panguna copper mine. An affidavit written by Sir Michael when he was Opposition Leader in 2001 - and never made public - alleges that Rio played an active role in military operations that ultimately led to a civil war and blockade of the island in which 15,000 people died between 1989 and 1997. "Because of Rio Tinto's financial influence in PNG, the company controlled the government," Mr Somare's affidavit states. "The government of PNG followed Rio Tinto's instructions and carried out its requests ... BCL was directly involved in the military operations on Bougainville, and it played an active role. BCL supplied helicopters, which were used as gunships, the pilots, troop transportation, fuel and troop barracks."

The Somare affidavit was lodged as part of an ongoing class action in the United States by the islanders against Rio Tinto. The case has been bogged down in legal argument for 10 years, preventing much of the evidence, including the Somare affidavit, from being made public. In his signed statement, Sir Michael claims that without Rio Tinto, there would never have been a war. "It is my opinion that absent Rio Tinto's mining activity on Bougainville or its insistence that the Panguna mine be re-opened, the government would not have engaged in hostilities or taken military action on the island." The affidavit will complicate Rio Tinto's current attempts to reopen the mine, which is being supported by Sir Michael's Government.

Sir Michael was unaware that SBS's Dateline program had obtained his signed statement from sealed US court material until his office was contacted this week. Sir Michael is recovering from double heart surgery in Singapore and his office was unable to say if he still stood by his comments. The ailing leader's statement reinforces claims from the islander litigants and former rebels that Rio Tinto had a hand in the military's efforts. Sam Kauona, a former fighter, said: "It didn't surprise me, all the time we knew." BCL chief executive Peter Taylor was aware of the affidavit, but said he was surprised Sir Michael would "make these accusations knowing they're completely unfounded".

### **HPL, Marengo rated highly in copper scene**

The National, June 27, 2011

By SINCLAIRE SOLOMON

INVESTMENT broker Evans and Partners has described Highlands Pacific and Marengo Mining as among exciting "new kids on the block" in the copper sector of the Australian market. Looking be-

yond the three major pure copper producers in Australia, the broker highlighted opportunities among the junior producers, namely Highlands Pacific, Marengo, Intrepid Mines and Sandfire. However, it said Indonesia was not as pro-mining as neighbouring Papua New Guinea where the Highlands Pacific and Marengo had large scale porphyry copper projects while Intrepid Mines had its projects in Indonesia. Sandfire has a higher grade copper project in DeGrussa, Australia, it noted. “As expected given the long term and capital intensive nature of development, the porphyries are trading at a greater discount to valuation,” Evans and Partners said in a report released last week.

It said that while Highlands Pacific remained its preferred copper producer among the junior sector, Intrepid Mine also featured as an interesting producer, “with a large discount to valuation and strong exploration upside, but with a higher risk profile due to location within a protected forestry region in Indonesia”. Highlands Pacific has a 18.8% interest in Frieda copper project in Ambunti-Dreikikir electorate, East Sepik, being developed by Xstrata as well as interest in Ramu nickel and cobalt project being developed by RamuNiCo in Usino-Bundi electorate, Madang, and exploration in the Star Mountains of North Fly, Western. Marengo Mining has a 100% stake in the Yandera copper and molybdenum project in Usino-Bundi electorate, Madang.

Evans and Partners said that a positive for the project was that a Chinese off-take partner might take a stake. It is a three-million tonne attributable copper resources and has a production timeline from 2015. The broker also noted that Yandera was a very large scale project, unusual for a junior to retain a majority stake in such a large project. Research analyst Cathy Moises said: “Looking at key supply/demand metrics, we feel over the next decade supply is likely to exceed demand for copper which may lead to price weakness in later years.”

## **Ok Tedi locals demand K650m compensation**

The National, June 27, 2011

By ANCILLA WRAKUALE

LOCAL communities from sites where pipeline ruptures at the Ok Tedi mine allegedly spilled pyrite into their river system are demanding compensation from the developer. Pyrite is a natural mineral containing iron and sulphur and is commonly found in rocks, especially those that contain valuable metals like gold and copper. Pyrite can harm the environment because, upon exposure to air and water, it can produce acid. The pipeline transports pyrite concentrates 128km from the tailings processing plant at the mine, along the Tabubil-Kiunga highway and onto the underwater storage pits at Bige. Four ruptures reportedly occurred last month, with another two leakages this month but Ok Tedi claimed it was waste water from the cleaning process as production stopped after the first rupture.

The locals, who gathered at Ningerum station last Thursday, presented copies of their petitions stating their demands and recommendations to Mining Minister John Pundari, Environment and Conservation Minister Benny Allan, North-Fly MP Boka Kondra, Western administrator William Goinau and OTML management representatives. The two groups wanted Ok Tedi to pay K638 million and K12.5 million respectively. Locals based their demands on the damage caused to their environment and river system, saying they were unable to bathe or collect drinking water. Ok Tedi will discuss compensation, based on impact assessment and inconvenience, and asked the state to arrange an independent assessment as soon as possible. Kiop Kowa, the community representative at Ningerum local level government representing three clans, said the rupture had forced the people away from the river. Pundari told them an independent body would investigate the claims.

## **Ok Tedi back in operation**

Post-Courier 27.6.2011

*By Harlyne Joku*

The suspension of Ok Tedi Mining Limited (OTML) was lifted last Friday, enabling the mine to resume operations after almost a month of closure. The decision was made at a debrief on Friday by a ministerial delegation who visited the OTML's pyrite pipeline spillage areas and assessed the clean up measures taken by the mine on Thursday since the pipeline ruptures began on May 6 this year. The State team signed a change notice which agreed that operations at the mine should resume and the mine to compensate the people affected by the pyrite spillage and build two tailings disposal dams.

The ministerial delegation, comprising Mining Minister John Pundari, Environment Minister Benny Allen, North Fly MP Boka Kondra and Mineral Resources Authority officer in charge Phillip Samar, Secretary and Deputy Secretary for Environment and Conservation Dr Wari Iamo and Michael Wau, Deputy Secretary for Mining Shadrach Himata, First Secretary for Mining Simeon Wai, First Secretary to Environment Minister John Aruga, MRA Coordinator James Top and the Western Province Administrator William Goinau. Mr Allen confirmed the lifting of the suspension, saying that the mine shall resume and adhere to strict conditions.

The first condition is that OTML must pay compensation to the communities in the affected areas of the 128 kilometer pipeline and for OTML to build two tailings disposal dams at the mine site. While the dam is being built, the company will dispose its waste down the Ok Tedi River and stockpile the pyrite at the mine site. Mr Allen said there will be two studies conducted by the mine and an independent consultant before the amount to be paid for compensation is determined. Communities at Ningerum and Matkomnai demanded to be compensated for the water environment damages. They called on the multi-billion kina Ok Tedi Mine to cease operations when the ministerial delegation visited the pyrite rupture areas and communities along the Tabubil Kiunga Highway last Thursday.

## **SAMOA URGED TO DEVELOP SEABED MINING POLICY**

*No pertinent regulations now in place*

APIA, Samoa (Samoa Observer, June 26, 2011) - Samoa needs to put regulatory policy in place and review existing seabed mineral data. That's the reaction from Lameko Talia, Principal Scientific Officer, Geology and Geophysics of the Meteorology Division of Ministry of Natural Resources and Environment (MNRE), after attending a 'high level' Deep Sea Minerals Mining Meeting workshop. Held in Fiji, the meeting identified key issues to be addressed towards the commercialization of deep seabed mining in the Pacific region. The meeting focused on legislative, regulatory, capacity requirements, and the environment, all of which pertain to deep-sea minerals and mining. Mr. Talia is inspired by the workshop, and eager to see a 'Sea Act' formulated that will directly apply to Deep Sea Minerals and Mining. "We need to put policies in place, and we definitely would want to work with SPC/SOPAC Division on this," he says.

Samoa has a principal, overarching The Lands, Surveys and Environment Act, passed in 1989, The Land for Foreign Purposes Act 1992/1993 and National regulations, policies and strategies that cover sand and gravel mining, water, and the conservation of flora and fauna, parks and reserve lands. Apart from the 1989 Act, there is "no provision specifically for the mining of minerals, whether on land or offshore." Mr. Talia says mining in Samoa is confined to coastal sand mining and aggregate quarrying for building roads and other infrastructure. Deep sea mineral mining for commercial purposes "would be a first for Samoa." "Past deep-sea mineral research led to the discovery of deposits of cobalt-rich crust, within Samoa's Extended Economic Zone (EEZ)," says



Mr. Talia. "The deposits are medium sized in comparison with those discovered in the EEZ of offshore Cook Islands for example, but there are deposits there." All previous research says the amounts are worthwhile investigating further, and could possibly generate economic incentives for the people of Samoa."

"We have a potential resource, but the existing data needs to be reviewed. If we are economically minded, we need to pinpoint exactly how much ore exists with a thorough exploration using the new 3D bathymetry technology that is now available. This is essential if there is to be any possibility of mining these deposits." Mr. Talia says it is important to look to the examples set by other Pacific Island nations, such as Papua New Guinea and Nauru, and make sure that the funds generated are channeled back to the community, to improve the country's GDP. "This raises issues of transparency, and as a vital part of any investment in seabed mining, information must be published for public review." In this way there is no possibility of misappropriation, and all parties are kept honest. "It is essential that we enforce contracts, make sure that all safeguards are in place before, during and at the end of a mining operation." For example, we don't want old machinery left on the beaches.

Samoa has a beautiful but fragile environment, and as tourism is a major revenue earner for the country, it is essential to maintain pristine waters and beaches. "We don't want people to stay away because environment has been degraded as a result of mining activities." Mr. Talia says that in order to develop the possibility of off-shore, deep sea mineral mining, it will be necessary to follow up, through the Ministry of Foreign Affairs, Samoa's status in relation to making the country's Maritime Boundaries submissions to the United Nations. "As a geologist from the Ministry of Natural Resources, I found this to be an inspiring workshop," he says. "There is no other Ministry in Samoa to regulate mineral resources, so we are the right people to be taking on this topic." "Perhaps further along, we could develop a specific Minerals Division."

*Samoa Observer:* [www.samoaoobserver.ws/](http://www.samoaoobserver.ws/)

## **Rio Tinto controlled the Government of Papua New Guinea: Bougainville revisited**

By Alex Harris, June 26, 2011



Abandoned Panguna mine

AS RIO TINTO gears up to reopen the giant copper mine at Panguna, I offer a little reminder to the shareholders salivating over potential gains on the stock forums like Hot Copper: Rio Tinto has eroded all trust in its operations on the island of Bougainville. It is a difficult position from which to return. Sitting next to Peter Taylor, chairman of Bougainville Copper, at a recent lunch in Sydney at which the subject of corporate social responsibility of mining in Papua New Guinea was informally discussed, I made the comment that the people of PNG would be unlikely to allow a return of BHP Billiton. The legacy of the environmental disaster that is the Ok Tedi mine, and events surrounding its exit from PNG, dog it still. Taylor scoffed, stating BHP was already there, exploring.

Indeed, according to the Mineral Resources Authority, new geological data sets created from airborne geological surveys funded by the European Union's Mining Sector Support Program (which has the objective of sustaining the economic performance of PNG's mining sector), when released in April 2010, saw exploration applications submitted increase from 60 to 140, with the most interest from BHP Billiton, Barrick Gold, Rio Tinto and Newcrest. As a guest of others at the lunch, to comment further would have been impolite, but there remains much to comment upon with regard to Rio Tinto's own history in PNG. In his statement to the 57th Session of the Commission on Human Rights in 2001, Klaus Töpfer, Executive Director of the United Nations Environment Program, noted that human rights cannot be secured in a degraded or polluted environment.

*The fundamental right to life is threatened by soil degradation and deforestation and by exposures to toxic chemicals, hazardous wastes and contaminated drinking water. Environmental conditions clearly help to determine the extent to which people enjoy their basic rights to life, health, adequate food and housing, and traditional livelihood and culture. It is time to recognise that those who pollute or destroy the natural environment are not just committing a crime against nature, but are violating human rights as well.*

Transnational mining companies in PNG have rendered some of the largest river systems undrinkable, unusable, irreparable. Riverine disposal of mine (rock and tailings) waste is used at Barrick Gold's Porgera mine, at Ok Tedi, and was used at Rio Tinto's Bougainville Copper mine. Despite the United Nations Global Compact, the Millennium Development Goals and, in the case of PNG, the National Goals and Directives enshrined in the Constitution, and an increasing number of international fora within which disputes regarding environmental degradation may be heard, there remain few legal mechanisms to hold transnational mining companies accountable for environmental damage or resulting loss of access to fresh water, loss of food sources, human health, or other human rights.

Such potential action from Papua New Guineans in the home jurisdictions of mining companies such as Australia or Canada, was struck down with the rewriting of PNG law to prohibit any legal action for redress against mining companies in foreign courts. Drafted in 1995 by Australian law firm Allens Arthur Robinson, as legal counsel for BHP, the Compensation (Prohibition of Foreign Legal Proceedings) Act had the specific purpose of negating a claim in the Victorian Supreme Court filed by landowners of the Ok Tedi region, seeking compensation for egregious environmental damage. Justice Cummins of the Victorian Supreme Court found on 19 September 1995, that BHP had committed a contempt of court for its part in drafting Papua New Guinean legislation to block the \$4 billion compensation claim against it.

Yet its actions were meek in comparison to Rio Tinto's on the island of Bougainville.... Rio Tinto, like BHP, caused such damage to the environment and people of its host community, it destroyed its reputation. On 23 June, PNG Mining Minister John Pundari stated BHP was not welcome in his country. Quoted in The Australian newspaper, he said the environmental problems at Ok Tedi were real and huge, and the company should have looked for remedial solutions instead of walking away.

“I personally find it very difficult to allow the return of BHP Billiton into this country, given its legacy with the Ok Tedi mine,” he said. He is not alone. There are many people on Bougainville and beyond who feel the same about Rio Tinto. What do you think?

*Read Alex Harris's full report [here](#)*

## **Gold and silver production to pass 31m ounces**

Post-Courier 24.6.2011

PAPUA New Guinea's mining industry is poised to produce 31, 325, 500 ounces of gold and silver and 165, 000 tonnes of copper in 2011. Officer-in-charge of the Mineral Resources Authority (MRA) Philip Samar told Mines & Money conference in Beijing last week (June 15-16) that these production figures were expected from the six mines operating in the country at present. The mines are Porgera, Ok Tedi, Tolukuma, Sinivit, Simberi and Newcrest (Lihir). Out of the production figures and commodities, Porgera is expected to produce 500, 000 ounces of gold and 80, 000 ounces of Silver, Ok Tedi 400, 000 ounces of Gold, 1, 000, 000 ounces of Silver and 165, 000 tonnes of Copper, Tolukuma 70, 000 ounces of Gold and 150, 000 ounces of Silver, Sinivit 50, 000 ounces of Gold and 2, 500 ounces of Silver, Simberi 800, 000 ounces of Gold, while Lihir is expected to produce 800, 000 ounces of gold.

Mr Samar told the conference that PNG had four major mines on advanced stages of construction which were expected to come on stream in the near future. The mines are Ramu NiCo (mine life 30 plus years), Solwara 1 (5 years), Yandera (10 years) and Frieda projects with expected mine life of 20 years. The OIC said several potential investors have spoken to him during the conference and have expressed interest in visiting PNG to obtain more information on mineral investment climate in PNG. He said others visited the PNG booth and enquired about the PNG mining policies and regulatory framework.

## **Ok Tedi: Kiunga residents pay for electricity**

Post-Courier 24.6.2011

*By Deborah Moses*

Residents of Kiunga in Western Province have for the first time since Ok Tedi Mining Limited began operations in 1984, started paying their own electricity bills. As part of preparations for mine closure, the Fly River Provincial Government has acquired assets from the company to continue providing essential services. A confrontation between the Fly River Provincial Government officers and residents eventuated on June 14 at the district office regarding the tariffs that were being imposed. According to long time resident Vicky Connie, there had not been any awareness done before meters were installed and residents were asked to pay up their bills or have electricity disconnected to their homes. According to spokesperson Gary Temop, residents were being forced to pay K1 per kilowatt, which was far too costly.

Secondary school teacher Lillian Sakini said just the cost food and other store items could their already tight budgets afford. She said store items like a 2kg packet of flour costs around K11 and a kilogram of sugar was K9.80, and now that electricity bills were being imposed, she wants the allowances due to public servants to be increased. Deputy Administrator Willie Kokoba told the people that nothing was free and that the tariff would be revised. Provincial planner Mannseh Kambong encouraged the people to write a formal letter to authorities to have the tariffs reviewed. He agreed that it was a new thing but people had to accept changes and deal with matters through proper channels. Provincial finance manager Paias Januarius said the provincial government and Western Power were currently reviewing the tariffs. He said the rate would most probably drop from K1 to 80 toea. He said unlike some centres, electricity in Kiunga was produced by two diesel generators.

## **Lazy culture a creation of LNG**

Post-Courier 24.6.2011

By *MOHAMMAD BASHIR*

THE multi-billion kina PNG LNG Project is creating many opportunities for the project impacted area landowners to transform and change their way of living. Questions however have been raised in the past as to whether the project is bringing opportunities or a curse. In once remote Hides, for example, which was unknown to the outside world and where man still pride their famous Huli wig, is transforming from a laid back society to one that will host PNG's first LNG project with the country's largest international airport (about a kilometre longer than the Port Moresby's Jackson's International Airport). With that, the people are already witnessing the influx of some of the most sophisticated equipment ever seen in the country which process massive gas reserves.

Up to this day, the famous Helas lived simple life with man taking command of family units. While men take care of their families, women, land and pigs were the most valued. If they were to be given away, it had to be in a traditional ceremony or they were only released if payment in cash or more pigs is made up front. What they ate was grown in their gardens and women were the ones that sweat out on making gardens after they are cleared by men. They lived a nutritious life as they had to work if they wanted to eat food. In less than two years since the financial close of the project was announced by ExxonMobil in December 2009, many locals have been employed as skilled or unskilled labourers and many more are employed indirectly by subcontractors and landowner companies.

Hides Gas Development Company is the ExxonMobil recognised umbrella landowner company that was tasked to perform five main business areas so that regional landowner companies can meaningfully participate in them. One of HGDC's tasks is to hire skilled and unskilled labourers, pay and feed them and make sure they are happy working for various contractors in project. Local labourers receive food rations and accommodation allowance on top of their fortnightly pay. In a culture shock, a new trend of events is raising concern as a result of everything being provided. The once active people who worked for their livelihood with strong believes that every man and his dog had to work to eat is fast fading. "Today we have so much money floating around in the villages and this is not in hundreds but in thousands of kina. "On top of the salary paid to skilled and unskilled labourers, HGDC is supplying them food rations accommodation allowances," an HGDC staff noted.

The lowest salary range being at K660 per fortnight, each labourer's accommodation and salary together is around K1000 each fortnight. At the same time, women are not cooking the rations supplied for family consumption but instead they are cooking supplies like flour and selling at the markets for extra money. "From my observations, I see that we are creating a group of lazy people who will only be relying on money from the LNG project and their gardens will be overgrown with bushes again, the officer said. "Money is squandered on unnecessary items such as marrying many wives and alcohol and even in poker machines in the major cities. "In three to four years' time, the construction phase of the LNG project will slow down and this is when we will have a massive problem," he said.

This he said is a problem in a sense that many of the unskilled labourers will slowly be phased out and allow for experienced and expert staff mostly expatriates and a few locals will then take over the actual installation of the LNG plant and the communication systems that will be required in the processing of the LNG. The landowners do not have any savings culture and whatever they received each fortnight is for immediate consumption and if they continue on the current trend we will have more social problems when they look at ways that they can sustain their lavish lives. By then, their only means of revenue will be royalty and equity. The Government has to act now to avoid these problems and create opportunities such as banking facilities and top of the range high schools and

technical schools so that young people from the areas are well educated now so that they can sustain themselves into the future.

### **PNG investment at an all-time high**

The National, June 23, 2011

INVESTMENT opportunities in Papua New Guinea are at an all-time high as a result of the economic boom led by the country's petroleum and mining sector, PNG's permanent secretary for Trade and Commerce Moses Nangu, said. According to Fiji Times online, he said foreign investment was "speedier than ever" caused by the much-publicised liquified natural gas project. As a result of this investment environment, Nangu said the need for skilled and semi-skilled labour was "becoming very important". He said it was, therefore, necessary that dialogue and negotiations on the subject with forum island leaders be pursued. The online news said the Melanesian Spearhead Group was drafting a memorandum of understanding on a skills movement scheme and further discussions will take place in the upcoming Trade and Economic Ministers meeting scheduled for Port Vila, Vanuatu at the end of the month.

Speaking at a meeting of the Pacific Islands Private Sector Organisation (PIPSO), Nangu said the mining sector also continued to thrive with exploration works for other geophysical sectors were ongoing. PNG ranks 11th in the world as gold producer and 10th in terms of copper production – with a real potential of exceeding present production levels. Silver is a commercial by-product of most mines and PNG also has an extensive reserve of natural gas and oil. In addition, he said export commodities continued to flourish, taking advantage of international commodity market prices. The PNG business environment was relatively uncrowded and he said the government welcomed foreign investment that contributed to the economic development and prosperity of the country and its people. Nangu identified the areas of agriculture, fisheries, forestry, mining and petroleum, manufacturing, tourism, financial services and telecommunications as potential areas of trade and investment.

### **Pundari against BHP's return to PNG**

Post-Courier 23.6.2011

STATE Minister, John Pundari (Mining), yesterday took the unprecedented step of declaring unwelcome attempts by global giant BHP Billiton to return into the mining industry in PNG. Answering questions to confirm applications by BHP Billiton for exploration tenements in the country, Mr Pundari said he personally did not want them back in the country. This was based on the company's 2001 exit from the Ok Tedi mine, which he described as an act of cruelty on the face of admission to massive environmental damage as a result from the mining operation in the Western Province. Mr Pundari will today travel to Ok Tedi together with Environment Minister, Benny Allen, to inspect first-hand the pyrite spill and damage to environment. And he blamed the former Morauta government of legitimising the exit of BHP without allowing for impact communities to seek compensation payments as stipulated under the Ninth Ok Tedi Supplemental Agreement. "I personally find it very difficult to allow the return of BHP Billiton into this country again given its legacy with the Ok Tedi mine project," Mr Pundari said.

North Fly MP, Boka Kondra, had raised a series of questions in Parliament for Mr Pundari to confirm BHP's exploration applications which he said were now being processed by the Mineral Resources Authority (MRA). He asked why the company was being considered for re-entry when the environmental damages were still occurring and evident. Mr Pundari said BHP made its decision to leave the country following release of reports in 1999 showing the extent of environmental impact which had exceeded set levels. "The environmental problems of the Ok Tedi river systems were real

and huge and the company should have looked for remedial solutions instead of making a decision to walk away from them,” Mr Pundari said. “In fact there were serious operational oversights and deficiencies by the operator BHP Billiton that led to these environmental mishaps.” Mr Pundari said the Morauta government saw fit to allow the BHP exit “in return for little economic benefits for the impacted communities”.

“The people and the State were fully aware of the deformed environment that was to be left behind, but unfortunately BHP Billiton did not leave the people and the government much choice as it was determined to exit no matter what the case,” he said. “Therefore, the people and the government had to settle for whatever the company could offer on the eleventh hour and it has been evident to date that the benefit arrangements left behind had very little impact to the social and economic development of our people and the country.” Mr Pundari said under the Ninth Supplemental Agreement, the PNG Sustainable Program Company was set up to manage the 52 per cent left by BHP of which one third was invested in Singapore while the rest was maintained onshore for development purposes in Western Province and the country.

Out of the remaining two thirds, one third was specifically for Western Province development. However, Mr Pundari said the board of the PNGSP was still being controlled by BHP “and it is regrettable that no real large tangible projects and programs have been rolled out in Western Province and the rest of the country to date.” He said Western Province leaders were crying foul over the use of funds and the lack of transparency and people were still dying there from a lack of basic services. “This is an act of cruelty and we must not continue to condone this type of conduct in this country,” he said. “A responsible miner would have admitted its mistakes, assumed responsibilities and proactively proceeded to work with relevant stakeholders to provide remedies to fix, or improve the environmental situation instead of walking away from the problems.”

## **LOST PRODUCTION COSTS PNG MINE \$180 MILLION**

Ok Tedi Mine down four weeks since toxic spill

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 22, 2011) – The suspension of copper concentrate production at Ok Tedi mine in Papua New Guinea is now into its fourth week. Operator, Ok Tedi Mining Limited, reports that in the four weeks of production suspension, the operation has lost US\$180 million or about K447 million in revenue. OTML management yesterday moved to put measures in place to rein in costs by suspending non-critical expenditure including non-essential maintenance on plant and equipment, engagement of consultants, contractors, and casual labour, overtime work and non essential business travel. Production was suspended last month following four small localised ruptures in OTML’s pyrite concentrate waste pipeline. The ruptures resulted in some spillage into the surrounding environment which was immediately responded to with an extensive clean up and monitoring program by OTML environmental scientists and Community Relations officers. The clean up and monitoring program is ongoing.

At the same time as continuing investigations into the cause of the pipeline ruptures and repairing the ruptured sections of the line, OTML has applied to the Government by way of a ‘Change Notice’ to restart production using alternative interim ways to manage its mine tailings until the pyrite concentrate line is repaired. If given approval by the State OTML can resume production. The ‘Change Notice’ was submitted to Government over a week ago and is awaiting approval by relevant Ministers. In the meantime, OTML’s production plant remains shut while revenue lost are being incurred of US\$6 million, or K14 million per day. Managing Director Nigel Parker says: OTML management hopes the program of cost cutting introduced today will help to maintain the business while awaiting Government approval to recommence production.”



## Landowners siege Komo, Hides gas highway

Post-Courier 21.6.2011

THE Hides gas to Komo section of the Highlands Highway in Tari, Hela Province, a vital supply link for the development of the multi-billion kina PNG LNG project sites, is under siege by angry locals as of last Friday. Frustrated Hides landowners felled trees, placed huge rocks and stones as boulders on the road, chained the Tagali river bridge and used a backhoe machine to dig a huge drain across the highway at Mbelepa village near Nogoli. The locals also damaged the Tumbi river bridge between Hides 4 and the proposed Komo international LNG airfield. Tari police said the incident stemmed from a car accident which killed two pregnant Mbelepa women near Nogoli market in February this year. Police said the vehicle involved in the accident, believed to be owned by Mitre Pacific Hire Cars in Mt Hagen, was seized by the women's relatives during the accident. The relatives kept the vehicles for four months while waiting for compensation payments.

Last week, armed police mobile squad unit attached with the LNG security operations, stormed Mbelepa village and removed the vehicles from the locals and returned them to the owner in Mt Hagen. This frustrated the landowners then seized another five vehicles belonging to ExxonMobil. They blamed ExxonMobil for engaging the policemen to cause problem. Police again used force to retrieve the five vehicles last week. This forced the landowners to vent their frustrations by blocking off the road to deny any access along the highway and on the corridors of the LNG project. Hides PDL 1 landowner leader Peter Potape said yesterday that from Tagali bridge to Hides 4 (PDL 7) and Komo turn-off there are roadblocks and it would take a while to clear the road. Mr Potape said in the last five days, all work at Hides 4, the proposed Hides LNG condensation plant site, Hides 4 access road, camp constructions, quarry, the LNG technical college at Yuni and Komo airport among others have come to a standstill. He said the landowners have refused to remove the road blocks in their meeting with new the Hela Police Commander Supt John Anawe on Sunday in Nogoli until some of their demand are addressed by the State and ExxonMobil.

He said apart from seeking compensation for the two women killed in the car accident, the landowners want the State and developer ExxonMobil to address all outstanding issues at Hides and Nogoli areas. ExxonMobil country managing director Peter Graham flew to Nogoli the previous Sunday and met with the panic-stricken expatriate staff for before he dashed off to Port Moresby. ExxonMobil's public affairs manager Miles Shaw did not respond for comments. Supt Anawe led a section of the Tari based police mobile squad 09 unit to Nogoli on Sunday to have the road cleared. However, the landowners are hesitant and asked the PPC to call Police Commissioner Tony Waggambie to withdraw the police attached with the LNG security operations. Supt Anawe said he would travel into Hides and Nogoli today in a bid to free up the road. Affected in the road closure are fuel and supplies bound for contractors.

## PNG MINE LANDOWNERS MEET TO RESOLVE ROYALTY DISPUTE

Joint set of resolutions to resolve differences signed

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 21, 2011) – In Papua New Guinea (PNG), disputing Simberi Mine landowners have signed a joint set of resolutions to resolve their differences over the use of royalty benefits. Mining Minister John Pundari successfully led the mediations and a series of meetings which were held from June 10-15 in Port Moresby. Simberi Gold Company Limited paid for the landowners travelling expenses to and from Port Moresby to Simberi in the New Ireland Province. The signing of the resolutions included:

- land investigations studies to be conducted to identify legitimate landowners of Mining Lease 136 area,
- a major reconciliation ceremony to be held between the factions before the MOA Review commences.

- review of the 1996 MOA immediately upon completion of the land investigation,
- an independent facilitator to chair the MOA review.

The parties also agreed to allow the state to hold any royalty payout to be held in trust until these issues were addressed. An ongoing dispute between the Simberi Mining Area Association (SMAA) and the Simberi ML 136 clan leaders over the use of the 60 per cent royalties paid out by the company to landowners, has been ongoing since March 2010. This prompted the Mineral Resources Authority (MRA) to commission an audit into the payments by Simberi Gold Company and how the monies were used by the SMAA. Following the audit, an election of a new SMAA Board was conducted which saw the re-election of all the former members. Simberi ML 136 clan leaders, who opposed the election, formed their own association called the Simberi Mining Lease 136 Resource Owners Association as well as an investment company which they called the Simberi Investment Company Limited.

### *Editorial*

#### **Ramu: DSTP courtroom finale**

The National, June 21, 2011

By JAYNE SAFIHAO

THE highly entertaining courtroom drama between Tiffany Nonggorr for the plaintiffs and Queen's Counsel Charles Scherri for the Chinese mining developer, Ramu NiCo, in the deep sea tailings placement (DSTP) saga will have its finale tomorrow when Judge David Cannings make his ruling on whether or not there will be a final injunction. The substantive issue being raised by 1,081 individuals from Basamuk and the coastline villages as far as Karkar is whether the Department of Environment and Conservation approved permit (for the tailings disposal) allows for the environmental harm that will be caused them. The current plaintiffs are Louis Medaing and the Medaing families of the Tong clan; the Sawang families of the Ongeg clan and another 272 people; Terry Kunning and 152 others; Martin D Yagau, Paul Kamang and 17 others; Bill Koi, Tamlong Tab and 191 others; Kamang Namur and 20 others; Simon Sil, James Sungai and 323 others; and Caspar Angua on behalf of 23 others.

Issues raised during the 10-month long case have been whether a proper prior Environmental Impact Assessment had been done before a permit was issued; that nil monitoring reports with very little scientific report have been submitted by the Department of Environment and Conservation (DEC); that sum baseline studies, study of ocean currents, marine species and corals, sedimentation and upwelling and the turbidity and toxic level of the tailings were not done; no erosion control was in place before construction; low rate of sedimentation in the bay; the lack of information on how smothering of marine life within the 150 square kilometre of ocean floor will have on the marine ecology; that PNG will encroach the UN Convention on Biological Diversity of which it is a party to; the levels of toxins in waste and the inadequate contingency plan in the event of any disasters. The Scottish Association of Marine Scientist (SAMS) headed by Dr Tracy Schimmield, was engaged by the government to do an independent report.

Schimmield swore on affidavit relied upon by state parties in the proceedings that the government funded report amongst others was not designed to determine whether upwellings were occurring and, therefore, recommended that a further 12-month study period for studies to be done. Whether this study will commence will hinge on the decision tomorrow. Simple village people and some of the world's renowned scientist from various fields took the stand arguing with equally qualified persons from the defence. Scientist that took the stand were Dr Schimmield, an oceanographer and the lead scientist retained on contract; Dr John Luick, an oceanographer; Dr Phil Shearman, an

ecologist responsible for the Lutheran church report; Gavin Mudd, a mine waste specialist (environment engineer), who argued that on-land tailings disposal be best for monitoring purposes; Philip Tower, a marine chemist; Stuart Jones, a specialist in environment and monitoring purposes with wide experience in coastal morphology; and Ian Hargraves, marine scientist and oceanographer.

The defence team made up of Steven Davis for the state; Scherri, Ian Malloy and Goiye Gileng for Ramu NiCo submitted to the court that Ramu NiCo did have statutory approvals for construction and operation of the DSTP system and, therefore, the DSTP activity could not be unlawful, that evidence shows that there is no real risk of damage, that the relief for injunction is pre-emptive and that it will cause substantial injustice if a permanent injunction is granted at this stage of the project when all major components of the project is substantially completed at a cost of about US\$1.3 billion. Davis submitted that evidence did not support the plaintiff's allegations of harm and, therefore, there should be no cause of action. Whatever the decision, Cannings will be deliberating on the bigger picture of whether the tailings waste dropped at a depth of 150m, 400m from shore down a gradual slope through canyons and eventually coming to rest at a depth of 850m-1,200m, covering 150sqkm of sea floor will be detrimental to lives of humans and marine life.

On the one side are the plaintiffs, simple villagers who feel they were frustrated at every turn by government entities meant to regulate the system for their benefit. Their registered land disputes have been delayed for the last 11 years with the special Lands Titles Commission yet to convene. The only place these plaintiffs have turned to is the courts to be heard and to protect them, their rights, their families and their future. On the other side is a multi-million Chinese investment which has received all the statutory approvals required for it to operate. Billions of kina have been spent on the project and a stoppage now will have major repercussions generally on the country as an investment destination and specifically affect a multi-billion project that has been supported by Prime Minister Sir Michael Somare. Whichever way Cannings decides, the words of counsel for the plaintiffs, Nonggorr, rings true: "This has been a hard case."

### *Letter to the editor*

#### **Don't allow assassinations into our culture**

Post-Courier 21.6.2011

As Governor of our city I condemn this despicable and heinous crime committed in our city in the assassination of one of our resident and manager of a big retail outlet in the city. All killings are unacceptable but this one in particular is totally unacceptable and I condemn it in the strongest terms. Assassination or targeted killings is not part of our traditional or contemporary culture. It should never be allowed to become part of our culture and I call on all our residents to co-operate with police if they have any information about the killing. Co-operate with the police so that the perpetrators of this heinous crime can be arrested and brought to trial so we put an end to this practice before it takes root in our country.

Powes Parkop, National Capital District Governor

#### **PALAU'S KAYANGEL STATE OKS REEF OIL DRILLING**

*Palau Pacific Energy to explore the remote northern isle*

By Bernadette Carrerion

KOROR, Palau (Marianas Business Journal, June 20, 2011) –The Kayangel State government has authorized the Palau Pacific Energy Inc. to conduct oil exploration drilling in at the waters of

Velasco Reef until Dec. 31, 2012. Although the state legislature previously failed to grant the extension after the May 15 deadline, Kayangel Gov. Edwin Chokai approved the company's request for extension. The agreement between PPE and Kayangel State authorizes the governor to either approve or deny the extension request. [*PIR editor's note: Kayangel is an island state located in the far north of Palau, above Babeldaub.*]

According to recent reports, PPE has not been able to drill, citing "circumstances beyond its control" such as world economic recession. The company also reportedly blamed the previous administration at the national level for the delays in the venture. PPE stated that with the extension, oil exploration can proceed with adequate time to conduct the test well-drilling research. The test drilling seeks to determine if commercial quantities of oil and gas are present in the sub-surface of the Velasco Reef. PPE had a license agreement with the national government and Ngarchelong State which expired this year. However, it intends to re-negotiate the agreement if oil or gas is discovered in Kayangel State. PPE added that it will be negotiated under the terms and condition set by the petroleum bills currently pending before the Palau Congress. Velasco Reef, located just 20 miles north of Kayangel, is touted as a treasure trove of marine life. [Marianas Business Journal](#)

## **AUSTRALIAN COMPANY TO MINE MAGNETITE FROM FIJI RIVER**

Amex Exploration plans to mine two million tons in 15 years

By Nasik Swami

SUVA, Fiji (Fijilive, June 20, 2011) – In Fiji, an Australian company Amex Exploration has show interest in mining magnetite from the Ba River mouth. Mining Manager Venasio Nasara said Amex Exploration has confirmed that the river mouth is rich with magnetite and will begin mining soon. Nasara said there is a possibility of mining two million tonnes of magnetite in the next 15 years. He said the company has briefed the landowners on their procedures and how they will minimize environmental impact. Magnetite is an important ore of iron. Its perfect crystals are also popular among mineral collectors, and the magnetic Lodestone variety is popular among amateur collectors. This mineral is also of significant scientific interest because of its special magnetic properties. Fijilive: <http://www.fijilive.com>

## **BOUGAINVILLE GROUP LEADER WANTS MINE REPARATIONS**

Me'ekamui says Panguna will not re-open until demands are met

WELLINGTON, New Zealand (RNZI, June 20, 2011) - The leader of a Bougainvillean group that claims the backing of most people in the Papua New Guinea province, says there's no chance of the huge Panguna mine re-opening until demands for reparation first made more than 20 years ago, are met. The Me'ekamui Tribal Nation and its self styled president, Philip Miriori, says before any development will be allowed a monument to the island's civil war dead must be built and outstanding human rights issues addressed. He says, in addition, the longstanding demands for financial redress from the mining giant Rio Tinto for the destruction caused by the mine must be satisfied. "Those demands were being put in place 20 years ago, and nobody made any response then on those demands. Ten billion kina [US\$4.3 billion], that was for environmental damage and the other issue is the compensation issue." Radio New Zealand International: <http://www.rnzi.com/>

## **SOLOMONS GOLD MINE COVERS UP CYANIDE SPILL**

News of five-hour spill leaked three weeks after incident

By Daniel Namosuaia

HONIARA, Solomon Islands (Solomon Star, June 17, 2011) – A broken pipe at the Gold Ridge mine caused a cyanide spill last month. Details of the May 27 accident are yet to be revealed. According to a source within the company, the incident was kept a secret from the public due to the seriousness of the incident and proper investigations must be carried out. It was reported the broken pipe had already been fixed and a formal report of investigations carried out by Pacific Horizons, a private environmental group together with Gold Ridge environmental department will be made known at a later date. A Gold Ridge company worker who wants to remain anonymous said the burst occurred from a pipe of one of the choke stations that normally controls the flow of slurry (production waste generated from production mill) to the tailings dam. "The spillage is believed to have occurred for more than 5 hours", he said. When asked what the quantity of spillage is like, he said, "U save go nao!".

Speaking to Solomon Star earlier on the week, the permanent secretary of the ministry of energy and mines Benjamin Newyear said detail report of the findings will be released as soon as it is ready. He said his officers were sent to the mine site after receiving reports of the spillage to investigate and compile a report of their findings. However he will not make any comments at this stage. A source from the ministry from environment said the team comprising of ministry for environment, health and mines personnel went to the site to do general observations only, but no tests or samplings on the state of the spillage was done. Reported case of cyanide leakage have occurred in the past which raised land owners and mine workers concern for their safety and risks surrounding its impacts. Cyanide is acutely toxic to humans and the environment. The main risks linked to workers concentrated hydrogen cyanide gas, leakage of cyanide into the environment and exposure of surrounding communities due to accidental release of cyanide.

The release of cyanide and other toxic chemicals such as arsenic, lead, cadmium and mercury can lead to deforestation, soil erosion, landslides and contamination of underground water. General Manager of GRLM Mr Drew Anwyll, when asked about the spillage incident, could not answer questions raised to him but said, "a picture tells a 1000 words". Chairman of the Gold Ridge Land Owners Council, Mr Watson Mani when contacted yesterday was unaware of the incident and said they will carry out their investigation after being tipped off by this paper. He said they will investigate the incident and speak to surrounding communities if they are aware of the spillage and experienced any side effects. Any spillage is a real life threatening environmental hazard to which substantive steps is needed from the government and mining company. [Solomon Star](#)

## **Second mine prefers marine dumping in Madang**

PNG Mine Watch 17.6.2011

The developer of the Yandera Mine in the Bundi area of Madang Province, Marengo Limited, has said it prefers using the controversial marine dumping for its tailings waste disposal, according to the Post Courier newspaper. The National Court will next week rule on the legality of the marine waste dumping plans for the Ramu nickel mine in Madang Province. Local people living along the Madang coast say the waste dumping will cause inevitable environmental damage and impact on their subsistence lifestyles which depend on fish and other produce from the sea. The Post Courier quotes Marengo Operations Manager, Grant Calderwood, as saying marine dumping is scientifically a good way of disposing off mine wastes and, due to the instability of the landscape in the areas involved in the project, it would be very risky and dangerous to build a land base tailing system.

Mr Calderwood is also quoted as saying that Marengo is a very responsible developer and wants to make Yandera a role model for other mining projects in Papua New Guinea. He said the the company was working twice as hard to effectively address environmental and social issues associated with the project. The Yandera mine will be built and financed by a Chinese company, China Non-ferrous Metals. The Ramu mine is majority owned by another Chinese company, MCC.

### **Hidden Valley: Community welcomes cooperation**

Post-Courier 17.6.2011

THE middle Watut community of Sambio in the Mumeng LLG, Bulolo District last week pledged their support to work with their government and Hidden Valley Joint Venture (HVJV) to participate in meaningful development projects and opportunities. About 200 Sambio villagers led by their community leaders and elders, organised a public gathering on Wednesday where the assurance was given. Village elder Robert Kakoven opened the gathering by reading out a list of reasons, explaining the communities' stand. Primary among them was the need for common understanding and creating better working relationships with the government and HVJV in order to benefit from long term development projects while also taking note of how they could work to minimise any impact the operations may have on the environment. "Today, we are here to assure the developer HVJV and the state of our commitment to work together and see tangible development through community projects" said Robert.

The gathering also allowed ordinary community representatives to publicly show their commitment to support all stakeholders in order to benefit from community projects. These included presentations to the state team and HVJV for classrooms and staff houses by former NBC Morobe radio personality, Jack Yame, Community health projects, by Maxwell Bendum, alternative water supply and fish farming projects, by Andrew Kipuai and strengthening of women's groups for equal participation in development opportunities which was presented by Data Bendum. Acting Bulolo district administrator Tae Gwambalek later commended the people of Sambio for working together to find solutions for the common good. "Development will not happen overnight. For any project to deliver long lasting benefits, it will need commitment and ownership that can only come through ward, district, provincial and national government plans and visions and importantly, from you the stakeholder communities," he said.

MRA representative and Hidden Valley project coordinator James Norum also thanked the Sambios people for taking a proactive approach that involved dialogue and proper discussions. "The path and commitment by the people of Sambio today is the way to address issues and find solutions so that benefits can be realised now and in the long term," Mr Gwambalek said. Witnesses to the occasion were Mumeng LLG manager Samuel Jangin, acting Bulolo district administrator Mr Gwambalek, officers from Mineral Resources Authority (MRA), the Department of Environment and Conservation (DEC), Morobe Provincial Government (MPG) and representatives from Morobe Mining Joint Venture (MMJV).

### **Ramu fate hangs on ruling in PNG court**

Sydney Morning Herald, June 16, 2011

Miners in Papua New Guinea will be watching closely a decision to be handed down in Madang Court next week. A long-running battle by local landowners against various aspects of the \$US1.5 billion (\$1.4 billion) Ramu nickel/cobalt mine is due to come to a head on Tuesday when Justice David Cannings hands down his decision on whether its proposed dumping of mine waste offshore, formally referred to as Deep Sea Tailings Placement, is too environmentally damaging to be allowed. It is too early to say whether the Ramu decision will set a precedent, but disposing of un-



wanted ore has been a thorny issue in PNG since the case of BHP Billiton's Ok Tedi operation and the downstream effect of its mining. The mine's proposed disposal method is not a novelty in the region - the Lihir mine and others have done it - and cynics say the whole case is to extract higher compensation payments for the locals.

Ramu is majority-controlled and operated by an offshoot of the giant China Metallurgical Group. It should have opened more than year ago but has been held up by failing to get final approvals, thanks to actions by PNG residents. The ASX-listed Highlands Pacific, which handed control of Ramu to the Chinese after an introduction by the PNG government, still has 8.56 per cent of the mine (and the right to lift its stake to 20 per cent over time). Based on the construction cost, that stake is worth \$130 million to \$150 million, although selling it would not be easy. The price would be an interesting balancing act because Highlands knows that China Metallurgical's partners in the mine are steel mills that will soak up all of the production. There appears to be zero value placed on it in Highlands' share price, which fell 1¢ to 25.5¢ yesterday. Insider suspects Highlands would be more than happy for its Chinese joint-venture partner to buy its share, even if that means forgoing a revenue stream, given that the longer the dispute goes on the more politically awkward it will be for the Australian group to negotiate approvals for its other PNG assets.

According to research by Evans & Partners a while back, Highlands has a theoretical \$30 billion-plus share of another PNG mine-to-be, the Frieda copper/gold deposit. Plans for Frieda's tailings dump do not contemplate the seabed. You would have to say that Frieda is not in the share price either, although developing it is still about a half decade away so that is not surprising. One of the millstones being carried by Ramu is that it was approved by PNG's "father of independence", Prime Minister Michael Somare, whose political currency is not worth quite as much these days. Somare has been ill in hospital in Singapore for some time. Insider suspects that if the decision goes against the Ramu owners, there will be an appeal to the High Court. That also has a political aspect, because PNG's economy is heavily dependent on the income from minerals and petroleum.

### **Ok Tedi: US\$ 46.1m on PNG projects**

Post-Courier 16.6.2011

THE Papua New Guinea Sustainable Development Program (PNGSDP) company held its Annual Report Meeting last Friday at Crowne Plaza Hotel in Port Moresby. Present at the gathering were the company board and management as well as members of the general public. In 2010, the company spent US\$ 46.1 million (approximately K116 million) on various projects in Western Province and the rest of PNG. This included the construction of a new multipurpose complex for Kompiam Health Centre. The company had also begun implementing its communications network in Western Province with the construction of towers to provide mobile, radio and television coverage to 90 per cent of the province. The value of its Long-Term Fund (LTF) has increased from US\$ 817.9 million (approximately K2billion) in 2009 to US\$ 1044.8 million (approximately K2.6 billion) in 2010. The LTF is a quasi-Sovereign Wealth Fund comprising mainly of revenue received from Ok Tedi Mining Limited (OTML). It is aimed at sustaining the company's activities once OTML has ceased mining operations.

The Chairman of PNGSDP, Professor Ross Garnaut, was challenged by North Fly Rubber Chairman, Warren Dutton, to inform the Australian Prime Minister and Foreign Minister to keep Saibai's TB treatment centre open. The company was also asked at the meeting to explain its involvement in health and agriculture in Western Province. These issues were raised particularly at a time when South Fly villagers face the real prospect of dying for want of proper healthcare and rubber farmers may suffer the curse of the Dutch Disease once the PNG LNG project is completed. Neither the CEO David Sode nor the Chairman Prof Ross Garnaut had clear responses.

In his remarks, Prof Garnaut mentioned that in some way, the death of 200 people from the recent Cholera Outbreak, had added impetus to resolving the water and sewerage problems on Daru Island. The Annual report also stated that the project is to be completed by next year, although no physical works have started yet. Perhaps more notably absent from the meeting were members of the Western Provincial Government. This visible disconnect between the Provincial Government and PNGSDP was highlighted by various speakers who felt the need for greater cooperation between both parties. The development challenges of Western Province were best summed up by Prof Garnaut. He said that the province has had no history of a fully functioning government and fully functioning infrastructure to deliver goods and services to the people.

## **BOUGAINVILLE URGED TO CURB FOREIGN INVESTMENT**

Local business operators overshadowed by newcomers

By Gorothy Kenneth

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 15, 2011) – The Autonomous Bougainville Government leadership has lost touch with reality, especially when dealing with foreign investor issues in the region, Bougainville Affairs Minister Fidelis Semoso, said. Because of this, the leader has chaired an all business meeting recently where it has been agreed in principal that as of June 08, 2011, no more foreign businesses will be allowed to operate in Buka, Bougainville; in areas like retail, transport and agriculture, wholesale, tourism and hospitality and other reserved lists of activities which was endorsed by the Bougainville Executive Council. The meeting, convened by all business stakeholders of Buka, Arawa and parts of Buin and Siwai at Kenny’s Hall last week. was told that what was happening in Bougainville was that the autonomy was beginning to lose its face – ABG was allowing foreign investors to come in at the time the leadership still needed to help its small stakeholders in the region through financial support.

“The leadership is bringing foreign investors in when important issues have not been addressed,” Mr Semoso said. “ABG is allowing this to happen and the action of the leadership totally contradicts the aspirations for Bougainvilleans. “I want to warn business houses who use locals as fronts to sell their stock, you will be dealt with in the next four weeks. “I will not allow or I do not want to see mistakes repeated in PNG where foreigners have gone as far as selling buai or smoke, practically it means we have lost 25,000 lives and we are going 25 years backwards. Not under my leadership. “We need to get our leadership right,” he said. Mr Semoso said that on the eve of the region’s sixth anniversary, which falls today, the leadership has not exhausted every avenue to help the Bougainville business houses (the ones who have grown the economy of Bougainville) by providing the financial help they need to grow further.

He said foreign investors who are interested in doing business on Bougainville should have more than K5 million and anything below should be given to Bougainville businesses to handle.

“These business houses, they are not asking for free handouts, no. “All they are asking for is ABG injecting money into the bank so they can loan from it and they will repay it,” Mr Semoso said. “In light of the problems business houses are facing, we have come up with recommendations to ban all foreigners from having reserved businesses in the region as of the eighth of this month. “Basically, as the mandated leader of Bougainville, I will not tolerate foreigners involved in businesses where Bougainvilleans are involved in or capable of handling. “I want Bougainville to develop at our own pace.” Mr Semoso said that as long as he remains the Regional MP and the minister in charge of Bougainville, he will not letdown business houses who are engaged in these reserved businesses by allowing outsiders to compete with them.

## **Petromin teams up with Shell for upstream opportunities**

The National, June 15, 2011

PAPUA New Guinea's national oil, gas and minerals company, Petromin PNG Holdings Ltd, announced yesterday that it had signed a memorandum of understanding (MoU) with Shell Exploration Company to jointly pursue upstream opportunities in PNG. The MoU sets out the key principles to be captured in a detailed alliance agreement still to be finalised. The MoU included undertaking a joint hydrocarbon study to identify potential future cooperation opportunities. Petromin chief executive officer Joshua Kalinoe said: "We are very pleased to have teamed up with an industry leader such as Shell to pursue mutual benefits in the oil and gas sector. "We are sure that this will be the start of a long and prosperous alliance with Shell. "Petromin continues to look at meaningful partnerships that will unlock the energy needs of the future and build a thriving oil and gas sector in PNG while developing local capabilities," he added.

## **Ok Tedi: Government wrong, says Danaya**

Post-Courier 15.6.2011

THE Government needs to give shareholding of mining companies to provincial governments and landowners while it performs the role of being a regulator. Western Province Governor Dr Bob Danaya said this during a visit to Kiunga and Tabubil to inspect the pyrite spillage at Ok Tedi mine last week. He said the Government is in conflict of interest for playing the role as a regulator and shareholder of mining industry. Dr Danaya said the Government should therefore seriously offload the shares to landowners and provincial governments so that the Government can effectively regulate mining industry in the country. Dr Danaya said the Government has shares with Petromin as the State's representative in mining companies in the country and also State departments and agencies like Department of Environment and Conservation and Mineral Resource Authority as regulatory bodies. He said there is now confusion between the Department of Environment and Conservation and Mineral Resources Authority as to who would take ownership of regulation and penalise companies that fail to comply with mining laws of the land after queries were raised over the pyrite spillage along the Kiunga-Tabubil Highway from OTML. He said his people are now faced with poor sources of water for washing and cooking so that country may derive benefits from the Ok Tedi mine.

## **PNG MINING DIRECTOR CALLS FOR POLLUTION CONTROLS**

*Bleaching to coral reefs among concerns*

WELLINGTON, New Zealand (RNZI, June 13, 2011) - The Director of Mining in Papua New Guinea's New Ireland province says the country needs legislation to regulate the practice of marine disposal of mine tailings. The call from Mesulam Sumlin is the latest expression of concern from New Ireland's provincial government over mining operations in the province. Mr. Sumlin says the province remains frustrated at a lack of consultation by developer Newcrest over its plans to upgrade production at the Lihir gold mine. He says this adds to concern at the environmental impact of Lihir's marine tailings system, a practice which has no legal guidelines in PNG. "We are simply telling the government, you have got to legislate for the deep sea tailings placement system. It's now increasing. They're doing it at Ramu, they did it at Misima, they're doing it at Lihir, they're doing it on Simberi. And you know Simberi is just a sister island off Lihir, and you've got two mines doing this tailing displacement at sea. There's already bleaching to the coral reefs."

*Radio New Zealand International: <http://www.rnzi.com/>*

## **Australia: MP Brown calls for scrutiny of deep seabed mining**

Media Release, The Greens, Spokesperson Bob Brown, 10th June 2011

Deep seabed mining threatens our oceans and the marine environment of our neighbours, particularly Papua New Guinea where seabed mining experiments are going unchecked, Australian Greens Leader Bob Brown said today. "The Australian Greens are calling for scrutiny of what deep seabed mining means for the health of our oceans and our own country's natural marine resources and fisheries into the future," Senator Brown said in Hobart after [ABC TV's Catalyst program](#) examined deep seabed mining. "On a recent visit to Papua New Guinea, the Chairman of the Bismarck Solomon Seas Indigenous People's Council and Vice-Chairman of the Madang Indigenous People's Forum, John Simoi, raised concerns about the rapid approval of the Solwara I project in the Bismarck Sea and the lack of adequate safeguards," Senator Brown said. "Our government has given the go ahead for Nautilus to use us as guinea pigs, to experiment," Mr Simoi said. "Nautilus Minerals, based in Singapore, which has the world's first seabed mining operation controlled by robots, in the ocean south of New Ireland, plans to extract minerals that are going to make somebody somewhere very wealthy and dump tailings straight into that marine ecosystem. The threats of that form of process are global," Senator Brown said.

The Senate is scheduled to vote next week on Senator Brown's motion:

That the Senate -

- (a) recognises that the Solwara 1 Project in the Bismarck Sea off Papua New Guinea plans to mine copper and gold at a depth of 1 600 metres and is the world's first deep seabed mining project;
- (b) acknowledges that full-scale undersea excavation of mineral deposits globally has potential to remove parts of the sea floor and damage the ocean's health as a result of leakage, spills and damage caused by increased toxicity and sediment from tailings; and
- (c) calls on the Government to establish an inquiry, to report by 1 October 2011, into seabed mining to assess:
  - (i) the level of interest in seabed mining in Australian waters and in waters in the region neighbouring Australia,
  - (ii) the potential impact on the marine environment and resources if this industry develops, and
  - (iii) the need for regulation or a regional agreement to manage and reduce the potential for this industry to impact on marine productivity.

## **Newcrest downgrade at Lihir to cost \$170m**

The Australian, 10.6.2011

NEWCREST Mining, which under departing chief executive Ian Smith has gained a reputation for hitting mining targets, has announced another guidance downgrade at its big Lihir Island goldmine in Papua New Guinea that could wipe out \$170 million of full-year revenue. Newcrest said a high-voltage switchgear failure in the power station at the Lihir mine had interrupted production. The switchgear controls the amount of electricity that flows to various parts of the plant. Its failure meant some of the plant couldn't get the power it needed. The outage would be the main contributor to a 120,000-ounce drop in 2010-11 production guidance from the midpoint of previous guidance, Newcrest said. Based on current gold prices, this represents lost full-year revenue of about \$170m. Full-year production is now forecast to be 2.7 million ounces, down from April guidance of between 2.785 million and 2.855 million.

Then, Newcrest cut guidance by 100,000 ounces because of third-quarter rains in Australia, a drought in PNG and civil unrest in Ivory Coast. Start of sidebar. At the time, Mr Smith, who is retiring at the end of the month, assured investors and his successor, finance director Greg Robinson, that the fourth quarter would be a much better one. With the power problems, which Newcrest said

would take three weeks to fix, the guidance indicates fourth-quarter gold production of about 700,000 ounces. This is still about 100,000 ounces higher than in the March quarter. Newcrest said minor production delays at other sites had also contributed to the problem. A spokeswoman would not say which sites were down, or why, saying they were too minor to break out. Repair work at the Lihir power station had already started and the plant was expected to return to full capacity over the next three weeks, Newcrest said. Mining was unaffected. Yesterday, Newcrest shares fell 69c to \$37.40. Newcrest said full-year copper production guidance of between 75,000 and 80,000 tonnes was unchanged.

### **Japan sells 62% oil stake to Nippon**

The National, June 10th 2011

JAPAN's trade ministry said on Tuesday it had sold a 62% stake in a Papua New Guinea oil and gas venture to JX Nippon Oil & Gas Exploration Corp for ¥19 billion (US\$237 million), according to Reuters news yesterday. Japan's JX Nippon Oil & Gas Exploration Corp, a unit of JX Holdings, boosted its stake in the venture to 98.4 % from a previous 36.4%, while Mitsubishi Corp holds the rest. A wholly-owned unit of the venture, Merlin Petroleum Co, holds a 4.7% stake in an Exxon-Mobil-led US\$15 billion liquefied natural gas project in PNG. The tender was part of the government's policy to divest upstream energy stakes held by the now-abolished Japan National Oil Corp. An LNG trader told Reuters that the market had expected either JX or Mitsubishi to be the buyer. "Considering that there are other good projects out there and the market interest in this project is not that high, the price seems a little bit expensive," he said. Exxon is the biggest stakeholder in the PNG LNG project, which will produce 6.6 million tonnes per year of LNG when it comes online in 2014. The trade ministry last sold upstream stakes in North Sea and Thai ventures in 2008 for a total of ¥31 billion (US\$374 million) to two Japanese explorers.

### **Mt Kare people want mine started**

The National, June 10th 2011

FOURTEEN landowner clans from Mt Kare Exploration Licence area 193 want developer Indochine (Summit) and partners to develop the hard rock mine and call on Moresby-based landowners to stop misleading investors. The 14 clan chiefs and spokespersons, including Judy David, a women representative from the Leyapi Pende clan, said the people of Mt Kare had suffered enough for 25 years and want the developer to start work on the gold mine. The landowners, who requested for the company to come, are Hondole Takli, Buka Tuyabae, John Tarale, Osh Krai, Martin Yalipu, Ikina Ulawe, Bakau Tayabae, Yakari Pipilya, Yakapi Wamapa, Genda Waiyamu, Judy Buka, Lina Tuyapi and Tigi Para. They added that many elderly people had died and want the mine to start so that necessary land identification and social mapping could be done.

Iya Yayape of the Leyepi Pakire clan said there was no umbrella landowner company and, therefore, there should be no party claiming to represent the landowners. However, he said after the warden hearing, there were two other meetings to resolve the tribal fighting and restore peace to allow investors to move in. "We, the landowners of EL 193, have our own resources and know what we have on our land and other clans and landowners will do the same so they should not be speaking for us because we have our own people and our own leaders," he said. The landowners have all resolved to allow the warden hearing to be followed by land identification and social mapping before an umbrella company is formed.

### **Ramu: Basamuk work halted**

The National, June 10th 2011

RAMU NiCo, developers of the multi-million kina Ramu nickel and cobalt mine in Madang, has stopped work at its Basamuk refinery site on instructions from the mine inspector with the Department of Mining. The company's general manager corporate office Wu Xuefeng said last night the order to stop work was effective from Wednesday and covered welding-related work. He said the mining inspector also ordered Ramu NiCo to improve the project's safety and health management procedures. Wu said the mine inspector made a recent visit and issued the order after inquiring into a Chinese worker's death due to heart attack at the Basamuk processing plant. "Immediately upon the receipt of the notice, Ramu NiCo confirmed with the inspectorate that it will comply with the instructions. "Ramu NiCo is now taking rectification measures at all sites across the project covering all contractor personnel, while at the same time putting together a comprehensive plan to address areas highlighted by the mine inspector and to ensure problems are fixed before the full commissioning of the project," he said. Details of the accident were not disclosed.

### **Nautilus granted mining lease for Solwara-1**

The National, June 10th 2011

FOR the first time, a major step forward in the development of seabed mining is now in place with the granting of the mining lease to Nautilus Minerals for the development of the Solwara-1 project in the Bismarck Sea between New Ireland and New Britain. The mine operation, located 30km from the coast of New Ireland and at a depth of 1,600m, is expected to begin by the end of 2013 with the mining of "high grade" seafloor massive sulphide deposits that contain copper, gold, silver, zinc and lead. While the project is unique as the world's first seabed mine, the lease arrangements themselves are a reflection of the evolving legislative and regulatory process in PNG since the 1970s. "This will enable us to avoid past experiences from the Ok Tedi and Bougainville mines," senior technical assessment engineer with the Mineral Resources Authority Lyndah Brown-Kola said.

Brown-Kola was part of a team of government officials from PNG attending the deep sea mineral project workshop organised in Fiji by SOPAC, a division of the South Pacific Secretariat of the Pacific Community. The team presented to the delegates the legislative and regulatory process in PNG that led to the granting of the seabed mineral mining lease. Brown-Kola said the current legislative and regulatory review process was adequate to ensure that environmental, operational and financial concerns are addressed. "We operate in conjunction with the Department of Mineral Policy and Geo-Hazards Management, which has responsibility of setting all mining policies. It is part of the mining ministerial portfolio." She said the government had been looking at the Solwara-1 project since 1997 and granted Nautilus the first offshore mineral exploration licence in 2008. "We have been working with Nautilus for 14 years. It was only in this year we granted the company a mining licence." This followed two years of deliberations over their application. (Note: The Government of PNG granted the world's first deep sea mining lease to Nautilus on the 17 January 2011; R.S.)

### **Catalyst: Deep Sea Mining, 9.6.2011**

The Australian TV science magazine show, Catalyst, screened a segment on deep-sea mining with a special focus on the Solwara 1 deep-sea mine in Papua New Guinea. The transcript and the video are available [HERE](#)



## **GREENPEACE WARNS OF SEABED MINING THREATS**

Widening exploration in Pacific raises concern

MELBOURNE, Australia (Radio Australia, June 9, 2011) – Environmental lobby group Greenpeace has raised concerns that deep-seabed mining in the Pacific ocean may cause irreparable damage to the region's marine ecosystems. Exploratory licences have been granted for waters off Fiji, Papua New Guinea, Tonga and Solomon Islands. Seni Nabou, from Greenpeace Australia-Pacific, has told Pacific Beat the region needs to be prudent in the way marine resources are used. "The Pacific ocean is considered - in terms of fisheries - not 100 percent pristine, but still healthy," she said. "And where Greenpeace is concerned, we'd like to see it stay that way, especially for generations to come. "Obviously, there's been a lot more interest now, in terms of the deep sea minerals. We've had presentations from the [mining concern] Nautilus, they've shown their interest in terms of exploratory licenses in the Pacific. "They've already started work in Papua New Guinea, they've been granted a mining license. I believe Fiji, Tonga, Samoa are next in line, in terms of exploration. And also other companies, like a Korean company." "There appears to be a lot of interest now. This means we have to be extra prudent and extra vigilant in how we view our resources and its management." Radio Australia: [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **UNDERSEA MINING ENVIRONMENTAL IMPACTS UNCERTAIN**

*Expert sees fewer threats than land-based mines*

MELBOURNE, Australia (Radio Australia, June 8, 2011) – The International Union for the Conservation of Nature says seabed mining may be less environmentally damaging than land-based mining. But it warns more work is needed to fully understand the impact of under-sea projects. The warning comes as the Pacific prepares to become the first region in the world to mine the ocean floor. Pacific governments meeting in Nadi, Fiji, have been told the environmental footprint of seafloor mining is likely to be much smaller than the footprint of its land-based equivalent. A conservation union marine expert, Jan Steffen, says most seafloor mining will take place in small, defined areas that will not leak much toxic material. Dr Steffen says he does not have particular concerns for the Pacific's reefs but less is known about the impact on fish stocks. Dr Steffen says Pacific legislation governing seafloor mining should include all the environmental protections given land-based mining. He says more research is needed, along with good environmental impact assessments and more marine protected areas. *Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **Glint of underwater gold excites Pacific**

Tamara McLean, AAP South Pacific Correspondent, Sydney Morning Herald, June 9, 2011

The glint of gold under the ocean floor has many poor Pacific nations lining up to grant the world's first deep sea mining licences to dredge the depths of their waters. But protest groups in the region have warned the industry is experimental, economically risky and potentially disastrous for delicate marine eco-systems. A two-day meeting on the future of deep sea mineral mining wrapped up in Fiji this week, leaving representatives from 15 Pacific nations excited at the potential for this lucrative but as yet unexplored industry. Papua New Guinea's government granted the world's first commercial lease for deep sea mining in January to Canadian-based Nautilus Minerals, which will extract gold and copper from the sea floor 50 kilometres off PNG's north coast. At least eight other Pacific nations have also granted exploration licences for the new industry, despite there being few policy and regulation guidelines to manage it.

The Deep Sea Minerals Project, funded by the European Union and administered by the Pacific Islands Applied Geoscience Commission, held the meeting to start mapping out the future of the

field. Representatives from tiny nations left the meeting excited at the prospect of big contracts that could help boost their country's debt-heavy balance sheets. East Timor government representative Vincent da Costa Pinto said his nation, independent since 2002, had no exports beyond coffee beans and coconut oil, and no mining activity on land or sea. "To come here and hear the huge untapped potential for gold, copper and manganese in our oceans is exciting," Mr da Costa Pinto told AAP. "We're just a developing nation without a lot of industry so the benefits of projects of this scale that brings in money and economic activity are really huge." The meeting was East Timor's first step towards developing mining laws, he said.

Lameko Talia, from Samoa's Ministry for Natural Resources and Environment, was similarly impressed by the industry's potential. "Surveys have been carried out in our waters showing we have both copper and manganese inside our exclusive economic zone," Mr Talia said. "Now it's about getting on, and working how we do this and taking it to our people." Both men acknowledged the need to examine the environmental impacts and accepted that little was understood about scale of the economic rewards. "There are certainly a lot of unknowns," Mr Talia said. Nations are looking to PNG, where the world-first Nautilus project has been signed off and is due to begin in 2013. Lyndah Brown-Kola, a senior technical assessment engineer with the country's Mineral Resources Authority, said PNG was well placed to advise its neighbours on how to regulate and legislate deep sea mining nationally. She acknowledged the government had made mistakes in the past with land-based mining projects but said the deep sea industry promised greater returns "with considerably less negative impact".

Projected earnings of \$US142 million (\$A133.46 million) and mining company grants would provide significant economic gains for the country, she said. "I'm very proud. This is very exciting for us, and for the whole region," Ms Brown-Kola said. Environmental groups are more cautious, however, especially PNG-based Act Now, which fought unsuccessfully to stop the Nautilus project. "As far as we can see, there was little consultation and it was essentially forced on us, even though we have no idea what it will bring, both good and bad," said the organisation's program manager, Efrey Dademo. "We are a guinea pig for the rest of the world to watch." Both the World Wildlife Fund and Greenpeace have warned of the potentially dangerous effects trawling the ocean floor will have on sensitive marine eco-systems.

Duncan Williams, oceans campaigner for Greenpeace Australia Pacific, warned against rushing the process, saying countries needed to ensure that marine reserves and strict regulations were in place before signing off any deals. "There is a lot of room here for mismanagement of resources and environmental degradation," he told AAP from Suva. "Our concern is that these countries will see the money and jump for quick gains without thinking it through." Maureen Penjueli, co-ordinator of Fiji-based Pacific Network on Globalisation, said she was "deeply concerned" by the economic model being used to promote the industry. "Putting aside the considerable environmental concerns for a moment, economically this may not be smart either," Ms Penjueli said. "For instance, mining the ocean could severely compromise our fisheries industries, so we need to think very, very carefully about what is intrinsically good for our nations. "Do we even want this?"

## **Lihir company 'not welcome' on Bougainville**

By *PETERSON TSERAHA*

Post-Courier 8.6.201

LIHIR landowner company Anitua Limited is not welcomed on Bougainville, according to a former BRA defence secretary. This is because Anitua belongs to Lihirians, and they do not allow any other Papua New Guineans to do business on Lihir and likewise they are not welcomed on Bougainville, said the former BRA leader who requested anonymity. He said Bougainvilleans employed as operators in the company are only paid K5 an hour which is unfair. He said the company has

not met most of its promised benefits to Bougainvilleans they have employed. "If Anitua does not allow other people to run business in Lihir, why ask for business in other places like Bougainville," he said. "We Bougainvilleans and our other brothers from other parts of PNG who have been neglected to do business in Lihir are not slaves for companies like Anitua. "Who are you to neglect and reject us from doing business in Lihir and then to bid to come do business on Bougainville? I think this is total abuse of rights, racist and greedy at the same time."

### **Bougainville President opposes meeting on Panguna in Cairns** Post-Courier 8.6.2011

THE Autonomous Bougainville Government is opposed to any meeting regarding the Panguna mine to be held in Cairns, Australia. President John Momis said yesterday all discussions regarding Panguna mine should be held in Bougainville so that everyone in the mine community can witness the discussions. He was responding to a statement by a Philip Miriori who had claimed to speak for a "Me'ekamui Tribal Government" who invited the ABG and other stakeholders to meet in Cairns, Australia, to discuss "unresolved issues" about the Panguna mine. Mr Momis said he would be happy to discuss any issues about Panguna that Mr Miriori would like to raise. But, he said, it was not appropriate for meetings about Panguna to be held in Cairns. "Panguna is in the Autonomous Region of Bougainville. If we need meetings of stakeholders, they must be in Bougainville, where the major of Bougainvillean stakeholders can have access. "The Autonomous Bougainville Government will not attend any meeting in Cairns. I advise other stakeholders to refuse to attend such a meeting," he said.

### **Ok Tedi Mining loses millions over pyrite spillage**

Post-Courier 8.6.2011

By Harlyne Joku

OK Tedi Mining Limited (OTML) operating in Western province is losing K14 million a day in production since the mine shut down temporarily on May 28, 2011 due to the rupture of a waste pipeline transporting pyrite concentrate. OTML management confirmed this yesterday saying the figures are based on the current metal prices and production forecast. The mine mines almost two to three million tonnes a month and puts 70,000 tonnes of ore to the mill per day. Mining Minister John Pundari announced this week that production at OTML will remain suspended until the Government is satisfied that the mine has cleaned up the pyrite spills and has met certain requirements. OTML management also explained in a separate press statement on Monday that pyrite, a natural mineral containing both iron and sulphur and can be potentially harmful to the environment because when exposed it produces acids.

But OTML maintained that results of their monitoring on the spills show no evidence of acidification. The Managing Director of OTML Nigel Parker said everything has been done to ensure that communities along the pipeline are not affected by the spill. OTML may be submitting a request to the Government this week to approve its disposal of tailings containing one per cent of sulphur into the Ok Tedi River. Mr Pundari said the Government needs to be satisfied that the company has taken all steps necessary to minimize the risk to the environment and community. "Then we will consider what approvals might be granted to the company to recommence the operation of the pyrite concentration pipeline under the existing circumstances," Mr Pundari said. He added that OTML will be submitting its formal request to the Government this week seeking approvals for a three-phased approach to disposing its waste from the mine.

"Firstly to directly dispose tailings containing sulphur at one per cent into the river, construct a temporary storage dam at Ok Ningi and then excavate a temporary pit at Taranaki," he said. According to investigations, Mr Pundari said the cause of the pyrite pipeline rupture might have been a

result of wear and tear of the pipeline due to lack of regular inspection and maintenance. On May 6, 2011, the pipeline carrying pyrite concentrate from the mill at Tabubil to Bige at the Ok Tedi mine ruptured resulting in an isolated incident of pyrite concentrate spillage into the environment followed by another three ruptures within two weeks. The total amount of pyrite concentrate discharged into the environment from these four ruptures is about two hundred and ten cubic metres (210 m<sup>3</sup>). Roughly twenty cubic metres have been recovered to date with some losses to the environment and tributary rivers such as Ok Mart and Wai Smare.

## **OK TEDI: DISRUPTION COSTS PNG GOLD MINE US\$5.9 MILLION A DAY**

*Ruptured pipeline at Ok Tedi mine*

MELBOURNE, Australia (Radio Australia, June 7, 2011) - The Ok Tedi mine in Papua New Guinea says it is losing millions of dollars per day after a ruptured pipeline halted production. Production at the gold and copper mine stopped ten days ago after 200 cubic meters of pyrite concentrate spilled from a ruptured pipeline. Pyrite can produce acid when exposed to air and water, but Ok Tedi says tests show no evidence of acidification in creeks and streams. The shutdown is costing the mine AU\$5.5million [US\$5.9 million] per day in lost production. Papua New Guinea's Mining Minister says Ok Tedi will only be allowed to process low-sulphur ore while a new tailings dam is built. When that is completed production will return to normal and pyrite concentrate will be stored in the dam while the pipeline is repaired. *Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **LNG: Hides threat is real**

Post-Courier 7.6.2011

By *MOHAMMAD BASHIR*

ESSO Highlands Ltd (EHL), operator of the PNG LNG project yesterday confirmed that early works at Hides 1 and 4 have resumed but landowner leaders of the Tuguba tribe's Council of Chiefs are mobilising to resort to force to get what they claim to be owed to them by the government. Works has resumed at Hides," EHL's Public Affairs Manager Miles Shaw stated in a one liner following enquiries by the Post-Courier without elaborating. Following no response to two petitions in May and June to the government and developers, the Chiefs have resolved to 'handle it their way' and most have already moved to their villages in the last 48 hours. After waiting to meet government leaders on Saturday at the Holiday Inn to no avail, the leaders have served what they called the 'final call' to Acting Prime Minister Sam Abal and developers EHL and Oil Search yesterday. Council of Chief's president Thomas Potabe described the lack of courtesy and protocol by the government to their demands including that of the immediate family of late Chief Himuni Homoko as amounting to disdain and contempt.

Their demands include;

- \* Tuguba Council of Chiefs demand their initial 3 cm thick submission to be resurrected and issues raised therein addressed before the late Himuni Homoko's body is sent home. In so doing, they demand that the children of the late Homoko be made permanently part of the issues raised in that submission whatever may be the end result.
- \* State to pay all outstanding MOA commitments for Hides to Porgera Electricity Project from the Department of Petroleum and Energy and National Planning and Monitoring which includes all projects included in the Hides PDL 1 Agreement signed in 1996 and reviewed in 1997.
- \* The State to pay all outstanding Ministerial Commitments during the Kokopo UBSA and the various Hides PDL 1 and PDL 7 LBBSAs and elsewhere.
- \* The state to pay all outstanding seed capital, MOA project monies and infrastructure development grants due under various agreements.

There were several other demands that the landowners wanted to have addressed.

## Landowner leaders mum on ‘sackings’

Post-Courier 7.6.2011

SEVERAL landowner leaders from the multi-billion kina PNG LNG project sites in Hela and Southern Highlands provinces have distanced themselves from commenting on the alleged sackings of government ministers William Duma (Petroleum and Energy) and Don Polye (Foreign Affairs). Among them is the Homa Paua Peoples’ Association (HPPA), the umbrella group that represents the people and landowners of Moran oil fields (PDL 5) who refuted a report in The National newspaper that appeared yesterday. The report headlined ‘Resource landowners cry sacking of key LNG ministers’ have mentioned Pape Punga (HPPA chairman) and Mark Philip (treasurer) among other landowners that released the media statement. An irate Mr Punga called the Post-Courier from Manila in Philippines yesterday to clear the air that he did not release any media statements nor authorise the use of his name in the report. Mr Punga said he had been overseas for three weeks and was surprised and hurt that The National newspaper could unethically and irresponsibly use his name in the story which he believed had been framed by some people with ulterior motives for their political point-scoring.

He said he would seek advice from his lawyers to see if a legal action can be instituted against the newspaper for publishing the story and using his name without his consent. Mr Punga said HPPA would not oppose any government decision and they were prepared to work with the government to serve their people. He said any political decisions affecting the country including ministerial reshuffle was the prerogative of the government and as landowners, they had their limitation and would only work within the precincts of their operations. Mr Philip also called from Moro in Lake Kutubu yesterday to say he was surprised at the mention of his name in the report. Mr Philip said landowners had no right to question government decisions and whatever decision the government or the acting Prime Minister Sam Abal made was in the interest of the country and this must be respected. He said media ought to report ethically on issues like this instead of dragging innocent landowners into the fold. Former Tari Pori MP Tom Tomiape, who is also a principal landowner leader for Angore PDL 9, said the decision to sack Mr Duma was long overdue but welcoming in this time when the LNG project was bombarded with landowner discontentment and other related issues.

Mr Tomiape said Mr Duma has failed to address these landowner grievances amicably in his tenure and Department of Petroleum and Energy (DPE) was losing grip and focus in dealing with LNG matters. He said Mr Duma was also only entertaining a few Port Moresby based landowners at the suffering of the innocent majority of landowners in villages. “Sometimes good things can come out of such sackings for all parties and I believe the time has come now,” Mr Tomiape said. He also called on Mr Abal to appoint an MP from Hela or Southern Highlands who knows the people, culture, tradition and landowner related issues to take charge of the Petroleum and Energy ministry so that work on the social mapping, landowner identification and the formations of incorporated landowners groups (ILGs) plus the deployment of an all-out government officers to be based at Komo could proceed without much disruptions and delay. Other landowner leaders, who are associated with Mr Duma and Mr Polye, are also unhappy over their sacking and fear that with the two ministers’ removal, their benefits secured and sealed in the umbrella benefit sharing agreements (UBSA) and licensed based benefits sharing agreement (LBBSA) for the LNG project may be interrupted. However, a DPE source said the benefits were secured because they were signed with the State and not individuals and that landowner benefits would not be affected in any way.

## *Letter to the editor*

### **Western province robbed**      Post-Courier 7.6.2011

WESTERN Province is leaderless and powerless. Money and resource exploitation are twin problems. Since 1984 following the collapse of the Lukwi tailings dam, money and resource exploitation became the top priority of the national government. The people and their way of life which was dictated to by their environment made way for money and resource exploitation. Natural order was reversed. Deals were crafted by successive governments. 1989: Riverine disposal of mine tailings was allowed. 1996: Out of court settlement on litigation in Victoria, Australia was accepted to break the people from their leaders. 2001: Community Mine Continuation Arrangements (CMCA) were packaged to divide people into CMCA and non CMCA. PNGSDP was created to be a wall against any environment legal suit against BHP Billiton. 2007: CMCA was reviewed to get money from Western Province people and give it to CMCA people. It is this CMCA deal that should be reviewed. Western Province leaders are removed by agreement. CMCA is an agreement between Ok Tedi Mine and CMCA people. National Government is not a party. Neither is Fly River Provincial Government (FRPG). What happened was Nellie James went to Tabubil and committed the National Government and the FRPG to the shocking dismay of the government officials. Nellie James and Shadrach Himata were responsible for CMCA commitments. Both were select advisers to former Minister for Mining Sam Akoitai. They are in charge of the Western Province Peoples Dividend Trust (WPPDT). Arrangement to link WPPDT to provincial development plan and the involvement of the Western Province in identifying, documenting and monitoring implementation of projects were administrative measure I took as Secretary for Mining in 2006 upon learning that Western Province leaders and people were spectators.

James Wanjik, Port Moresby

### **Seabed mining risks in Pacific on Fiji talks agenda**

By Vaudine England, BBC News, Bangkok, 6.6.2011



The number of seabed mining applications is a growing focus for environmentalists' concern

The prospect of deep sea mining for precious metals - and the damage that could do to marine ecosystems - is worrying environmentalists. The number of firms seeking licences to dig through the Pacific Ocean floor is growing rapidly. A conference on the subject opens in Fiji on Monday. Such seabed mining used to be too costly to be worthwhile. But environmental groups fear advances in technology pose a new risk to the world's oceans. The world's oceans are emergency zones, needing urgent rescue, they say. The damage to sea life is only increasing - from illegal fishing, deep-sea bottom trawling and other destructive techniques - and now there is seabed mining. The listed mining company Nautilus has the first licence to mine the floor of the Bismarck and Solomon oceans around Papua New Guinea. It will be recovering what is called seafloor massive sulphide, for its copper and gold content.

## Risk management

It is just one of several companies hoping for similar access across the Pacific. But such mining can destroy vital, delicate eco-systems, says Steve Smith of Greenpeace International. "Seabed mining is an emerging threat to the world's oceans and Greenpeace is working regionally here in the Pacific as that is where it is emerging right now," he said. "And Greenpeace will have a presence at the meeting in Fiji but we are also working in the United Nations framework to ensure that the world's oceans are protected for the benefit of the world's people and not just for narrow industry interests like seabed mining." Private companies, governments, experts and environmentalists will all be at the Fiji workshop, hosted by the Secretariat of the Pacific Community. The European Union is helping to fund work on finding ways to manage the new industry of seabed mining. But it is likely to take some time to work out who will be the winners in this deadly underwater competition. Mr Smith, Greenpeace International communications manager, and Sarah Duthie, head of the group's Oceans Campaign, were visiting Bangkok as part of a new focus on the Asia-Pacific region. "We are slowly building our work in the Asia region," said Ms Duthie.

## Shareholders approve Indochine take-over of Mt Kare

The National, June 6th 2011

SHAREHOLDERS have unanimously approved the major gold/silver acquisition of a multi-million ounce deposits in Mt Kare, Enga, by exploration company Indochine Mining Ltd. All votes recorded were in favour, with more than 50% of the shareholders voting. In a statement released last Thursday, Indochine said a substantial increase was expected in the joint ore reserves committee in about three months time due to lower cut-off grades. The last resource was calculated at US\$300/oz gold price (20% of the current price) and US\$5.50/oz silver price (15%). Enterprise value per ounce is between one-third to one-fifth of comparative gold projects. In Cambodia, it has the largest mining property holding in a country with limited modern exploration and was within a region known for world-class gold and copper deposits. In PNG, also known for large gold and copper deposits, Indochine holds an option over a major gold resource at Mt Kare.

## Bougainville Copper 'can't be trusted'

By Clive Porabou, Mekamui News; PNG Mine Watch 5.6.2011

As Rio Tinto owned company Bougainville Copper Limited (BCL) and pro mining Government Leaders still insist that the re-opening of Panguna mine is just around the corner, even the BCL shareholders seem to have some idea that they have been told stories far from the truth: At the beginning of this year the BCL shares sold at just over \$2.00, by the 10th of May they sold at only \$1.28. The European Shareholders of Bougainville Copper Limited (ESBC) had a FAIR VALUE STUDY of BCL established by Mr. Anil Bakaya, Pune, India [www.buyselltips.net](http://www.buyselltips.net) on May 10th, 2011. (Mr. Bakaya is himself a major shareholder of BCL shares.) BCL reported that with new technology available they plan to increase production levels by 30% compared to 1987. Mr. Bakaya reveals that the mine life will be at least 14 years. If the mine isn't expected to last longer than 14 years, how is that going to sustain the development of Bougainville?

The proposed royalty of sales to the landowners will be 3.5%. That is annually US \$107 Million according to Bakaya's study whilst the BCL shareholders earn US \$2008 Million per year after they have paid the operating costs of US \$933 Million. What I am making out of these figures is: the announced fairer contribution of profits by BCL is only fairer in the way that landowners get a little bit, compared to the last century where they didn't get anything at all! BCL's shareholders still plan to walk away with the majority of the profits, leaving a pittance to the traditional owners of the



land, who will be left again with the destruction and pollution. I am glad to see that BCL's Chairman Peter Taylor got himself a second job by being elected the new President of Australia New Guinea Business Council. (I can't believe they couldn't find someone a little less biased!) He won't have much work with BCL any more as there is no chance that Panguna will re-open under these conditions. BCL seems to think that Landowners can be tricked into thinking that mining is good for them. Their new homepage bears now the name: "bclbilongyu", "BCL belongs to you". I believe the figures above prove the contrary.

As new elected President Peter Taylor wasted no time and led a delegation of 19 members of the Australia PNG Business Council to Bougainville on May 19. During their visit they talked just to Business people in town and without speaking to anyone on the ground they came to the conclusion that the majority of Bougainvillians want the mine reopened. He says in his interview with Garrett from ABC Radio Australia: "I long to go back and be able to explore it more fully." Already in the sixties, Bougainvillians opposed the principles of large-scale mining, but it took them until 1989 to close the mine that was destroying their land and health. This time round the Landowners will make sure their livelihood isn't completely destroyed by letting BCL back in. Being only after monetary profits BCL can't be trusted.

### **Watut river communities riot against Harmony and Newcrest**

PNG Mine Watch 4.6.2011

Riots have reportedly broken out against the Australian based mining company, Newcrest Mining, and Harmony Gold of South Africa in the Bulolo District of Morobe Province, Papua New Guinea. The violence has been sparked by the long outstanding grievances of the communities down stream of the Hidden Valley mine over mining pollution and sediments which affect the lives of thousands of people who say they do not benefit one way or another from the operations of some of the worlds biggest mining companies.



Water samples unlawfully collected by mine staff were emptied onto the road.

Communities have, since 2009, been raising issues regarding toxic sediment build up causing damage to food gardens, washing away footbridges, die back of vegetation, the death of aquatic organisms, health and hygiene complications in communities, loss of navigation on water routes, loss of clean water and recreational areas, loss of economical land and hunting sites, destruction of secret sites and destruction of a primary income source – aluvial gold. Earlier last month, Papua New

Guinea Mining Minister, John Pundari, tried to address the community grievances but this proved to be in vain as the meeting understanding sign by parties including Hidden Valley Joint Venture (HVJV), 'a two face mining company' comprising Newcrest and Harmony, was not implemented and HVJV and Papua New Guinea's Mineral Resources Authority (MRA) failed to implement the understanding. Local communities say they served 24 hours notice on MRA to address their concerns on June 2nd but by 4pm local time on June 3rd there was no answer. While the Watut River communities grievances were not addressed, HVJV staff silently went on the communities land to collect water samples for analysis. Earlier this year, the community based organization, the Union of Watut River Communities, attempted to enter into the Mining Lease and HVJV MoU covered area with its own chemist to collect samples but permission was rejected by the mining companies.



Police act as private security guards for the mine employees, even when the staff are acting unlawfully

Yesterday a vehicle belonging to the Newcrest and Harmony was smashed by frustrated communities. Two Royal Police Constabulary officers who were providing security and private escorts to the mining companies have also being accused by local people. Local people say more riots are expected today between the government officers, mining company and the PNG police force on one side with the rural mining affected communities on the other. They also say police this morning sent a warning that they would burn villages houses if there is any more trouble. A road blockade is expected to start today.

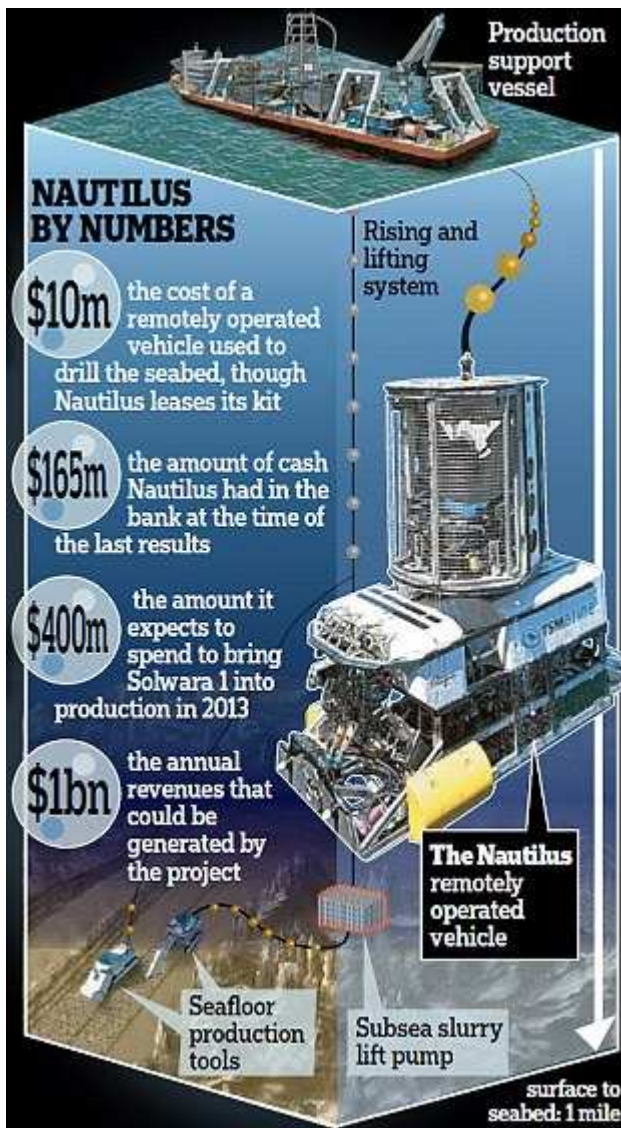
### **INVESTMENT EXTRA: Miner sets sail for a fortune under the sea**

By Ian Lyall, Daily Mail 3rd June 2011

Almost a mile below the Pacific Ocean's surface, off the coast of Papua New Guinea, lies evidence of man's ingenuity. In the murky depths, an unmanned vehicle with caterpillar tracks and a vicious array of grinding and cutting equipment throws up plumes of sand as it digs deep into the seabed. What I'm seeing is the future – or at least a very convincing computer-generated simulation of how the multibillion-dollar world of mining is about to change. It also provides an illustration of the lengths to which a motivated band of prospectors will go in their quest for treasures buried under the sea.

In this case it is the gold and copper (and sometimes silver and zinc too) contained in former volcanoes. They are called 'massive sulphide deposits' and are cousins of onshore volcanic anomalies seen mainly in Canada. This under-sea adventure was the brainchild of Julian Malnic, the founder of Nautilus Minerals, a cutting-edge mining company quoted here on the AIM market as well as across the pond on the Toronto Stock Exchange. The next two years should see the culmination of his efforts, though Malnic is no longer in charge of Nautilus, as work finally begins on the Solwara 1 project. The easy bit was locating this volcanic booty – the Papua New Guinea system was found

by marine geologists in 1996. The tough task will be unlocking the mineral wealth of this target in the Pacific's Bismarck Sea.



Water world: How Nautilus uses space-age technology to reach the mineral wealth hidden beneath the seabed

Nautilus plans to spend \$400million (£245million) between now and the back end of 2013 developing this first underwater open-cast mine at Solwara. It will require a suite of remote-controlled seafloor production equipment to cut and crush the rock into a thick sludge, which will then be pumped to a production support vessel 1,600 metres above the site. It is a neat process that will see cold water piped back down to the sea floor to minimise the ecological damage, and the dried sludge shipped by barge to shore for processing. The price-tag of the project may seem excessive but is a fraction of the cost of an onshore mine, and analysts predict it could produce annual revenues of \$1billion (£610million) if metal prices remain at their current sky-high levels.

There is a space-age feel to everything the company has done to date. Yet the technology it has deployed – from the \$10million (£6million) remote-controlled vehicles that have been used to explore the ocean bed for gold and copper to the devices deployed to detect the geochemical signatures given off by the precious metals – has been borrowed from the offshore oil industry. In fact, the riser system, a 300mmwide pipe that will be used in the production phase to get the ore out of the sea, and the state-of-the-art boat it will be shipped aboard are derivatives of the kit used by oil support companies. ‘What we realised was the oil and gas industry has been working offshore for 30 to

40 years now. So we asked, "Why can't the mining industry work offshore too?" says Nautilus chief executive Stephen Rogers.

Nautilus has targeted Solwara because of the unusually high concentrations of base metals. The first project is small by industry standards, both in terms of the size of the resource and the time it will take to exhaust the gold, copper and ancillary metals. However, the beauty of the Nautilus system is that the vessel and equipment are portable, and can be deployed on a new target with a comparatively short turn-around time. Tonga, Fiji and New Zealand 'all look very exciting', Rogers says as he plots the company's next phase of development.

**OUR VERDICT:** Nautilus is unlikely to make a profit anywhere before 2014, according to Numis, the company's broker. However, you are not acquiring the shares for an instant payback – you are buying a stake in the future of mining. The government of Papua New Guinea has done just that, and now owns 30pc of the company. Others who have spotted the opportunity include Canadian mining giant Teck Resources and London Stock Exchange-listed Anglo American, which have 6.8pc and 11pc respectively. All three are there for the long-haul, and that's how this investment should be treated.

### **Australia: Palmer trusts MCC with \$10 billion construction**

Micahel Sainsbury Resources, *The Australian*, June 03, 2011

CLIVE Palmer's Resourcehouse has contracted MCC -- the Chinese construction firm at the centre of rival miner Citic Pacific's \$1 billion cost blowout and year-long start-up delay -- to build coal and iron ore mines worth more than \$10bn.

Citic Pacific's dismal experience at its Sino Iron project, where it was forced to pay China Metallurgical Corporation an extra \$US835 million (\$784m), calls into question the costs and production timelines outlined in the Resourcehouse prospectus. MCC has been handed a \$US8.1bn contract for Resourcehouse's Queensland China First Coal project and has teamed up with three Chinese construction groups that have never operated in Australia. Mr Palmer's group has also put MCC chairman Shen Heting on its board and promised to repay 75 per cent of the Chinese company's planned \$US200m investment in the Australian group. The soon-to-be-listed mining group could also face extra costs for its \$US2.7bn Western Australia iron ore project, as it must negotiate with an unhappy Citic Pacific to obtain rail access, power and water. Mr Palmer sold Citic Pacific rights to low-yield magnetite iron ore deposits in Western Australia in 2006 and 2007 for a total of \$415m plus hefty royalties for every tonne mined. Now known as Sino Iron, the project is located adjacent to Resourcehouse's planned iron ore project.

Citic Pacific has struggled to build its iron ore mine and processing plant using MCC as its main engineering, procurement and construction contractor, and costs have blown out by more than \$1bn. As well, there have been labour disputes and a production delay of more than a year. The Citic Pacific iron ore project was "less attractive" with an 11 per cent internal rate of return, "barely above the weighted average cost of capital of 10 per cent", Morgan Stanley analyst Corey Chan said in research note. Citic Pacific is likely to miss its revised start-up timetable -- and its critical revenue stream -- and is deeply aggrieved over the price of the deal with Mr Palmer and the quality of assets it was sold. "We intend to utilise and/or expand upon some of the infrastructure facilities that are being developed by Sino Iron (owned by Citic Pacific), in particular the port facilities and transportation and power infrastructure, in order to minimise duplication of infrastructure for the China First Iron Ore Project and reduce our overall costs of development," the Resourcehouse float documents say.

The plan was subject to approval by Mineralogy (another of Mr Palmer's companies) and agreement with Citic Pacific, "neither of which we have obtained", it says. Failure to "develop or obtain adequate and suitable infrastructure" would affect the projects' success "and therefore materially and adversely affect our business". Citic Pacific declined to comment. MCC, with its subcontractor China Railways Engineering, will step in as cornerstone investors for Resourcehouse, tipping in \$US200m each, but their investments are only subject to lock-up periods of six and 12 months, respectively. MCC will get an upfront payment of \$US150m once the project begins, 75 per cent of its investment in Resourcehouse, according to the prospectus. That is part of \$US700m the Chinese company will pocket if production begins on time. "The way that Chinese and Australian construction companies approach these projects is night and day," a person familiar with the Citic project said. "The Chinese answer is to throw labour at everything but you can't afford to do that in Australia."

### **Landowner firm gets top marks for best business practices**

The National, June 3rd 2011

A LANDOWNER company from the PNG LNG project area has outperformed more than 100 other landowner companies by scoring the highest star ratings of 2.9, just 0.1 short of a 3-star for best business practices. The highest rating ever for TC Hides 4 Joint Venture (TCH4JV) a company owned by Gigira Hides 4 Joint Venture, a landowners company owned by six block companies from the Hides 4 PDL7 and Total Cleaning Services, also a local company was announced yesterday by Enterprise Centre (EC). EC lead assessor William Kep said TCH4JV had done exceptionally well in all aspects of business practices. Kep said among hundreds of landowner companies including some reputable and large businesses which EC had so far assessed, TCH4JV topped the star-rating. He said compared to other landowners companies; they were no way near to TCH4JV. Kep said: "Most of them are below two or even zero ratings."

He said it was not an easy task to assess against set criteria and one thing that stood out in the assessment was the good corporate image and accountability, transparency and non-interference by the board with the business operations. John Solok, EC business adviser told the board of directors of the company that the rating was a platform to build and improve on. He said there was no guarantee to secure any contract with the LNG project but such a rating was ExxonMobil's standard business practices and it would be considerable when they present the assessment report to the project operator. Meanwhile, a jubilant chairman Willie Ayule said his late brother, Erick, had been fighting for contracts within Hides 4 and such a rating would put his company on equal footings with rest of the landowners companies. "I am hopeful that ExxonMobil, through its EPC contractors, would give us a contract as our the reports speaks volume for its self."

### **Seabed mining: NGOs call for structure review**

Post-Courier 3.6.2011

NON-government organisations in East New Britain Province have called for an establishment of an independent monitoring body to oversee environmental issues that might be caused by seabed mining. The NGOs called on the ENB and New Ireland provincial governments to review their structures to begin regular consultations with respect to establishing a common stand on seabed mining. "NGOs should be included in the consultations," said chairman of the ENB Sosel Eksen Komiti Patrick Waragat. Mr Waragat made the call in a four-day consultation meeting in Kokopo to begin discussions on the MOA of the Solwara 1 project. He warned provincial governments to be careful and not to be blinded by money through equity participation and negotiation which were to be generated by the project.



## **ANU academics for hire in danger of ignoring indigenous rights**

PNG Mine Watch 3.6.2011

The hiring of a team of academics from the Australian National University by two mining companies operating in Papua New Guinea has raised concerns among indigenous groups fighting environmental damage from the mining operations. The local people say the scientists don't seem to understand some basic issues surrounding the the mining companies' operations and are not welcome in local communities as they appear to be trampling all over the people's rights. The ANU academics have been hired by Newcrest Mining and Harmony Gold who jointly own the Hidden Valley mine and the proposed Wafi-Golupu prospect. The Hidden Valley mine has caused large quantities of acid-forming sediments to pollute the huge Watut river system in Morobe Province and some local landholders have initiated legal proceedings seeking compensation for what they claim was negligence on the part of the mining companies. The ANU team has been contracted by the miners to conduct socio-economic studies but the local people, headed by the Union of Watut River Communities, say the scientists don't seem to understand that:

- Many of the communities affected by the pollution of the Watut river are not in the mining lease area and have no contractual relationship with the mining companies
- The mining companies are not authorized to speak on behalf of the Watut communities and cannot make decisions on their behalf
- The mining companies cannot give the ANU scientists a legal right to enter the Watut communities
- The Watut communities are not bound by any agreement between the mining companies and ANU
- The mining company (and ANU) have no rights to set the rules or the agenda for the Watut communities
- It is the people of the Watut communities who have the right to set the rules
- The Watut communities have not granted any licence to the mining companies or ANU to enter their land and do social mapping or development studies
- The Watut communities have not consented or given their permission for the ANU studies and have not been consulted and therefore feel their rights are being trampled all over

## **BOUGAINVILLIANS SUSPECTED IN SOLOMONS 'RAID'**

*Armed men attack gold mining camp in Shortland Isles*

By Douglas Marau

HONIARA, Solomon Islands (Solomon Star, June 3, 2011) - Four men from Bougainville have been identified as suspects relating to the armed raid at Fauro, in the Solomon Islands' Western Province. Acting police commissioner Walter Kola told a media conference yesterday that according to information that came through to his office, the four men were identified as main players in the armed raid at the Solomon Gold prospecting camp near Kariki village in the Shortland Islands. "According to information transpired from this investigation the four men were clearly identified as from Siwai", he said. Siwai is a village in the southern part of Bougainville.

However, Mr Kola said although the suspects have been identified, police have to follow some bilateral steps and arrangements before the suspects could be questioned by local police in Honiara. This is because [the suspects are from Bougainville, which is a semi-autonomous province of Papua New Guinea.] "It is an issue that needs to be dealt with by the two governments, foreign affairs and police heads of the two different countries so that a mutual understanding can be established," he said. He said they were still yet to make any arrests. Police have so far questioned 10 men in relation to the incident. Earlier police reports also confirmed the Bougainvillean's were assisted by

some criminal elements in the area. Although firearms were used, there were no reports of injuries following the incident.

During the raid the armed men damaged properties and stole 20 bags of soil containing minerals extracted from the prospecting site. In another related incident, police are still investigating the incident involving a group of men who entered a small settlement adjacent to the entrance of the GBR RAMSI base. The criminal elements destroyed properties and threatened women and children in the area. Mr Kola said the CID officers are currently working closely with the Director of Public Prosecutor's (DPP) office for further advice with their investigations. [Solomon Star](#)

## **Harmony Gold Digging Third-Richest Mine Emerges as Target**

*Bloomberg, By Elisabeth Behrmann - Jun 2, 2011*

Harmony Gold Mining Co.'s Papua New Guinea mine is shaping up to be the world's third-richest gold and copper deposit, raising speculation its partner in the venture, Newcrest Mining Ltd. (NCM), may make a takeover bid. "I understand they've tried to buy it off Harmony and Harmony is obviously not selling it," said Prasad Patkar, who helps manage about \$1.8 billion at Platypus Asset Management Ltd., including shares in Melbourne-based Newcrest. "One option for them is to buy Harmony out completely and then spin out all of the other assets." The partners are set to give an update as early as July on the potential size of the Wafi-Golpu deposit, which they've compared with Freeport-McMoran Copper & Gold Inc.'s Grasberg mine, site of the world's largest recoverable reserves of copper and the biggest single gold reserve.

Harmony shares rose to the highest in more than two years in April as optimism for the project triggered takeover speculation. "Every major copper company in the world would be interested, along with every major gold company," said Jo Battershill, an analyst at UBS AG in Sydney. Newcrest fell 0.3 percent to A\$38.65 at 10:27 a.m. in Sydney trading, down 4.4 percent since the start of the year. Harmony fell 1 percent yesterday in Johannesburg. Gold reached a record last month and has risen for 10 straight years, driving acquisitions last year to the highest since at least 1998. Copper rose to a record in February. A lack of new projects is forcing gold and copper producers to expand through acquisitions, BlackRock Inc., owner of the world's largest mining fund and third-largest shareholder in Harmony, said last year.

### **Major Find**

Newcrest doesn't respond to speculation, spokeswoman Kerrina Watson said by phone. Johannesburg-based Harmony doesn't comment on speculation, spokeswoman Marian van der Walt said in an e-mail. Wafi-Golpu is valued at about A\$9.3 billion (\$9.9 billion), Deutsche Bank AG said in a report. Only Grasberg, in neighboring Indonesia, and Ivanhoe Mines Ltd.'s Oyu Tolgoi deposit in Mongolia, contain higher gold-equivalent ounces per ton of ore, Harmony said in a March presentation. "Golpu is the first major copper discovery in 20 years, the richest in 20 years" said James Bruce, who helps manage \$3.5 billion at Perpetual Ltd., including Newcrest shares. First production is scheduled to start in 2016 and the "massive" ore body, located in mountains about 80 kilometers (50 miles) from the port of Lae, may cost about \$5 billion to develop, Goldman Sachs & Partners Australia Pty. has estimated.

### **Rising Costs**

Harmony is trading at 36 times estimated earnings, the most of the 14 members in the BI GL Senior Gold index of global producers. It's the best performing gold company in the Bloomberg World Mining Index in the past three months. Harmony's Chief Executive Officer Graham Briggs, strugg-



gling with aging mines and rising costs in South Africa, said in April that the company hasn't been approached about any takeover. The company intends to retain its stake in Wafi-Golpu and may fund its share of the development costs through bonds and forward copper sales from the project as well as with cash and bank debt, spokeswoman van der Walt said in the e-mail. Newcrest would be happy to talk to Harmony if the company couldn't, or didn't want to finance its full half of the project, the Australian Financial Review said last month, citing Newcrest Chief Executive Officer Ian Smith. Newcrest spokeswoman Watson didn't respond to requests for comment on the report. There have been \$12.12 billion of gold takeovers announced so far this quarter, the strongest second quarter in at least ten years, according to data compiled by Bloomberg.

### **Partner List**

Three years ago Harmony shortlisted a "handful" of unnamed potential partners to develop the project, eventually choosing Newcrest who agreed to pay Harmony \$525 million for half of its Papua New Guinea operations, including Wafi-Golpu. Rio Tinto Group sold Wafi-Golpu for \$35 million in 2002, while BHP Billiton Ltd. sold Oyu Tolgoi for \$48 million in 2003. Barrick Gold Corp. (ABX), Newmont Mining Corp. (NEM) and Gold Fields Ltd. (GFI) could be interested in the assets, said Anna Kassianos, an analyst at Austock Securities Ltd. Barrick, which has agreed to buy Equinox Minerals Ltd. for C\$7.3 billion (\$7.5 billion), is well-positioned to make a bid as are copper producers Freeport and Antofagasta Plc, she said. "A Harmony takeover still makes sense strategically and now, even more so, post the Equinox acquisition" for Barrick, Sydney-based Kassianos said by phone. "Harmony's aging, high- cash cost South African assets" and some or all of the Equinox assets could be funneled into African Barrick Gold Ltd. (ABG), she said.

### **Legal Case**

Sven Lunsche, corporate affairs manager for Johannesburg-based Gold Fields, declined to comment in an e-mail. Patrick Bindon, Barrick's public affairs manager in Perth said the company doesn't comment on market speculation. Brian Watt, principal adviser communications and public relations for Newmont, declined to comment. Harmony's attraction to a suitor may be dimmed by possible worker compensation claims in South Africa. While the ultimate number of claims and their size is impossible to determine, mining companies may face a liability of as much as \$100 billion, Leon Esterhuizen, an analyst at RBC Capital Markets in London, said in a May 6 note to clients. A settlement at a significantly lower level is more likely, he said in a May 16 interview. "Harmony has a number of challenges based on this recent South African labor court case to do with miner health," said Saxon Nicholls, who helps manage the equivalent of \$970 million at Herschel Asset Management Ltd. in Melbourne, including shares in Newcrest. "We can't see any company wanting to get involved with a potentially uncapped liability." Harmony isn't fully valued because of its operations outside Papua New Guinea, while Golpu was turning out to be a significant copper resource, said Warren Edney, senior resource analyst at Royal Bank of Scotland Group Plc. "It's potentially attractive to anyone."

## **FIJI MINE DISPUTE CALLED THREAT TO NATION'S ECONOMY**

Government moves to resolve 'misunderstanding' at Vatukoula mine

By Maciu Malo

SUVA, Fiji (Fiji Times, June 2, 2011) - The Fiji government is concerned about a dispute at the Vatukoula Gold Mines, saying it has resulted in a reduction in gold production. While the company posted a FJ\$14.7 million [US\$8.3 million] profit on the London Stock Exchange yesterday (Fiji time), Commissioner Western Commander Joeli Cawaki said Government intervention was required because the issue had the potential to escalate and impact negatively on the economic well-

being of the country. "This is a national issue because a low gold production will have ripple effects on the workers, the community and the country," he said. He said the dispute was between the owners of the company and the outgoing chief executive officer, Bert Leathley. "I can't really comment on the exact figures of gold reduction but I can confirm that there has been some misunderstanding between the company's owner and the CEO," said Mr Cawaki. "I have been reliably informed of the misunderstanding between the two parties and this is a national issue." He said he would meet with the two parties this week to try and sort out the differences.

Mr Cawaki said a serious concern also surfaced - that many miners were not qualified for the jobs. "I have also been informed by some company officials that some workers are not fit to be working in the mine. We need to identify these workers and see what improvement can be made. We need experienced people to work in the mine because gold production has decreased." Meanwhile, Mr Cawaki said work was slowly progressing on the relocation of the 200 miners' families who have been told to vacate the premises by the end of the year. He said many families agreed to go back to their villages while the others were waiting for the Government to provide land for resettlement. "A Government team is in charge of this operation and we are happy with the outcome of our surveys," he said. "The Government and the Vatukoula Gold Mine have agreed to cater for the relocation exercise which is estimated at more than \$6m." Questions sent to VGM remained unanswered when this edition went to press last night.

Fiji Times Online: <http://www.fijitimes.com>.

### **Watut communities warn Australian academics to stay off their land**

PNG Mine Watch 2.6.2011

The Union of Watut River Communities in Papua New Guinea has warned academics from the Australian National University that they are not welcome and will be trespassing if they try and enter any Watut community land. The academics have been hired by the owners of the Hidden Valley mine, Newcrest Mining and Harmony Gold, to conduct social mapping and a development assessment in the Bulolo and Huon Gulf Districts of Morobe Province. Writing to researcher Dr John Burton at the ANU College of Asia and the Pacific, the UoWRC has said the proposed study is "*strongly opposed*".

The communities are already angered by the response from the mine owners, Newcrest Mining and Harmony Gold, to the pollution of the Watut river with acid forming sediments and say they object to any team doing consultation work for the Hidden Valley mine "*stomping over our customary land without permission*" and will not allow the miners or its partners "*to trespass as much as they like and yet allowing the landowners to be kept kept in the dark*". The UoWRC say Newcrest and Harmony have yet to resolve many of the communities' issues and "*continues its CHEAT in the concern communities in its cooperative approach, as agreed at the recent meeting with the Mining Minister held in Port Moresby*" and the miners and government have still refused to release independent scientific studies that have been completed on the pollution of the river.

#### ***Letter to the editor***

### **Panguna mine is for all Bougainvilleans**

Post-Courier 2.6.2011

THE Panguna mine is for all Bougainvilleans and not only for Panguna landowners. Before it opens, wider consultations must be done on to seek public views or opinions. This is to avoid self-centered ideas from a few people only. Secondly, the mining power must be in the hands of ABG before the reopening. We fought for land rights and finally for Independence. Any reason for open-

ing of the mine must comply with the Bougainvilleans demand. Mr President and Mr Bougainville Affairs Minister, when you talk about reopening the mine, we also want you to talk about referendum and Independence as well. Make sure you fully implement the Bougainville Peace Agreement on weapons disposal plan, autonomy and referendum. As for referendum, like former President James Tanis, carry out review in preparation for referendum. We want to see effective progress on the referendum issue starting this year 2011. We salute you two for a job well done so far.

The Jabez movement of Bougainville

## **MINE WORKERS IN PNG'S MOROBE FORM UNION**

*5,000 members unify for security, rights*

WELLINGTON, New Zealand (Radio New Zealand International, June 2, 2011) – Miners in PNG's Morobe province have formed a union to protect workers' rights and safety, and already has 5,000 members. Union general secretary, Albert Uba, who was in Port Moresby this week, told the Post Courier paper, that the Morobe Mining and Allied Workers Union is now one of the biggest unions in the province. Mr Uba said the union has been formed to pursue secure employment and improved terms and conditions of employees for the Morobe Mining Joint Venture. The Union is affiliated directly to the PNG Trade Union Congress. *Radio New Zealand International: [www.rnzi.com](http://www.rnzi.com)*

## **PNG GOVERNOR CONDEMNS TOXIC MINE SPILL**

*Calls for heavy penalty against Ok Tedi Mine*

By Simon Eroro

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 2, 2011) – Western province Gov. Bob Danaya said the recent spill of the toxic pyrite into the environment by OK Tedi Mine is a grave concern for the Fly River Provincial Government and warrants tough penalty. Dr Danaya said this was unacceptable and would not be tolerated at all by the innocent people living along the river and surrounding area. He said OK Tedi must be penalised and the company must pay compensation for the damages done to the environment and the river which was now affecting the livelihoods of many citizens in the province. "The spillage should not have occurred if the pipeline carrying the pyrite was constructed properly in the first place. This is a sign of bad piece of engineering," Dr Danaya said. "I will not accept any excuses from Ok Tedi mine management for the spillage and they must be held responsible for what has happened recently. This is not the first time that this has happened."

Dr Danaya said if the mine was to close, it should be done on humanitarian grounds and in compliance with the environmental laws. He said Ok Tedi must not put profit first at the expense of people's lives - this would be against the United Nations Charter on Human Rights. The governor said BHP had the reputation globally for bad mining practice in terms of environmental damage and the Government through the Mining and Environment Departments must take appropriate action to remedy the spillage and environmental damage. "You perform dual roles at present- as a shareholder and regulator. The latter is unfortunately been compromised over the years because they need money, but money cannot buy lives in Papua New Guinea. "The Government must now put its foot down and consider the interest and welfare of the people from Western Province," Dr Danaya said.

## **Ramu mine use police to evict workers from mine site in PNG**

PNG Mine Watch 1.6.2011

MCC, the Chinese company that operates the Ramu nickel mine in Papua New Guinea, has used local police to forcibly evict workers employed during the construction of the mine facilities. The 26 men, who were ejected from the mine site last Thursday, have each been given K100 as 'finish pay' – which is completely insufficient to pay for their relocation back to their home Provinces. The men, who were employed as drivers, welders and carpenters are now living in a temporary shelter in the village of Mindre where they are being cared for by the local community.

The men say when they were told to leave the mine site by MCC they didn't have anywhere to go and no money to pay for their repatriation. MCC then banned the men from using the staff canteen and when they still refused to move, MCC brought in local police to forcibly eject them. The men appealed to the Labour Department for assistance over three weeks ago, but MCC has ignored two orders to resolve the matter. Labour officials initially gave MCC 14 days to repatriate the men and when this was ignored a further 7 day extension was granted which expired last Friday. The men have no money are relying on the charity of local communities for their survival.

## **FIJI'S VATUKOULA GOLD MINES OFFERS SHARES**

*Public offering hopes to raise \$15 million*

LONDON (Fiji Sun, June 1, 2001) – Fiji-focused Vatukoula Gold Mines has announced a £6 million (FJ\$15.5m) [public offering] to finance asset development and a biomass power plant. The placing was subscribed to by Zesiger Capital Group, which has received 4.8 million shares at a price of 125 pence each. Vatukoula, which also announced its interim results yesterday, said it would use some of the cash raised to begin the development of the '18 level' decline at the Philip Shaft at the firm's Vatukoula Goldmine on Fiji. The plan envisages the completion of the decline within two years and mining of the ore bodies there to continue for a total of five years. The firm believes that by bringing the mine forward in this area, it should be able to mine higher-grade ore bodies, which in the medium term will increase the mine head grade.

The planned decline, between the 18 level and 21 level, is aimed at providing access to the lower level Prince Dolphin and Prince William ore bodes, which have mineral reserve grades of 11.5 grammes per ton and 6.7 grammes per tonne respectively. "The development programme is a key part of our long term strategy, and the management believe this area of focus holds significant potential for the future of the Vatukoula mine," David Paxton, the firm's CEO said. Meanwhile, some of the funds raised will be used to fund the firm's biomass power project. A feasibility study for this is targeted for the end of next month, and indications from Fiji Sugar Corporation are that the biomass project will be commissioned in late 2012. The biomass project is also expected to provide between 10 and 15 megawatts to the Vatukoula mine.

*FijiSUN: <http://www.sun.com.fj/>*

## **FIJI PLEASED WITH EFFORTS TO DEVELOP UNUSED LANDS**

*Land bank parcel leased to Chinese bauxite miner*

WELLINGTON, New Zealand (RNZI, June 1, 2011) - Fiji's push for greater utilization of land appears to be achieving results. Among the changes introduced to boost economic activity are greater powers to make unused land productive and the introduction of a Land Bank. Fiji's Permanent Secretary for Lands, Filimoni Kau, says central aspects of the Land Bank mean interest from landowners and investors is growing day by day. He says government involvement gives

stability and security of tenure and greater efficiency to focus on important sectors: "To ensure that we at least target first the government's priority sectors; agriculture, tourism and basically reserve land that could be used or taken up by investors interested in those sectors." Filimoni Kau says the first land into the Land Bank was the area in Bua now leased to a Chinese company which has been given a lease to mine for bauxite, or aluminum ore.

*Radio New Zealand International:* <http://www.rnzi.com/>

## **GROUP SEEKS MORATORIUM ON SEA BED MINING LICENSES**

Pacific Network on Globalization wants base-line studies

MELBOURNE, Australia (Radio Australia, May 31, 2011) - Pacific rights groups have renewed their call for a moratorium on the granting of deep-sea mining licenses in the Pacific. It comes ahead of a regional meeting in Fiji next week, to map out the future of ocean mineral mining which is a potentially lucrative industry for the Pacific region. [PIR editor's note: Maureen Penjueli, coordinator of the Fiji-based Pacific Network on Globalization, *told Radio New Zealand International* that if ecosystems are not mapped, it would be impossible to detect the negative impact of deep sea mining.]

In January, the Papua New Guinean government granted the world's first commercial lease for deep-sea mining to Canadian-based Nautilus Minerals, which is set to extract gold and copper from the sea bed about 50 kilometers off the PNG coast. About eight other Pacific nations have also granted exploration licenses, but there are few regulation guidelines in place and environmental groups are concerned about the long term impact of mining. Maureen Penjueli, from the Pacific Network on Globalization told Radio Australia's Pacific Beat there is a lot of resistance in PNG because people have seen the problems associated with land based mining and are very wary. "Local communities have been resisting and are opposed to deep sea mining particularly in New Ireland and New Britain," she said. "And so our role really is to facilitate and to try and bring their voice to the regional level." Radio Australia: [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **SUMITOMO GETS NOD TO EXPLORE NICKEL IN SOLOMONS**

*But competing Axiom claims valid permits*

By Eddie Osifelo

HONIARA, Solomon Islands (Solomon Star, May 31, 2011) – The Solomon Islands Ministry of Mines has tipped Sumitomo Metal Mining Limited above Axiom Company of Australia. Both to explore nickel mining in Bugotu, Isabel province. Sumitomo was selected through an International Tender put out by the last Government of Dr Derek Sikua. But, with change of Government this year, the new government without the knowledge of Prime Minister Danny Philip cancelled the International Tender through a cabinet meeting early this year. This leaves Sumitomo's one year valid license in limbo. Axiom has claimed to have secured an 80 percent interest and registered a 50 years lease over 45 square kilometres of the title to the land of the Kolosori Landowners Trustees.

Mines officer, Rota Bata'anisia said Sumitomo is the only company that has the High Processing equipment (HPAL) the technology that can mine low grade nickel ore. "Axiom is a public company that depends on shares from ASX (Australia Stock Exchange)," he said. "If a legal action is taken for the de-registration of the Takata land under 50 year lease from Axio, shares prices in ASX might drop and the company will end up with no funds to do prospecting and mining. Currently it is under investigation by Australian Federal Police (AFP)," Mr Bata'anisia said. He said Sumitomo was a private company that secured a capital share of \$US10 billion through the Sumitomo bank to carry out prospecting and mining. [Solomon Star](http://www.solomonstar.com)

## **Australia: Chinese investors vote with their feet**

*Brisbane Times, May 31, 2011, by John Garnaut*

**THE EAST IS RED.** Clive Palmer, the \$5 billion man, has never shown much interest in qualities such as dignity, or self-respect, but he sure knows a marketing opportunity when he sees one. He says the Australian government has "racially discriminated" against Chinese investors and he will come to their salvation by investing on their behalf. "They've brought in things like the Foreign Investment Review Board in Australia, which is an outstandingly racist legislation designed to slow down Chinese growth, and it's a national disgrace," he said at the weekend. Yesterday, Palmer hung up the phone before I had a chance to ask why Citi, Macquarie, Credit Suisse and JP Morgan had all stepped aside from advising on his \$2.9 billion plan to list Resourcehouse on the Hong Kong stock exchange, which has just been revived after two years of talk. Palmer's fast and loose style hurts him in China as much as it helps. But his message of Australian discrimination, however crudely expressed, does strike a chord.

This month, for example, Luo Tao, chairman of China Nonferrous Metal Mining, complained of "bias" against Chinese investors. Last month, at a lunch hosted by the Australian ambassador, Geoff Raby, several Chinese executives told the Prime Minister, Julia Gillard, of their concerns about the Foreign Investment Review Board, labour laws, environmental regulations and various approval processes. The previous day Shen Heting, chairman of China Metallurgical Construction Corp, put his criticisms on the record. None mentioned the carbon or resource rent taxes to Gillard; they were focused on more pressing things. Advisers say Chinese clients are baulking at the "political risk" associated with Australia, opting instead to pursue opportunities in South America and even Indonesia. When the phrase political risk is applied to Australia, ahead of developing economies that have only just become democracies, then it is time to look closely at the data.

Thilo Hanemann, of Rhodium Group, keeps a file on every Chinese foreign investment in the resource and energy sectors. His data shows that in the space of two years Australia is in danger of tumbling from being China's preferred investment destination to an also-ran. Chinese companies completed 25 investments in Australia that were announced on or after January 1 last year, which is more than in any other country. But the value of those investments totals just \$3.6 billion, which ranks Australia fourth behind Brazil, Canada and Argentina. But the news is worse than that. The biggest of China's 25 "investments" in Australia was actually a restructuring, where Minmetals transferred assets from an Australian subsidiary to a company in Hong Kong (diluting Chinese ownership of the Australian assets). After removing that \$2.8 billion reshuffle, Chinese companies have invested just \$750 million in Australian resource and energy assets since the start of last year.

In value terms, Australia drops to fifth place behind the US. Australia is getting many small investments, including by state-owned enterprises and private companies, as joint ventures and acquisitions, but the big money is passing us by. There is a case for discriminating against some kinds of investment by state-owned companies. Any Chinese SOE can potentially be a profit-driven "normal" company or a multi-purpose tool of government policy, depending on the day. Many Chinese investors who have plunged money into Australia only have themselves to blame for cost overruns and delays. They have thrown billions of government money into assets they do not know how to manage in markets they do not understand. The consequences of missing out on investment capital should no longer be ignored. Lower inflows of Chinese investment have reduced the value of Australian assets, reduced mine and infrastructure construction and, inevitably, they will reduce Australia's export share in the global market long after the boom has ended. It is early days, but the costs of Australia's discriminatory investment policy are coming into view.



## **LNG project site remains shut**

The National , May 31, 2011

LANDOWNERS shutting down the PNG LNG project will be a great concern, Esso Highlands' managing director Peter Graham says. Speaking to Radio Australia yesterday, Graham said landowners from the Hela region, especially Hides PDL1 and 7, had threatened to shut down if the national government did not deal with a long list of grievances. "With the death of Tuguba paramount chief Himuni Homogo, tensions are arising and landowners are saying immediate action is needed or the consequences will be serious," he said. Graham told presenter Jemima Garrett that overall, ExxonMobil had a very good experience in investing in Papua New Guinea. "Obviously making an investment of this size, some US\$15 billion, we looked very carefully at the security of investment in the country before we started.

"PNG has a strong history of honouring all the agreements it makes with investors and certainly that has been our experience. "We feel confident that the agreements we have in place with government and with landowners are agreements that have been put in place in good faith and that there is a genuine commitment to stand by those agreements," he said. When Garrett asked what the project was contributing to PNG in terms of government revenue, jobs and business opportunities, Graham said in the long-term, "the impact is quite substantial on the economy of PNG". "Obviously there is a large impact on employment. Today, we are employing more than 5,000 nationals working on the project and we are spending substantial amounts of money in the country. "To date about K2 billion or around US\$800 million has been spent in PNG," Graham said.

But Garrett said the landowners she had spoken to were angry about the failure of the government on business development grants and other money issues and they were actually threatening to shut-down the project. She asked how great a concern that was to him. Graham replied: "If they were to shut it down, it would obviously be of great concern and it certainly becomes an even bigger concern as we get more and more workers in the field. "The impact is obviously greater. My sense is rightly or wrongly that we have strong support from the grassroots people in the community. "They want to see the project succeed but they want their entitlements from government. I think government is addressing that issue, admittedly belatedly. I think government recognises the issue and is trying to do something about it," he said. Reports from Hides were that the project sites remained shut. EHL did not want to comment on that.

## **BRITISH PETROLEUM TO INVEST \$10 BILLION IN PAPUA GAS**

*Has 37 percent stake in Tangguh natural gas project*

WELLINGTON, New Zealand (Radio New Zealand International, May 30, 2011) – The British energy company BP has committed to invest more than ten billion US dollars in Indonesia over the next decade, particularly in the massive Tangguh gas project in Papua, as well as in coal-bed methane in Kalimantan. The Jakarta Post quotes the BP chief executive, Robert Dudley, as saying after meeting President Susilo Bambang Yudhoyono on Friday, that BP in Indonesia has invested seven billion dollars and is looking at an additional 10 billion over the next 10 years. BP has a 37 percent interest in the Tangguh liquefied natural gas project in West Papua, which has proven reserves of more than 14 trillion cubic feet of gas. *Radio New Zealand International: [www.rnzi.com](http://www.rnzi.com)*



## **Ok Tedi Mining suspends production to fix ruptured pipeline**

The National , May 30, 2011



OK Tedi Mining Ltd has temporarily suspended production at the Ok Tedi mine following concerns over a series of small ruptures in the company's pyrite pipeline. The pipeline, commissioned in 2008, transports pyrite concentrates 128km from the tailings processing plant at the mine, along the Tabubil-Kiunga highway and on to Bige to underwater storage pits. Four small ruptures occurred in some sections of the pipeline in the past weeks causing spillage in a localised area along the highway. Although the ruptures had been repaired and a clean-up programme implemented, OTML board and executive management had decided to take a cautious approach and have suspended ore production at the mine and mill to allow further investigations and tests on the pipeline. This would determine the cause of the problem and provide information for redesigning and upgrading of the pipeline to prevent these failures occurring again. OTML environmental science officers and community relations staff were engaged in testing and monitoring the environment surrounding the ruptures in addition to supervising the clean-up operation. Managing director Nigel Parker said yesterday: "We are taking a careful, responsible approach to managing the situation and are consulting with affected communities and with regulatory authorities including the Western administration and the Mineral Resources Authority."

## **Canadian Morumbi Enters Into Development Agreement on Prospective Mineral Lands on Bougainville, Papua New Guinea**

CALGARY, ALBERTA-(Marketwire - May 30, 2011)

- Morumbi has been invited by Isina Resource Holdings Ltd. to be partner of choice
- Morumbi to be first mover in geologically-resource rich Bougainville
- Bougainville is one of the worlds best endowed gold and copper districts; largely unexplored since the 1960's discovery of Panguna

Morumbi Oil & Gas Inc. (TSX VENTURE:MOC) ("Morumbi" or the "Company") announces that Isina Mining & Development Ltd., ("IMD") a wholly owned subsidiary of Morumbi, has executed a letter of intent ("LOI") to become the Development Partner of choice for Isina Resource Holdings Limited ("Isina Holdings") on the mineral rich island of Bougainville, Papua New Guinea. Isina Holdings is a landowner company representing 15 villages over traditional lands (the "Isina Lands"). It is the first time in the history of Bougainville that an area, until recently aggressively opposed to mineral exploration, has formed its own development company and invited a foreign partner to jointly explore for and develop mineral resources located on their traditional lands. The

Company's Chairman Stephen Shefsky and Chief Executive Officer Mark Brennan participated in the signing ceremony which took place at Tunania village on the Isina Lands on the east coast of Central Bougainville.

The current LOI covers approximately 5,000 hectares that extends from the East coast up over and beyond the Crown Prince Range. Bougainville, although long regarded as having great gold and copper potential based on early work done by German explorers, has a unique history with respect to Mining in that no exploration has been carried out since the 1960's. Satellite imagery, together with the results of a German Government sponsored Aeromag and geochemical survey over Bougainville carried out by the Federal Institute of Geoscience and Natural Science Hannover and published in 1990, together with the 2007 discovery of extensive alluvial fields in the creeks and rivers of Isina that are now being worked by villagers, single out this area for high-priority exploration programs for gold/copper epithermal and porphyry deposits. Under the terms of the LOI, IMD paid Kina \$10,000 (approximately CDN\$ 4,000) on execution and has agreed to pay a further Kina \$3,000 (approximately CDN \$1,200) per month to Isina Holdings to help it fund certain programs.

### **Bougainville Geological Setting**

Bougainville is situated along an emerging gold-copper Neogene magmatic belt from Lihir to the Solomon Islands on the south west Pacific Rim of Fire. A number of economic gold and gold-copper deposits have been discovered on this belt including Lihir, Panguna, Simberi and Gold Ridge. On Bougainville there has been no exploration activity since the 1960's on the island which is approximately 250 km long and an average 40 km wide with a North/South spine of ranges made up of nine volcanoes of which two (Mt. Balbi & Mt. Bagara) remain active. The island is one of the world's best endowed gold and copper districts; hosting the world class Panguna Mine with in excess of 40Moz gold equivalent metal surrounded by what is generally accepted as the world's most under explored prospective district for the discovery of additional large gold-copper deposits.

The Isina Lands lie twelve kilometers along the Crown Prince Range to the South of Panguna. Panguna was the world's first large scale gold-copper porphyry mine, which at its opening in 1974 treated a then unheard of 135,000 tons of ore daily. In 1978, one of the peak production years, Panguna produced 403 million lbs. of copper, 751,000 oz. of gold and 1.7 million oz. of silver which at today's prices would aggregate to total sales of \$2.8 billion for the year. At the time the Panguna mine was shut down by civil unrest in 1989 it was still producing in excess of 400,000 oz of gold per annum. The Isina Lands, by virtue of the historical information on the area and their geological setting in proximity to Panguna, offer unique opportunities for the discovery of world-class high grade epithermal gold and porphyry gold-copper deposits.

### **Rockwell**

The current LOI flows from the program that Morumbi acquired through the purchase of Rockwell Exploration S.A. Rockwell has had well established and ongoing relationships for over six years on Bougainville at the village and Governmental level. The current LOI over Isina Lands is a product of these strong relationships and is expected to be followed by other such arrangements on the Island. Morumbi also announced that on May 30, 2011, in accordance with its stock option plan, the board of directors of Morumbi approved the grant of an aggregate of 2,100,000 incentive stock options to certain directors, officers and consultants of the Company. Of these options, 425,000 are exercisable on or before May 30, 2013 with the remainder being exercisable on or before May 30, 2016 each at an exercise price of \$0.33 per share.

## About Morumbi

Morumbi Oil & Gas Inc. is a public company with attractive near-term light oil exploitation opportunities in northwest Alberta, and, through its recent acquisition of Rockwell, it is actively undertaking programs to develop existing assets and conducting activities to acquire additional high impact Oil/Gas and Mineral assets. The Company trades on the TSX Venture Exchange under the symbol "MOC". For more information about Morumbi and the Company's McKinley Property and plans visit our website at [www.morumbi.ca](http://www.morumbi.ca).

## Me'ekamui invites stakeholders to Panguna mine talks

*Mekamui news*, PNG Mine Watch 30.5.2010

Me'ekamui Tribal Government has insisted it will not allow anyone to reopen the Panguna mine until all outstanding issues are resolved. President Philip Miriori said today that as opposed to reports by Australian newspaper on May 19 that BCL owns the Panguna mine, "BCL – Rio Tinto has no rights to Panguna and any discussions or commitments with anyone including PNG or ABG was counterproductive." He added that the Me'ekamui government who control the assets at Panguna and all natural resources within its borders, refute Bougainville president John Momis' authority to enter into any understandings or agreements with Me'ekamui owned land.

Miriori personally invites the Acting PM, Minister for National Planning, Minister for Mining, Minister for Foreign Affairs and Chief Legal Counsel from the PNG Government, ABG President, Vice President, Minister for Mining and Legal Counsel and BCL-Rio Tinto chairman, Secretary and Legal Counsel to an open-dialogue meeting at Hilton Hotel in Cairns, Australia, to settle all unresolved issues. He urged that the individuals attending the meeting planned for June 14 to 17, must bring with them all licenses, documents and relevant materials to enable all parties to discuss all issues with truth and honesty. Miriori urged that all parties act wisely in their pursuit of closure and future promise. He added that the meeting is not a media event but an honest effort to bring all parties together in gaining resolve. Miriori asked that the stakeholders email their RSVP to Me'ekamui Foreign Affairs minister Pius Taboa on [cefeidaltaboa@gmail.com](mailto:cefeidaltaboa@gmail.com) by June 3.

## Autonomous Government assures Bougainville is stable

The National , May 30, 2011

THE Autonomous Bougainville Government has denied it is "walking on a tight rope" as implied by the editorial of Post-Courier last Friday. In a statement yesterday, Bougainville vice-president Patrick Nisira said: "The ABG neither is caught in any corner when dealing with its former combatants, there seems to be no real threat to its leadership, and the leadership does not see any dicey situations in Bougainville that it is unable to handle." He reaffirmed that the "freedom" enjoyed by Bougainville today belonged to all Bougainvilleans and not any particular armed group. Nisira said although it was quite a difficult and risky task, the Konnou law and order situation was a priority of the ABG. He said the autonomous government "is doing all it can to address the situation by encouraging reconciliation among the factions, bringing police closer to the people and with PNG government and aid donor agencies, bringing about development projects as requested by the local community".

"All efforts are being made by the chiefs, church groups, peace committees, former combatants, public servants, national MPs and the member for Konnou in the ABG in their endeavour to put a halt to the senseless killings of 55 men, women and children by one Damien Koike in South Bougainville were made in consultation with the ABG and the council of elders of the area. "Even the

President, John Momis has had his own interventions with Koike," Nisira said. He said the situation in Konnou could have been addressed more speedily had the ABG engaged other armed groups which showed support for the ABG. "However, ABG believes the barrel of the gun is not the answer to Konnou's problems. "Our policy with the remaining armed groups is "peace by peaceful means," he said. He said the ABG had established contact with Koike who had in turn expressed a desire to talk to the Bougainville government. "I believe he is reasonable and sincere to work with me to find a solution to his problems."

## **NAURU LANDOWNERS PROTEST GOVERNMENT MINING**

*Demonstrators say lease agreements violated*

MELBOURNE, Australia (Radio Australia, May 27, 2011) – A land dispute over phosphate mining in Nauru remains unresolved while police released two women protesters they arrested. It is believed the tension [was] triggered [because] the Nauru government stopped paying landowners royalties as per the lease agreements and began mining private land without the consent of the landowners. Nauru's Justice Secretary, David Lambourne told Radio Australia's Pacific Beat program the landowners' claims are illegitimate. He says the land is under a 20 year mining lease from the year 2000. "It's not all landowners to this particular portion it's only a small subset," Mr Lambourne said. "They've taken it into their heads that they are actually owed more than they are legally entitled to and so the past couple of weeks they have been disrupting operations on this particular portion." He says the government has been trying to negotiate a solution and resolve the grievances of a small group of people who are disputing royalty payments. However, Mr Lambourne told Radio Australia's Pacific Beat program some people were taking advantage of the protest in an attempt to widen the dispute.

"We've had reports there are some individuals who have been trying to fester some discontent amongst the landowners, feeding them misinformation," he said. "We are really concerned about that, because we are more than willing to sit down and listen to legitimate grievances, but if people are being fed misinformation and geed up for no reason other than for some short term political gain now that's of considerable concern to us." Earlier, the women arrested, who are both aged in their 50s, reportedly attempted to block mining workers from accessing their land. Police were called and witnesses have reported the women were handcuffed and taken away. Nauru opposition MP David Adeang, who was there when the women were taken away, has told Pacific Beat the protest was peaceful and the police over-reacted. "The men in the family and others were just idly chatting [and most were] just sitting ... the two ladies were actually lying down on their mats refusing to move," he said. "The police were trying to eject them from their own land."

*Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

### *Editorial*

#### **Bougainville Government walking tightrope**

Post-Courier 27.5.2011

BOUGAINVILLE leaders are faced with quite a sticky problem at present. A faction of the rebel army that waged a 10-year armed rebellion against the Government of Papua New Guinea and authority in Bougainville is on the loose, it seems. The faction, led by Damien Koike, is once again striking fear in the heart of people in South Bougainville. Yesterday, they are reported to have conducted an ambush and shot dead two innocent people. Three weeks ago, the group declared war on the Autonomous Bougainville Government led by John Momis. Immediately after that, another group under the command of former Bougainville Revolutionary Army heavy, Ishmael Toroama, ran a campaign of terror in Panguna over a couple of days, firing gun shots into premises of busi-

nesses trying to start up in Panguna. Now the Koike group seems intent on carrying out its threat of harming innocent people. They are doing that because they claim their requests for a number of things have not been heard by the ABG.

The ABG is caught in a corner when it comes to dealing with people like Koike. On the one hand, they are a group of people that needs to be listened to but by enforcing their demands through the rule of the gun and the threat of guns, it makes it a very dicey situation for the leadership of the ABG. The ABG has a policy of not dealing with factional groups, especially those that are armed. This is because it does not want to legitimise rebellious groups that are armed by recognising them through direct dialogue or negotiation. It has a strong policy on disarmament and is observing this policy by not dealing directly with armed groups. Having established that as its policy, it now finds itself in a tight spot when it comes to these groups calling for certain “services and support” in the name of development for their areas. It is a case of talk directly to them and be damned or ignore them and be damned. The situation is such that it could re-ignite armed confrontation between the various groups in Bougainville. And let’s not kid ourselves, they are armed and well-armed. Forget the home-made seen during the crisis ... they have more powerful modern weapons at their disposal which they are itching to use.

Any resurgence of armed rivalry will be hard to contain, given that under the peace agreement, PNG cannot have armed soldiers in Autonomous Region of Bougainville. The armed threat from Koike and others are an indication that maybe we have overlooked a few fundamental issues in the race to normalise politics and efforts to build the economy of Bougainville. Since the introduction of autonomy some eight years ago, nothing much has happened in the region. The people, at the time of being granted autonomy, had huge expectations about the place moving forward. Trouble is there is no money to drive many good ideas that are there on paper to propel the region forward. Bougainville has depended on the goodness of aid donors and grants from Waigani to fund its development priorities. Very little or nothing has trickled down to the rural areas of the region. There is general frustration among the people and they are coming out against that. They do not understand that their Government has very little money. To them, they have their own Government now which must give them what they want, provide them the schools, the health centres and the roads to access markets for their agriculture produce.

The armed factions feel left out. They argue that the “freedom” and autonomy enjoyed by Bougainville is largely due to them and hence, must be given recognition and provided for by the ABG. It is a hard call for the leadership of the ABG. Mr Momis and his administration is walking a tight-rope. It cannot afford to tip the scale one way or the other which means, there is nothing much he can do to contain the Koike group running amok with their guns. He can only appeal to the good sense of the rebel leader to lay down arms and come forward for talks. Koike is throwing a tantrum ... unfortunately, a violent one, but it must be stopped before it triggers off reprisal attacks which could escalate into an unmanageable violent situation in South Bougainville.

### **Tension high in Konnou, Bougainville**

Post-Courier 27.5.2011

*By Fabian Gatana*

TWO men from Tabago in South Bougainville were shot dead yesterday in a dawn ambush by followers of the notorious Damien Koike. The victims were returning to their village when they were ambushed and murdered. Former commander of the Wisai Liberation Movement (WILMO) Philip Pusua has called on the ABG Government and South Bougainville leaders to act quickly and negotiate with Mr Koike to end the Konnou conflict. This week, the Post-Courier spoke to the followers of Koike and asked why they were involved in killing innocent people. Koike’s soldiers said they were angry with ABG and other stakeholders for not adhering to their demands. “50 people have

been murdered, including women and children, in the Konnou Constituency area and more lives will be lost if authorities do not intervene quickly,” he said.

He said the Buin Peace team that was set up to hold talks with Koike are siding with him. Peace team also helped Koike to buy an outboard motor which is enabling him to move around and conduct criminal activities in Bougainville and the Solomon Islands. “There is no political agenda in the Konnou conflict, the murdering of civilians and confiscating of land by force from landowners are criminal offences and human rights abuses,” he said. Mr Pusua said the conflict is now spilling to Central Bougainville when Koike and his men are patrolling the Luluai to Arawa section of the highway, aimed at ambushing and shooting former WILMO members. He said Koike has also recruited more members and increased his power.

### **Solwara MOA talks begin**

Post-Courier 27.5.2011

THE government needs to ensure that the ownership of the Solwara Project straddles New Ireland and East New Britain. Governor of East New Britain, Leo Dion said the Solwara Project was a significant development, but the East New Britain Provincial Government (ENBPG) anticipated that certain issues were addressed and reflected in the Memorandum of Agreement (MOA). Mr Dion made these remarks at a two-day consultation meeting between parties to the Solwara Project that began yesterday in Kokopo. A draft MOA was presented by the State to the parties at the meeting to seek the views and positions of the various parties. The meeting began initial discussions and negotiations on the MOA for the project and discussed royalties, tax credit scheme, business development plan and Special Support Grant and other issues. Mr Dion also highlighted two other important issues; the State’s capacity to monitor technical and environmental aspects of the project and that the State needed to seriously consider equity participation of the two Provincial Governments; New Ireland and East New Britain.

The ENBPG team leader Bernard Lukara reaffirmed Governor Dion’s position, emphasising that some of these concerns were about ownership of the area between NIP and ENB where the mineral resources was located, equity participation and effective monitoring of the environment. He urged all stakeholders to seriously address these issues. The parties at the meeting were the state, represented by the Mineral Resources Authority (MRA), Departments of Commerce & Industry, Treasury, National Planning & Monitoring, Provincial and Local Level Government, Mineral Policy & Geohazards Management (DMPGM) and the Office of the State Solicitor. The other parties included the operator of the project Nautilus Minerals Inc, New Ireland (NIPG) and the East New Britain Provincial Governments (ENBPG).

Chairman of Mining, Commerce and Trade for the NIPG Marius Soiat expressed his concerns on environmental issues, saying that the government needed to seriously address the issues before mining could begin. He reiterated that unless the National Government addressed these concerns, the New Ireland Provincial government would not be party to the MOA. Country Manager for Nautilus, Mel Togolo, said the company was keen to ensuring that issues raised by parties were addressed and concluded in a way that was mutually beneficial to all parties involved. State team leader Philip Samar said that the state would take all comments into consideration and address them (issues) appropriately and in the interest of all the parties concerned. He explained that this was the first meeting for the parties to consult on the benefit sharing agreement and that subsequent forums will then be organised to consistently address the provisions under the draft MOA.

## **Memorandum funds to MRDC**

Post-Courier 27.5.2011

By Jonathan Tannos

MORE than K600 million paid out by the Government as Memorandum of Agreement (MOA) funds for projects in resource project areas since 2001 were thrown into a black hole. And Acting Prime Minister Sam Abal is adamant that this will not be repeated. Millions of Kina will no longer go into the hands of landowners but will be managed by a Project Management Unit (PMU) under the roof of the Mineral Resources Development Company. Australian engineering firm, Snowy Mountains Engineering and Consultancy (SMEC), have been engaged by MRDC to prepare an operation manual for the PMU, which will be manned by a team of qualified engineers, project managers and secondees from Oil Search Limited's tax credit scheme to implement the MOA projects. This will apply to all PNG LNG project areas and impact communities, Mr Abal said on Wednesday.

The commitments have been clearly identified and categorised into outstanding ones under existing MOAs from the Kutubu project and those under the new LNG development. "It is not a commitment by the Government to write cheques to landowner associations and companies for projects that were never built," was the warning from Mr Abal. "More than K600 million has been spent since 2001 and there was nothing to show for, except a few incomplete projects." Mr Abal said MRDC's task would be to identify existing projects, review, process and recommend implementation through the PMU.

Mr Abal said the operating manual developed by SMEC would be the first of its kind in line with the Public Finance Management Act, Central Supplies and Tenders Board requirements, Department of Finance guidelines and the Expenditure Implementation Committee guidelines. He said MRDC would supervise and certify the different stages of construction of all infrastructure projects prior to any instalments of funding through the new set up. "There have been failures in the past in delivering outstanding MOA projects," he said. "There was a gross misuse of funds. "We are now in a new era and are aiming to do things differently. "Proper process and procedures must be followed and projects must be delivered. "I have declared that the year 2011 is the year of implementation. "We will deliver the outstanding MOA projects, not cheques but projects."

## **Hides groups want K40 million**

The National, 27th May 2011

By PATRICK TALU

HIDES 4 petroleum development licence (PDL) 7 area landowners have called on the government to give them another K10 million each for four other major LNG projects in Hides 4. Gigira Hides 4 Joint Venture chairman Willie Ayule said from Hides the rest of the project area landowners wanted K40 million for the quarry (K10 million), lay down (K10 million), Hepi-Holway Road (K10 million) and the Timalya Bridge (K10 million). He said the government told landowners that the K10 million paid to them in February at Para Community School was for project security for the plant site where the project was shut for over two weeks. Ayule said the K10 million delivered by acting Prime Minister Sam Abal, Southern Highlands Governor Anderson Agiru, Public Enterprises Minister Arthur Somare, Attorney-General Sir Arnold Amet and others had disappeared into the hands of plant site landowners who claimed the project security money was meant to be shared by them. "The government made a mistake in giving cash handouts in millions of kina where there was no specific project for such funds," Ayule said. "Since the government has set the precedent in paying plant site, the four impact project sites want K10 million each too. "The government did not say what the money was for. It just handed it over to Hides Special Purpose Authority," he said. Hides Special Purpose Authority chairman Lemson Mapira could not be contacted for comments.



## **PNG LANDOWNERS THREATEN TO STOP EXXON GAS PROJECT**

*Anger at government inaction on demands*

MELBOURNE, Australia (Radio Australia, May 26, 2011) – Landowners in the Papua New Guinea highlands are threatening to shut down the Exxon Mobil-led PNG Liquid Natural Gas project, angry at the government's delay in dealing with their grievances. Pre-existing tensions have been further strained with the death of Chief Himuni Homoko, who died unexpectedly while processing the claims of the 26 Tuguba clans. The Tuguba, and other landowners from the Hela region, want action to include them more fully in benefit sharing and opportunities for infrastructure and business development. Acting Prime Minister, Sam Abal, has moved on their Memorandum of Agreement issues but other grievances are outstanding. A petition has gone to government. Tuguba spokesperson, Sir Alfred Kaiabe, says it needs immediate action or the consequences will be serious. *Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

### **Not enough lawyers to hear mining reviews, says Amet**

The National, May 26th 2011

LACK of capacity is one of the reasons for the delay to mining review hearings, Attorney-General and Justice Minister Sir Arnold Amet told parliament yesterday. Sir Arnold said the department had to remove private lawyers doing the job as it was too costly and the work would now be done in-house. He said this in response to questions from Kainantu MP Sai Sailon Beseo over the Kainantu mine public hearing. "It is understood that the national government has allocated funds to the National Land Titles Commission to fast-track hearing on land issues affecting mining impact areas. "In most mining impact areas, so many claimants fight over land ownership and these fuels desolation and upheaval, and even results in closure of mining operations." Beseo said these were sensitive issues "when we talk about native land being passed from generation to generation, therefore, the Land Titles Commission must take holistic action to address these issues before developing mines". "For the Kainantu mining project, land investigation and hearing were conducted in 2008, affirming various landowners as claimants of the impact area. "However, other disgruntled groups then filed an appeal case to review the hearing."

### **Pundari: Mining to review all laws**

The National, May 26th 2011

THE Mining Department will review all its legislation, Mining Minister John Pundari said in parliament yesterday. Pundari was responding to a series of questions from Kerema MP Pitom Bombom on mining exploration licences and mining legislation. Bombom said the rate of exploration for mineral resources in recent years had been so rapid that it outpaced and outstripped government capacity at all levels to properly regulate, control, monitor and manage those developments to ensure the people received maximum benefits. He said mineral exploration covered almost the entire country, with development licences being granted under the special mining lease category for more than 30 years since independence.

Pundari said it was true PNG was covered by exploration licences which the Mineral Resources Authority was responsible for monitoring, regulating and controlling. He said in order to create a good playing field, the Mining Department was in the process of reviewing the legislation and policies so that Papua New Guineans participated meaningfully in the industry. Pundari said he wanted to see PNG's first gold refinery. He said through the refinery, many jobs "will be created while the economic benefits will be greater". "But the onus is on the leaders to seriously make laws and support to make our own companies flourish in the mining sector," the minister said. He said the economic

decision by Mineral Resources Enga to sell its shares in Porgera gold mine was respected and he had given the clearance for the sale to take place.

### **Nautilus followed strict procedures**

Post-Courier 26.5.2011

By *HARLYNE JOKU*

NAUTILUS Minerals Niugini Limited followed strict procedures before it obtain an environment and mining license to mine the sea beds of the Bismarck Archipelago, Country Manager of Nautilus Mel Togolo told the Post-Courier yesterday. Mr Togolo said the process for granting of the Environment Permit and Mining Licence took many years of extensive work on their part. "We have carried out, and continue to carry out, awareness campaigns in both East New Britain and New Ireland," he said. He reiterated that people are free to express their views during the permitting process and were encouraged to submit these views to relevant government agencies. "As much as we may like to, it is neither possible nor practical to go to every household and meet each family. The meetings were well advertised through radio and newspaper advertisements. We followed and fulfilled the requirements of the laws of the land and have even gone beyond the formal requirements in terms of consultation.

Mr Togolo made the remarks in response to New Guinea Island NGOs who raised issues at a recent forum about the speed in which the national government has given Nautilus its environment and mining licence and lack of consultation. Mr Togolo pointed out that the claims raised by the NGOs including ENBSEK as reported this week are incorrect and that Nautilus had to go through rigorous scrutiny by relevant agencies before having their permit approved. "It is not easy to get an environmental permit or a mining licence in PNG. There are established processes and procedures and we have followed these strictly. It took us over two years to get the Mining Licence," he told the Post-Courier yesterday. Mr Togolo added that consultations and discussions regarding the project have been thorough. "Provincial and Local Level Governments are encouraged by the National Government to participate in the determination of the distribution of benefits through discussion of the Memorandum of Agreements. This is an established process and has been operating since the 1980s," Mr Togolo said.

### **Abal explains strict use of Memorandum funds**

The National, May 25, 2011

MORE than K536 million in memoranda of agreement for petroleum projects areas in Southern Highlands have been paid since 2004 but no projects have eventuated, acting Prime Minister Sam Abal said yesterday. Abal said cabinet had approved K100 million to fund projects under the MoA for oil projects. He said there was a misunderstanding among gas and petroleum project landowners over the implementation of the MoA projects through the Mineral Resources Development Company (MRDC) Ltd. He said MoA funding "is not a fund for the landowners to use as it is intended for projects as agreed between the national government, provincial government and local level government for infrastructure projects in petroleum project areas".

Abal said the petroleum projects that had existing memoranda of agreement, memoranda of understanding and development agreements with the state, provincial government and local level government were petroleum development licence (PDL) 2, Kutubu project, PDL 3&4, Gobe project, PDL 5 Moran and PDL 1 – Hides gas to electricity project – and not the PNG LNG project. He said the petroleum projects that were being developed as part of the PNG LNG project were covered by the umbrella benefits sharing agreement (UBSA) and the licenced-based benefits sharing agreement (LBBSA). The acting prime minister said those agreements had an annexure that outlined different

infrastructure projects that the government would build. He said the gas development licence did not have any outstanding MoA projects. He said, previously, so much had been misused and “now with the cabinet’s decision, the K100 million approved will be managed and implemented by MRDC”.

### **Members of Parliament: Ok Tedi mine must close in 2013**

Post-Courier 25.5.2011

POLITICAL leaders from the Western Province have made a unanimous decision for Ok Tedi mine to be closed in 2013. Governor for Western Province Dr Bob Danaya, North Fly MP Boka Kondra, Middle Fly MP Roy Biyama and South Fly MP Sali Subam in a joint statement last week said the time has come to put an end to the Restated Ninth Supplemental Agreement which expired in 2010, the year the mine was initially planned to close. They said it was important that the shareholders, PNG Sustainable Development Program and the State were mindful of this decision and that as a province they were putting them (shareholders) on notice. The leaders said it was most disappointing that shareholders failed to give due respect to the legitimate provincial government and resource owners and those along the Kiunga Tabubil Highway and the Fly River corridors which has been devastated by severe environmental damage and river pollution.

The leaders said: “We can no longer tolerate this blatant disregard for our river systems, land and the environment that our people live off. Our people’s lives are more important now and the future. Money cannot buy lives but has become a curse to our people who are now dying from lifestyle diseases. The toxic pollutants from the mine tailings continues to cause unusual medical disorders in those living along the OK Tedi and Fly River systems and also causing bizarre deaths,” the text statement said. “BHP (Australia) started mining by making bad decisions with total disregard for human lives. It was a death sentence for the people of Western Province. They even put an indemnity clause in the Ninth Supplemental Agreement so that no lawsuits will be taken up against BHP for any environmental damage from mine operations and this was supported by the government of PNG which has compromised the regulatory aspect of the mine,” they said. The statement stated that as a shareholder, the government of PNG was more concerned about profits from the mine rather than protecting the environment.

“The government has compromised our environmental laws by listening utter rubbish from BHP. This is inhuman and of course legally unconstitutional. I cannot understand that our own government put and approve laws through influence by a developer that would cause cultural genocide in Western Province. BHP never left PNG because one can see the same colours in PNGSDP [PNG Sustainable Development Program; R.S.]. Who is PNGSDP one may ask? Who do they work for? What tangible benefits do they bring to Western Province? Many of the projects that PNGSDP has implemented in the province are not sustainable but are now becoming a burden to the people who see it as BHP leaving its liabilities behind. So much money goes to hiring very expensive consultants overseas who have done things that do not benefit the province and its people. There is so much duplication that millions of kina have been wasted and more rubbish is thrown at the people. Western Province is not a dumping ground but BHP and the national government have made it as a rubbish dump. This is an insult to our people and we cannot allow it to continue,” they said. In 2013, a new agreement will be drawn which will be drafted by the provincial government which will determine the shares and equity participation.

## **PRESS RELEASE: MEPs call for moratorium on public financing of mining projects**

24 May 2011, by Counter Balance and Eurodad

BRUSSELS - In an open letter addressed to the EU president, the EU presidency and the European commission, 50 Members of the European Parliament from 4 different political parties (S&D, Greens, Gue/Nordic Left and ALDE) call for “a moratorium on EU public financing for mining projects until adequate standards and regulations are in place.”

“The added value of mining projects for development is highly debatable” says Thijs Berman (S&D) who presented the letter in the European Parliament today. “Due to favourable tax regimes, low labour standards and a significant environmental impact, it is rarely the hosting country or its population benefiting from these mining projects. It is rather the international mining companies that make the profit and I don’t see why they would need public financial support for that. At least not until standards and regulations are in place that can guarantee a positive outcome for those who need it: poor countries and their population.” The letter refers to previous successful processes in other sectors such as the World Commission on Dams or the World Bank’s Extractive Industries Review as worth following.

This initiative came as a result of big misuses by Mopani Copper Mine (MCM), a consortium that is mining copper and cobalt in Zambia. MCM has been siphoning its profits out of Zambia to avoid paying tax. It relocated its profits to its mother company, the world’s largest commodity trader Glencore AG, based in the tax-attractive Canton of Zug, Switzerland. A Counter Balance report released just before in December 2010 was also very critical for the mining company’s weak social policy and its heavy impact on the environment. Despite these findings the company was able to obtain a €48 million publicly backed loan from the European Investment Bank (EIB) whose aim is to support development. Today Glencore fully entered the London Stock Exchange as one of the biggest companies around.

This topic has been dominant in the Zambian public debates for months, one of the main drivers of this debate is Savior Mwambwa, director from the Centre for Trade Policy and Development (CTPD): “These companies bring little social or economic benefits to our country. In contrary, they are depriving the people of Zambia of their right to social and economic benefits. By financially supporting them the EIB is doing more harm than good.”

Despite the European Investment Bank’s own policy on “secrecy jurisdictions”, it does not prevent European public money being put into tax havens: In April five different NGOs filed a complaint against Glencore for violating the OECD arm’s length principles. “It’s clear we need stronger regulation and more transparency”, says Maria Jose Romero from Eurodad. “If multinational companies were to report the profits they make and the taxes they pay on a country-by-country basis, abuses would much easier to detect. It’s high time the European Commission proposed effective legislation to address this issue.” Relevant Documents: - Counter Balance report ["The Mopani copper mine, Zambia: How European development money has fed a mining scandal"](#), December 2010; - CTPD briefing paper ["A fools paradise?: Zambia’s mining tax regime"](#), December 2010; - The [pilot tax audit of MCM](#)

## **Nautilus to raise around C\$150 million in offering**

By Liezel Hill, 24th May 2011

TORONTO (miningweekly.com) – TSX- and Aim-listed Nautilus Minerals, the company that plans to mine copper and gold from the seafloor, has launched a market public offering of common shares and plans to raise about C\$150-million. The offering will be conducted through a syndicate of underwriters led by TD Securities and Credit Suisse Securities (Canada), Nautilus said. The company

plans to use the proceeds to fund development of its Solwara 1 project, for its equity contribution to a joint-venture on a new offshore mining vessel and for general corporate purposes. The underwriters will also be given an over-allotment option equal to 15% of the shares sold in the offering, which will be priced in the context of the market, Nautilus said. Nautilus was awarded the world's first deep-sea mining lease by the government of Papua New Guinea earlier this year, and said last month it had signed an strategic partnership agreement with Germany's Harren & Partner, to provide the offshore mining vessel. The company plans to mine high-grade copper and gold ore on the seafloor off the shore of Papua New Guinea. Shares in the firm rose 0,4% on Tuesday, to C\$2,70 apiece by 15:59 in Toronto.

### **Australian Mincor heralds \$30m PNG deal**

The West Australian, 24.5.2011

Nickel miner Mincor has sought to expand its geographic footprint and diversify its operations with a \$30 million deal targeting gold and copper in Papua New Guinea. Under the terms of the deal with PNG-focused, unlisted explorer Niuminco, Mincor will spend \$15 million in exploration at the Edie Creek gold project to earn a 51 per cent interest and a further \$15 million to earn up to a 72 per cent interest in three exploration licences in the country. Mincor may also subscribe for \$5 million worth of shares as part of a \$15 million capital raising by ASX-listed DSF International Holdings, which is buying out Niuminco. DSF, which is in a trading suspension, will emerge as a new listed entity to be named Niuminco Group, following its recapitalisation and backdoor listing of Niuminco's assets.

"The \$30 million transaction represents the most significant new business development initiative undertaken by Mincor since its outstandingly successful acquisition of the Otter Juan nickel mine in 2007," Mincor said in a statement. Mincor managing director David Moore said the venture would offer the company some of the best prospects in PNG for world-class deposits. He said Mincor had established a strong rapport with Niuminco/DSF, and believed that their extensive experience in PNG would be of great value to the joint venture in the years to come. Mincor's existing operations are focused on mines and projects in the Kambalda nickel district. Mincor shares were off four cents, or 3.81 per cent, to \$1.01 at 1.45pm in a broadly weaker market.

### **Growing economy constraints**

Post-Courier 24.5.2011

THE high rate of growth that Papua New Guinea is currently experiencing as a result of the Liquefied Natural Gas (LNG) project comes with supply constraints. Alternate executive director, Asian Development Bank (ADB)-South Pacific Region, Wilson Kamit made this comments at the 27th PNG-Australia Business Forum in Madang from May 15-17. Mr Kamit, who is also former governor of the Bank of PNG, told the business forum that those constraints, such as the real estate market, the availability or scarcity of qualified managers, skilled and experienced workers and the skills and resources gap was brought about by economic growth, particularly in the mineral and extractive industries. Mr Kamit made several suggestions about how to address these management and skills gap, including training and developing human resources and importing skilled manpower. "The Government provides budgetary allocation for education and the Treasurer mentioned recently that the Education accounted for 20 per cent of the Budget for 2011. However, the Government cannot spend all resources on education, training and human resource development. It has other responsibilities.

"The opportunities are therefore created for the private sector and non government organizations to fill in the gaps," he said. Mr Kamit said skills can be imported abroad as it is more cost effective to

bring a few qualified people into the country to facilitate skills transfer instead of sending employees abroad in large numbers. Another suggestion raised by Mr Kamit was to change work culture and habits. "The traditional eighth-hour day habit (8am to 4pm) could be changed to a mix with more flexible work attendance. Flexi time would enable for instance, parents with school age children to attend work for part of the day their children are at school or university, and college students to blend work with studies," Mr Kamit said. He added that this could also be extended to bring people out of semi-retirement or retirement where they can use their skills to contribute to the growing economy. "This is already happening, especially in the public arena through consultancies being undertaken by retired public employees," Mr Kamit said. The 28th PNG-Australia Business Forum will be held in Brisbane from May 13 to 15, 2012.

## **Panguna mine high on government agenda**

Post-Courier 24.5.2011

PAGUNA mine is now one of the most critical agendas for Papua New Guinea and the Autonomous Bougainville Government as singled out by leaders of these governments. Acting Prime Minister Sam Abal, Bougainville Affairs Minister Fidelis Semoso and ABG President John Momis have reiterated this message to the people of Bougainville – the importance of re-opening the Panguna mine, which is important for the economy of the region. Mr Momis had last week brought with him businessmen from Australia and Bougainville Copper Limited's top boss Peter Taylor and Paul Coleman to Buka for several meetings specifically on mining, tourism, hospitality and other areas of investment. Mr Semoso, who promotes the idea of re-opening the mine in every chance he gets to speak, said the mine alone would help power the economy of Bougainville.

Mr Abal singled out the approach the National Government is taking and how the Panguna mine is imperative and a priority agenda for the Government. When speaking in Arawa on Sunday, Mr Abal appealed to the people of Bougainville to lay down their arms and move forward. "Lay down your arms, they are destructive tools and pick up the shovel, your productive tools," Mr Abal said. Minister Semoso appealed to "our good people of Kieta, our mothers, we can have all the businesses moving forward, you can have foreign investment coming to your doorstep but if the law and order is not in order, you cannot have the economy of Bougainville grow. "I appeal to you women and men of Kieta, throw away the guns and let us move Bougainville forward," Mr Semoso said. Mr Abal said he believes that Bougainville has a bright future and the National Government has every responsibility to see that Bougainville gets back to where it was before the crisis broke out in the late 1990s.

## **Locals to launch mining campaign**

Post-Courier 24.5.2011

By Harlyne Joku

A campaign will soon be launched to make the Government take immediate steps to legislate specifically for the mining of the seabed floor within PNG's Bismarck Archipelago. The indigenous people of New Ireland, East New Britain and Madang provinces have agreed to begin the campaign saying that there is a need to promote awareness on sea bed mining and all laws related amongst the public and affected communities. Chairman of the ENBSEK (East New Britain Social Eksen Komiti) Patrick Varagat said yesterday that although the Government has granted approval of license to Nautilus Mineral Niugini Limited to mine the Bismarck ocean sea bed, not much awareness has been made on the impact it can have on the ecosystems, marine biodiversity of the ocean beds and the communities. He said the National Government has failed to scientifically justify the grant and approval of the license to Nautilus to mine the ocean sea bed. He said the mining Act 1992 and the Environmental Act 2000 do not adequately address the laws on sea bed mining;

## **BOOMING PNG ECONOMY TO GROW BY EIGHT PERCENT**

*But inflation expected to hit low-wage earners*

MELBOURNE, Australia (Radio Australia, May 23, 2011) - Papua New Guinea's (PNG) Treasurer Peter O'Neil says the nation's economy is expected to grow by eight percent this year. Mr. O'Neil says the positive economic outlook is fuelled by a boom in the mining and petroleum sectors. He says the main economic driving force is the multi-billion dollar PNG Liquefied Natural Gas (LNG) project. "The real GDP growth is expected to be around 8 per cent largely driven by the expected ramping up of the PNG Liquefied Natural gas LNG project activity," Mr. O'Neil said. But he has warned that there is also going to be high inflation which will hit low income earners hard, as prices of goods and services increase. "Inflation remains persistent and is threatening the macro-economic stability. Our forecast for inflation for 2011 is 8.2 percent," Mr. O'Neil said. The treasurer says the government will do its best to control and minimize the impacts of a high inflation rate on ordinary people and businesses. *Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

### **Porgera Landowners go to Canada**

Post-Courier 23.5.2011

THE landowners from Porgera mine area are now in Canada to appeal to the United Nations and to advocate for the humane resettlement of the people affected by the mine. The resettlement of people still living inside the Special Mining Lease (SML) area of the Porgera mine has been a key demand brought by the landowners association for many years. The decision by landowners to travel to Canada comes after a recent landmark decision by the National Court that now gives Porgera Joint Venture company exclusive rights of occupancy to its Special Mining Lease (SML). The chairman of the Porgera Landowners Association Mark Ekepa told the Post-Courier that the decision could affect thousands of landowners living in major resource development project areas not only in Porgera but throughout the country.

The lawsuit, against the Wapini sub-clan living in the SML area of Barrick Gold's Porgera mine, sought permanent injunctions against the landowners who were continually tearing down a fence that the company was building around the SML. Danny Gonol, the lawyer representing the Wapini landowners, submitted on behalf of the landowners that the company was constructing the fence through their village and this would result in their displacement, as well as destruction to their homes, food gardens, tress and economic. Mr Gonol confirmed they will be lodging a Supreme Court appeal against the National Court decision. "We are forced to live like squatters in our own land. The company's mining activity, through the mine waste and now this giant fence has overtaken all of the land that we once used to live in and grow food," Mr Ekepa said.

"With this legal decision, the national government is legitimizing Barrick's use of force in evicting indigenous landowners from their own land. We have no where to go, so we are taking our struggle to international bodies." In 2008, the Porgera Landowners Association joined forces with other Porgera-based groups to form the Porgera Alliance. Since that time, the alliance has made annual trips to Barrick's annual shareholders meeting, the Canadian Parliament, and the United Nations Permanent Forum on Indigenous Peoples (UNPFII) to advocate for resettlement of landowners who live inside the SML. Jethro Tulin of the Porgera Alliance said the PNG Government is weak and depends on companies like Barrick to provide revenues from resource extraction. "While we try to work with our government in PNG, we have found that the government speaks like the company and the company speaks like the government," Mr Tulin said.



## 2010 a 'lost year' for Ramu Nickle Project

Post-Courier 23.5.2011

THE Ramu Nickel Project is expected to produce an annual output of 31,150 tonnes of nickel and 3,300 tonnes of cobalt over its 20 mine life, according to Highlands Pacific Limited; however 2010 was a 'lost year' for the project. "Unfortunately Ramu has been a lost year. It is unfortunate for us but much more unfortunate for the country of Papua New Guinea and its citizens. It is disappointing that resolution has not been achieved much earlier," chairman of Highlands Pacific Ltd, Ken MacDonald said in his speech at the company's Annual General Meeting in Port Moresby last week. "As previously announced we expect a court decision is imminent and whatever that outcome we are resolved to pursue a satisfactory conclusion," Mr Donald said.

A decision is expected to be handed down today by the Madang National Court on a permanent injunction sought by plaintiffs to restrain the operation, particularly constructing and operating a deep sea tailings placement system. "Our share price during the last 12 months has had its quite strong periods, notwithstanding the impact of the Ramu injunction and the pressures resulting from some long term shareholders understandably taking advantage of the strong share price to realise some gains. As a result we have welcomed new shareholders and new supporters," Mr MacDonald said. Highlands Pacific Ltd managing director John Gooding said the company didn't think that legal delays would last a whole year.

"Hopefully commissioning can start soon and provide comfort with other companies who have invested heavily in PNG based on approvals and permits received and generate wealth for shareholders, landowners and the country," Mr Gooding said. He added that although Joint Venture partners MCC Ramu NiCo Ltd were disappointed with the delay, they did not "drop the ball". "The partners continuing faith in the projects technical and environmental attributes and the judicial system has meant that important infrastructure like the Enekwai village and assistance to the well being of the local people through medical and educational facilities, as well as the important employment opportunities has continued unabated with the hope that at the end of the day the project would prevail," Mr Gooding said. Highlands Pacific Ltd is an 8.56 per cent shareholder in the US\$ 1.5 billion Ramu Nickel Project.

### **Ramu: Highlands Pacific statements "full of lies"**

PNG Mine Watch 23.5.2011

Highlands Pacific Managing Director, John Gooding, and Chairman, Ken MacDonald, both made statements to shareholders at last week's Annual General meeting that were "full of lies" according to legal analysts. Both men said that production at the Ramu nickel mine in Papua New Guinea has been delayed for twelve months by litigation challenging the mine's marine waste dumping plans. However, according to legal experts, the mine has still not received approval for its Operations Environmental Monitoring Plan and therefore could not legally start production now even if there were no injunction preventing use of the marine tailings disposal system.

Further, the application for the Operations Environment Monitoring Plan was only submitted to the Department of Environment and Conservation on 24 December 2010 which means no production from the mine was possible in 2010, whether or not there had been an injunction in place. Mining experts also say that MCC and Highlands Pacific have also delayed the construction of two 10,000 tonne emergency tailings ponds which would be used if there were any problems with the marine dumping system. The construction of the ponds has not been prevented by the injunction but the mine could not begin operations until they are completed.

## **Hidden Valley agrees to meeting outcomes**

Post-Courier 23.5.2011

THE Hidden Valley Joint Venture (HVJV) has agreed to stop using the statutory declaration form as part of the voluntary garden compensation process. HVJV made this announcement in response to the outcome of a stakeholder meeting which was held in Port Moresby on May 12, where constructive solutions to Watut River Communities concerns were discussed. At the meeting, the Union of Watut River Communities (UoWRC) handed a petition over to the national government, requesting the government's assistance to address a faction of the Watut River communities who refused to be paid compensation by the HVJV. HVJV said in a statement that in place of the statutory declaration form, it would use an amended version of the current 'Damages Assessment Payment Receipt Form' to document future payments under the voluntary garden compensation process.

HVJV emphasise that the use of a receipt is a normal responsible and transparent approach as it provides all parties with written evidence that the compensation amount has been agreed and received. "As agreed at last week's stakeholder meeting, the HVJV will now revisit the remaining 471 Watut River landowners who have not received compensation in order to finalise the voluntary garden compensation process," the statement said. HVJV also announced that it has already paid K3.8 million in compensation to 3,700 Watut River landowners for flood damage to crops and gardens, to which mine related sediment may have contributed along with natural events including land slips and heavy rain. HVJV is also putting together an Expert Stakeholder Advisory Panel to provide independent review of sediment related issues and related community concerns. HVJV is operates in the Hidden Valley Mine. HVJV is a joint venture between Harmony Gold of South Africa and Newcrest Mining of Australia.

## **Panguna Mine to benefit Bougainville**

Post-Courier 23.5.2011

BOUGAINVILLE potentially stands to benefit from the Panguna Mine if it re-opens again. Bougainville Affairs Minister Fidelis Semoso, based on information gathered from international economic experts who had dealt with the Panguna mine, said that Panguna alone, if re-opened, has the potential to bring in:

- K14,00 million for landowners yearly
- K418 million unprecedented
- K700 million revenue per annum

And from the 19.1 per cent shares being talked about openly by the National Government and the ABG, K9.2 billion could potentially set to benefit the ABG yearly looking at a total of 76.4 million shares at A\$40 or K120 per share. ABG President John Momis also endorsed and reiterated the importance of re-opening the mine and alluded to the statement by Rio Tinto/BCL overall boss Peter Taylor, admitting they made a mistake but were prepared to work along well with the landowners, the ABG and the PNG Government on the issue. "The Panguna mine is worth much, much more than we were ever told." "Our people should have some faith in the Government because we can see that Bougainville does have a bright future," Mr Momis said. Bougainville Affairs Minister Fidelis Semoso told a crowd at Kokopau, the gateway to mainland Bougainville, that the Panguna Mine had huge potentials if re-opened and everybody would benefit, compared to the last mine operation and its landowner packages. Mr Semoso read out in public that information he had from international/economic advisors said that the re-opening could have more than what was being received during the operational years.

## Deep sea mining workshop in Fiji

Post-Courier 23.5.2011

A project to address legislative, regulatory, capacity requirements and environmental issues pertaining to deep sea mineral mining for countries in the Pacific region will be launched at a three-day workshop from June 6 through June 8 in Nadi, Fiji. The workshop reflects the growing interest in the region with the first commercial mining lease being granted in PNG territorial waters to mine 'high grade' seafloor massive sulphide (SMS) deposits. The deep sea minerals project administered by SOPAC, a division of SPC, and funded by EU is to develop a legislative and regulatory framework for deep-sea mineral mining over a four-year period. This workshop is expected set platform for management of deep seabed minerals. The deep sea minerals project team leader Akuila Tawake informed this paper from Fiji that this will help ensure that sustainable resource management would bring tangible benefits to Pacific island countries and their people.

He said SMS deposits include copper, gold, silver, zinc and lead. "This, in turn has triggered growing interest in mining deep-sea minerals in the Pacific Region. In addition to SMS, the seabed of the region is abundant in manganese nodules and cobalt rich crusts," he said. Mr Tawake said presently, about eight countries in the region have granted and are at various stages of granting exploration licenses but specific policy, legislation and regulations necessary for the control of deep-sea mineral resources are lacking. Countries that are participating in the project are the Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, PNG, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu and Vanuatu. "The purpose of the workshop is to help representatives of those countries participating in the Project to better understand issues related to seabed minerals and mining," said Mr Tawake.

He said this workshop would allow stakeholders, including representatives of participating countries, to discuss all aspects of the project and work towards an agreement on a way forward for the next four years. "Mr Tawake said 15 of the world's top technical, policy and environmental experts on issues relating to deep sea minerals will take part in the workshop where they are expected to provide the necessary advice and guidance countries in the region. He said the workshop will be followed by a two-day steering committee meeting of these selected experts on June 9 and 10 on an assessment of regional marine mineral resources. The assessment will be based on past scientific studies and exploration. This meeting is part of the SPC and the Norway based UNEP/GRID-Arendal, (the United Nations Environment Program information office) partnership.

## Exploiting the ocean's riches

By MICHAEL RICHARDSON, The Japan Times, May 21, 2011

SINGAPORE — In the 1970s, the oil and natural gas industry decided to take a leap into the deep. With many of the biggest and cheapest petroleum deposits on land already discovered, the search for new finds went offshore into ever-deeper waters. The move has transformed the energy business. About one-third of the world's oil and gas now comes from beneath the seabed, although some accidents and spills have caused extensive damage to the environment and been costly to clean up. Despite the risks and technical challenges, the mining industry is about to do what oil and gas drillers have done. Buoyed by recent high prices of precious and base metals, leading mining and mineral-using economies are on the verge of opening a new frontier of deep-sea metals recovery. Those involved in the hunt include companies from Canada, Australia, the United States, Japan, China, India and South Korea. One of their main targets is the Asia-Pacific rim where volcanic activity and tectonic plate movements create vast mineral and gas deposits on or just below the seabed.

Japan has calculated that in its waters alone, total recoverable metal and energy resources in sea floor deposits amount to at least ¥300 trillion. Multi-metallic sulphide concentrations of gold, silver,

copper and zinc in Japan's claimed exclusive economic zone, out as far as 200 nautical miles from the coast, were estimated to be worth ¥80 trillion in late 2008, when most commodity prices were depressed by the financial crisis. Cobalt-rich crusts containing titanium, manganese, nickel and platinum as well as cobalt are valued at ¥100 trillion, while reserves of methanehydrate, icelike gas formations trapped in sediment on the seabed, are put at ¥120 trillion. State-owned China Minmetals, the country's largest metals trader, is intensifying research and development into deep-sea mining. Noting that China relied heavily on costly raw-material imports, Minmetals president, Zhou Zhongshu, said in March that "this will push the country to go for deep-sea mining to explore (for) metals including copper, nickel, silver and gold."

No one has yet attempted full-scale commercial mining to exploit the trove of seabed mineral riches. But earlier this year, the Papua New Guinea government granted the world's first deep-sea mining lease to Nautilus Minerals Inc, a Canadian-based firm backed by several multinational and Russian mining groups. Nautilus is assembling a combination of proven technologies from different industries, among them mining, oil and gas, and dredging, to create what it says will be a cost-efficient system for deep-sea mining. In 2013, it plans to start mining a high-grade copper-gold resource about 1,600 meters below the surface of the Bismarck Sea in Papua New Guinea waters. The company says it will use remotely operated undersea vehicles and machines to cut ore from the sea floor and pump it up to a production support vessel on the surface as seawater slurry. The water will then be removed and the ore shipped to shore for smelting into ingots.

After investing about \$400 million, Nautilus aims to produce ore at an annual rate of more than 1.3 million tons, containing approximately 80,000 tons of copper and up to 200,000 ounces of gold for a number of years before shifting its moveable production system to other nearby deposits it has found. Multi-metallic sulphides are found around seabed hot springs emerging from volcanic vents. Seawater percolates down through the crust and reacts chemically with the rocks at very high temperatures, collecting metals as it does so. When the hot vent water rises and mixes with the cold seawater on the ocean floor, the metals precipitate out to form concentrated deposits. Exploiting these deposits in national waters is already controversial. After returning from a recent visit to Papua New Guinea, Australia's Greens party leader, Sen. Bob Brown, said he would seek a Senate inquiry into the environmental impact of undersea mining. Other critics say that the Asia-Pacific rim is being made a test bed for a potentially damaging new form of mining as technology races ahead of regulation.

Another Canadian-based company, DeepGreen Resources Inc., is seeking financial backing to mine a massive copper-nickel deposit in international waters in the Pacific Ocean between Hawaii and Mexico. The deposit lies 4,500 meters below the surface of the sea. Meanwhile, China and India have filed applications with the United Nations International Seabed Authority (ISA) for high seas mining rights of the Indian Ocean. The ISA has regulatory authority over seabed mineral resources in international waters. Its mandate is to ensure that these resources are exploited in a way that is fair to all countries. However, it has yet to spell out whether and to what extent conservation is part of the common heritage of mankind. (Michael Richardson is a visiting senior research fellow at the Institute of Southeast Asian Studies in Singapore.)

### **Frieda mine could be one of world's best**

The National, May 20, 2011

THE Frieda River project, a gold and copper mine developed by Xstrata Mining Ltd and Highlands Pacific Ltd, is estimated to have more than 11 million tonnes of copper and 18 million ounces of gold in its Nena, Horse/Ivaal/Trukai (HIT) and Koki deposits. The project, currently undergoing a bankable feasibility study (BFS) carried out by Xstrata, when in full production will put Frieda on

the map as one of the world's top 15 copper mines. Highlands Pacific managing director John Gooding said yesterday that the production life of Frieda could be up to 20-30 years, with the first eight years producing 250,000 tonnes per annum of copper and 380,000 ounces per annum of gold. "If you look at its second year of operation, on or about the year 2018 on current schedules, Frieda will produce about 320,000 tonnes of copper and a massive 580,000 ounces of gold.

"This would place it in the top 10 if in production today," he explained. Gooding pointed out that Frieda has in-ground copper and gold resource potential for many decades of production. "To put the current Frieda resource in context, that is about double the current inventory at the fabulous Wafi-Golpu project which stock market analysts have placed valuations on in the billions of dollars," he told shareholders at the annual general meeting. Frieda River project, located between the East and West Sepik provinces, is 81.82% owned by Xstrata who are funding its BFS, and by Highlands Pacific (18.18%). Gooding said the other exploration project for Highlands Pacific on Star mountains has also reported significant copper gold intersections from its drilling programme.

## **PNG LANDOWNERS SEEK UN EAR ON MINING CONCERNS**

*Canada's Barrick Gold turns deaf ear*

WELLINGTON, New Zealand (Radio New Zealand International, May 20, 2011) – Landowners from Porgera in Papua New Guinea are lobbying the United Nations for support over their grievances about Canadian mining giant Barrick Gold's mine on their land. It's the fourth year that the landowners from the Porgera Alliance have travelled to the UN's forum for indigenous peoples to present their ongoing concerns at being marginalised by the operation. The landowners, Mark Ekepa and Jethro Tulin, have gone to New York after attending Barrick's AGM for a fourth consecutive year, to complain about landowners losing rights to occupancy on the Special Mining Lease area at Porgera. Natalie Lowrey of Friends of the Earth Australia says these landowners want relocation. "That's been one of the biggest pushes, is for relocation and compensation for these people. And this is the big thing that they keep bringing to Barrick Gold and to the UN and of course it's just falling on deaf ears. And even if there was a situation where the mining company left, they're left with really deeply damaged land."

*Radio New Zealand International: [www.rnzi.com](http://www.rnzi.com)*

## **Developer: Ramu NiCo will resume next month**

The National, May 20, 2011

By BOSORINA ROBBY

HIGHLANDS Pacific Ltd, the major developer of the Ramu nickel/cobalt mine in Madang, is confident that production will commence in the June quarter with a staged ramp up through the year. Speaking at the annual general meeting in Port Moresby yesterday, managing director John Gooding told shareholders that with this "modern construction completed, it is ready to commission the US\$1.5billion project". He said the company was hopeful that this would happen soon which would provide comfort to other companies who had invested heavily in PNG based on approvals and permits received and will generate wealth for shareholders, landowners and the country.

Gooding explained that the legal delays over the mine had delayed the commissioning and production, in which judgment should be revealed next month. He said the ongoing legal issues had been an unfortunate situation for the company for over a year, which has also contributed to damaging PNG's reputation as being a good place to find and operate a mine. "Let's hope that for the sake of the country and all the stakeholders that this important project is allowed to progress to production as soon as possible. "I believe then that we will see some real improvements in our share price, be-

cause although the Ramu interest is not the major part of the value equation for Highlands, it is an important component that is very much in the public's view," he said.

### **LNG: Hides locals disagree with disbursements**

The National, May 20, 2011

TWENTY-six clan chiefs and relatives of late paramount chief of Tuguba tribe, Himuni Homogo, insisted that the government must pay all outstanding MoA and verbal ministerial commitments as agreed to at UBSA and LBBSA. Tom Kapo, and late Homogo's son, Hebe Himuni, and other 26 chiefs of Tuguba said "the custodian of the prophetic gigira laitebo (gas) insisted that all payments for any outstanding MoA commitments must be paid according to UBSA and LBBSA and verbal ministerial commitments by government ministers. Responding to acting Prime Minister Sam Abal's earlier statement on how the MoA payments will be made, Kapo and Hinumni said the government should not change the goal as precedent had been set in the payout out more than K500 million after the Kokopo UBSA and LBBSA. "Is there any new agreement signed between the Tugubas and the state that Abal is talking about?" Kapo asked. "If he is talking about the remainder of the Kokopo and LBBSA MoA and ministerial commitments, then the government must pay accordingly."

Though the leaders agreed with Abal that all MoA payments were tied to projects, they also wanted to know the implementation progress of MoA projects that were undertaken from the K500 million. "Where are the projects that were implemented from the K500 million? "If the government and Abal cannot show us where the projects are, the outstanding MoA commitments must be disbursed in the same manner as they did to the previous K500 million MoA funds," Kapo added. Abal on Wednesday said all MoA payments were tied to projects agreed at the various signing. He said NEC would deliberate on the process as to how the MoA funds would be directed and disbursed. Meanwhile, Kapo and the relatives of Himuni, delivered a petition yesterday to the acting prime minister's office outlining their outstanding MoA claims, demanding for all to be settled within five days. Himuni said his father's casket would not leave Port Moresby for burial until their demands are met. The body is still at the funeral home.

### **LNG: Abal announces new pay policy**

Post-Courier 19.5.2011

DRASTIC measures have been inputted into the manner and implementation mechanism of payments for development projects committed under the liquefied natural gas (LNG) project for impacted communities. The tough measures have been finalised and were supposed to have been announced but Cabinet was still to ratify and pass the final draft late yesterday. The radical turn around by the Government follows what has been a systematic, methodical and organised illegal siphoning of public funds earmarked for payment for projects identified under the memorandum of agreements (MOA) signed with LNG landowner-impacted communities. The payments come under differently designed MOA financial categories, which include infrastructure, business development, seed capital and outstanding project commitments made under the original Kutubu oil agreement plus ministerial on-the-spot commitments.

Acting Prime Minister Sam Abal announced the finalisation of the new pay policy thrust on Monday at a news conference, which was to have been announced after two days of Cabinet deliberation. However, yesterday the final draft of the announcement had not been finalised with indications it would be made either today or tomorrow. They are believed to include tight technical requirements beginning with identification, approval and scoping done by competent and competitive companies for endorsed projects for respective communities there. It is understood awarding of con-

tracts would only be done through the public tendering system or where waivers for same were justified. The new policy approach to MOA project payments were made at the insistence of Mr Abal, who had been tasked by the Prime Minister Sir Michael Somare to take over the responsibility following the chaotic experience since the signing of the LNG project agreement in May 2008.

Ministers directly responsible to implement the MOA commitments have not been able to come with a tangible formula, forcing Sir Michael to urgently appoint Mr Abal to undertake the task. This was to avoid delay in the construction schedule of the LNG project and other unexpected violent landowner interruptions to implementation of stage one and initial of preliminary works. Mr Abal said earlier this week more than K500 million had been paid out under uncontrolled, uncoordinated and completely disproportionate and to a large extent, illegal manner. Mr Abal on insistence of Sir Michael to take over the issue, has issued a policy directive that payments were to be made only on site in the project-impacted areas and not in Port Moresby as had been the case continuously. He then tasked a high-powered advisory group to formulate the new measures which were the subject of final approval and announcement by the National Executive Council (NEC).

### **Clive Palmer, Papua New Guinea and the Chinese connection**

PNG Mine Watch, 19.5.2011

Questions have been asked in the media [12] about exactly what Australian billionaire Clive Palmer was doing, along with Chinese state owned mining company MCC, owner of the Ramu nickel mine, at the United Resources Party fundraiser in Port Moresby on Saturday night. Australian Senator, Bob Brown, has suggested Palmer should stay out of PNG politics [13]. But it seems Clive Palmer has some very deep connections with China and MCC in particular, as well as other Chinese state-owned enterprises working in PNG. He also has an interest in at least three petroleum exploration licences in PNG. So its is, perhaps, naive to think he will not be doing even more in the future to further help the fundraising efforts of Environment Minister Benny Allen and Petroleum and Energy Minister, William Duma. “Queensland coal baron Clive Palmer has built his entire fortune [estimated at \$3.5 billion] around the Chinese. They are his chief institutional investors, his main customers, his financiers and his mine builders.” [6]

In 2006/7 Palmer sold iron ore deposits to China’s Citic Pacific for US\$415 million [1] but this was just the prelude to some much bigger deals. In June 2010 Palmer announced that, in a partnership with MCC, he had sold, through his privately held company Resourcehouse, an annual 30 million tonnes of coal to China Power in a 20 year deal that could be worth US\$60 billion [1] In the ‘China First Coal project’, coal will be sourced from underground and strip mines in northern Queensland. US\$5.6 billion of the \$8 billion development cost is being covered by the Export-Import Bank of China [1] – the same bank that is financing the Pacific Marine Industrial Zone in Madang. MCC will be supervising the work for the coal project which includes building the mines, port infrastructure and a 500km rail link [1] and also arranged the debt funding and provided equity [8]

MCC bought a 5% stake in Resourcehouse in February 2010 for US\$200m. [3] Sino Coal International Engineering, China Communications Construction and state-owned China Railway Group will be subcontractors. [1] Next month Resourcehouse will be floated on the Hong Kong stock exchange in an attempt to raise A\$3.4 billion to part finance the China First coal project. China Railway Group is expected to buy US\$200 million worth of shares [3] China Railway Construction has four projects in PNG, the latest, announced in June 2011, is to build the Windward Apartments for Steamships [5] Resourcehouse also has a ‘China First Iron ore project’ in Western Australia with a planned capacity of 12.2 million tonnes annually of magnetite ore and reserves of 1.13 billion tonnes. The project will cost US\$2.7 billion [7]



Palmer's company Mineralogy has an oil and gas exploration interest in PNG through Chinampa Exploration [8]. Chinampa is listed as the owner of three offshore Petroleum Prospecting Licences (PPL254, 255 and 256) in PNG [11] Palmer owns a 50 per cent stake in Chinampa, but there is little publically available information on this business [9]. The private oil and gas exploration company, Finder Exploration, says on its website that it operates 3 exploration permits in PNG on behalf of Chinampa [10]. Palmer himself says he has been to China more than 50 times and has a long-term personal contact with the nation stretching back to 1962 when, as a boy, he met Pu Yi, the last Emperor of China [2]. Palmer has a home in Beijing [4]. Papua New Guinea has no laws governing the funding of political parties and no register of political donations.

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## Taylor is new president of PNG-Australia business council

The National, May 18, 2011

BOUGAINVILLE Copper executive chairman Peter Taylor is the new president of the Australia-Papua New Guinea business council taking over from the national chairman of Gadens Lawyers, Ian Clarke. Speaking after his election at the council meeting in Madang on Monday, Taylor said the commercial relationship between Australia and Papua New Guinea had never been stronger. "This is a time of great mutual opportunity, the two-way trade between Papua New Guinea and Australia is now well in excess of K10 billion annually. "Australian investment in PNG is at a high point, with a significantly increased number of Australian companies investing in the development of resources across the country, and many Australian suppliers of products and technical services visiting PNG in numbers that have not been seen since the 1980s," he said. Taylor said that at the same time, hundreds of PNG professionals in the mining sector had found jobs in Australia, and PNG producers of commodities were enjoying export gains due to high demand in the Australian market.

### **‘PNG the most undeveloped copper nation’**

The National, May 18, 2011

PAPUA New Guinea was described in a report as one of the most underdeveloped copper resource nation in the Asia-Pacific region having recently increased its production to 6.5 billion pounds of copper, 204 million pounds of molybdenum plus gold, silver and rhenium. PNG is also centrally located with easy access to Asian markets as stated in the Australian investor presentation for the Marengo mine. The Marengo copper-molybdenum is a global copper producer with its value underpinned by the world-scale Yandera mine in Madang. Feasibility studies are well advanced with drilling expected to continue through out this year. The company has a MoU in place with leading Chinese construction group, Standard Bank, appointed as financial adviser. The report stated that the company had a strong investor base with key global and strategic clients. The Yandera mine is strategically located with access to key Asian markets and would be operated by an experienced team with a strong focus on production. Yandera mine is located 95km southwest of the provincial capital of Madang with 100% owned exploration license covering 1,900km<sup>2</sup>. The project covers more than 100km of the highly prospective Bundi fault zone with less than 5% of structural corridor drilled to date.

### **Madang locals call for waste disposal plant**

The National, May 18, 2011

LANDOWNERS along Madang’s Finistere Ranges of Raicoast are worried about the future of Astrolobe Bay. They said with the discovery of oil and gas seeps, any refinery there must have a proper waste disposal plant. Joe Koroma, the principal landowner of Guiyebi Nogui Yowo clan in Kurumbukari, said the environmental issues seriously worried them. “The Astrolobe Bay is in for a lot of refineries. “There are large oil and gas deposits which extend from the inland all the way to the coast at Basamuk,” he said. “If we, in PNG, are serious then the government must plan ahead with the mandated agency to come up with a long-term project,” he said. Koroma said such a treatment plant “will solve all environmental issues by purifying all waste matter”. He said with Ramu nickel’s court case over environmental matters, the authorities must remember there “will be more refineries coming up”.

In a short press statement, he said it would be visionary for the government to invite a company or an agent to construct a waste treatment plant to deal with MCC. “Shortly the Chinese developer may not be the only company dumping waste into the sea along this coastline,” he said. “The government must help build a central waste control system that can treat all waste so that all this will be environmentally friendly. “At this stage it may be too early, but not long there will be others. “Marengo is only waiting on the decision of MCC while others have formed their own landowner groups and were seeking expertise to bring in developers and financiers,” he said. There are reportedly areas in Akurkai village bordering Josephstaal and Aiome, Sogeram River in the Middle Ramu district, Joram Gas in the ward one area including Gomumu and Mungou villages in ward nine and two respectively of the Naho Rawa LLG in Raicoast. “We have all these and the government should seriously consider a one major refinery for all these oil and gases,” he said.

### **BOUGAINVILLE COPPER HOPES TO RE-OPEN MINE**

*Anticipates three to five year window to revive operations*

MELBOURNE, Australia (Radio Australia, May 18, 2011) - The Rio-Tinto subsidiary, Bougainville Copper, says it hopes to reopen the Panguna copper mine on Papua New Guinea's island of Bougainville within five years. Bougainville Copper Chairman, Peter Taylor, spoke to

investors at the Papua New Guinea Australia Business Forum for the first time since a civil war closed the mine 20 years ago. Mr. Taylor said his company had learnt from past mistakes and is ready to take a new approach to talks aimed at reopening the mine. He said he wants landowners and the autonomous government of Bougainville to set the agenda and take equity in the project. Mr. Taylor set a three to five-year timeframe for the reopening but acknowledged that despite good progress on reconciliation there are still many hurdles to cross. He said he hopes talks on the Bougainville Copper Agreement will start this year. The leader of the Australian Greens Party wants the Australian Government to ensure Australian companies operating in PNG follow the same environmental standards that they do at home. Senator Bob Brown says it is the responsibility of the PNG government to lay down the ground rules as to what mining companies can and cannot do there.

But he has told Pacific Beat the Australian government has a responsibility to make companies aware of the consequences of bad practices. "We should have a requirement that Australian corporations acting overseas - whether it's in PNG or Bolivia - act according to Australian standards," he said. "We require that as citizens, and we should require it of mining corporations. "Secondly, Australian companies need to be much more open about the environmental standards that they are agreeing to in PNG, about the exchange of moneys that occurs in the political arena in PNG. "There is concern that you can negotiate mining licenses in PNG if you have enough money." He says landowners in PNG are concerned that they are not being heard in the debate about mining in the country. "[There's] a lot of concern by landowners that they just don't have a say - that they're being sidelined by the powerful connections between Australian mining companies and the governments of the day in PNG." *Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

### **Bougainville Copper Ltd. 'ok for' Panguna**

Post-Courier 18.5.2011

THE Autonomous Bougainville Government supports re-opening of the Panguna copper mine, but that can only be possible with the support of the landowners and the people of Bougainville. This is the message from Bougainville president John Momis to the PNG Australian Business Forum in Madang. And Bougainville Copper Limited agreed that they need to do a better job this time in addressing landowner concerns and sharing of benefits. BCL chairman Peter Taylor said landowners and the ABG will take the lead this time around. Mr Momis said concerns of the people in terms of benefits sharing, employment and business opportunities were central to the concerns of the people that resulted in terrible bloodshed and suffering. "Against that background, the possible reopening of the Panguna mine has attracted a great deal of attention, and some controversy. Panguna remains a sensitive issue in Bougainville," he said. "In principle, the ABG supports re-opening Panguna. We see that as the most realistic way of contributing to broad-based economic growth, and generating the ABG revenues required to meet the needs of our people. "It must also be emphasised that in planning for meeting those needs, we are working within a very tight timetable. "The constitutionally guaranteed referendum on independence must be held within the five year period that begins just four years from now – no earlier than 2015 and no later than 2020.

"As a result we need development and revenue as soon as possible, so that the ABG can work with the National Government and other partners to make the current autonomy arrangements work well." "We want autonomy to deliver real benefits to our people. In that way, when the referendum is held, Bougainvilleans will have a real choice – a choice between the actual benefits of autonomy and the possibilities of independence. "But while the ABG sees potential benefits from re-opening Panguna, we also believe that a final decision can only be made if that is the will of the people. We need broad-based support for proceeding in that way." The BCL chairman who was yesterday elected as the president of Australia PNG Business Council told the forum that Panguna mine still had a large ore body capable of producing 50 million tonnes of ore a year for the next 20 years.

That works out to 450,000 ounces a gold and 170,000 tonnes of copper a year. "So it has been an elephant, and it remains a pretty robust member of that species still. And it has other attributes that make it a continuingly attractive target," Mr Taylor said.

"It's not green field. We've been there for those 17 years of operation and waited another 20 years since, and there is not much we don't know about our ore body, and our host community." "And there are seven adjacent exploration licence areas which offer the very tangible prospect of further significant discoveries. Once the long standing moratorium on exploration is lifted, I believe the circumstances in the Autonomous Bougainville Region will eventually see that constraint relaxed." "There is a very wide consensus on Bougainville today that peace and continuing good order will be best achieved by economic means. That the normal aspirations of the people for a good life and a fulfilling future for their children will be delivered by employment, training, regular income, infrastructure and business activity." "After a few false starts the consensus is now firmly in favour of BCL being the preferred operator of the mine at Panguna if it restarts, and that the mine and its associated activities will be the engine driving all those benefits. We are now opening a new chapter for Bougainville Copper."

### **Nautilus Minerals Completes Drilling Program**

VANCOUVER, BRITISH COLUMBIA - (Marketwire) -- 05/17/11 -- Nautilus Minerals (TSX: NUS)(AIM: NUS) has completed its 2010/11 seafloor drilling program, with the vessel, REM Etive, having demobilized in Singapore on May 16, 2011. During the drilling program in the Bismarck Sea of Papua New Guinea, Nautilus completed a 99 hole diamond drilling project, for a total of 1475 metres. Drilling was focused within the area of the Mining Lease (ML154) recently granted to Nautilus, which contains the Solwara 1 deposit and the Solwara 5 seafloor massive sulphide (SMS) discovery. A total of 71 holes was drilled in ML154, for 1147 metres. The remainder of the drilling was conducted in Exploration Lease 1374, which hosts Nautilus' Solwara 12 SMS discovery. Nautilus' CEO, Steve Rogers, said the highlight of the campaign had been the identification of mineralization at depth at Solwara 12 and the improved knowledge gained at Solwara 1. "We have commenced data evaluation and analysis and it is expected that results will be reported before the end of this year," he said. Nautilus has commissioned Golder & Associates to generate an updated resource estimate.

### **Clive Palmer speaks at PNG political fundraiser dinner**

Rowan Callick, The Australian, May 17, 2011

MINERALOGY executive chairman Clive Palmer flew to Port Moresby at the weekend for a fundraising dinner for Papua New Guinea's United Resources Party as a national election approaches next year. The event raised \$600,000 for the party, which has just six members of parliament. But they include Petroleum and Energy Minister William Duma and Environment and Conservation Minister Benny Allen. Mr Palmer, who owns half the PNG-focused oil and gas company Chinampa Exploration, told those at the dinner that PNG had entered a new frontier, "a start to a new era", according to the Post-Courier newspaper. "That is why I am here; it's all happening in PNG," he said. "This is the promised land, and with a stable government, and support from the community, it can do anything. "You have gas, oil and other resources. "There is a lot of opportunity here, and the government must create the right environment." The event, which brought in money through pledges and the sale of tables, was the biggest political fundraiser of the year so far in PNG. Mr Palmer has also been the prime backer behind efforts to introduce a PNG team in the National Rugby League competition.

## **LNG: Memorandum talks this week, says Abal**

The National, May 17, 2011

MEMORANDUM of agreement (MoA) payments for landowners will be resolved this week, acting Prime Minister Sam Abal said yesterday. Abal said the national executive council would decide by tomorrow on how the MoA funds would be released. "The MoA funds have become an appetite for the media and, in two days' time, we will make a decision on how the MoA funds will be released; and the processes to be used to put to rest the issue," he said. "We will make the payments through a process." The acting prime minister stressed that the MoA commitments were not cash handouts but targeted to projects in the licenced areas. "It is important that when we handle large sums of money, we must ensure that they go to the project areas for their intended purposes."

Abal said, unfortunately, over a number of years, K536 million had been paid out with nothing to show on the ground. "Most project areas are some of the least developed areas in the country and the MoA funds will target them. "Let us get the projects done and not use middlemen to turn the projects into cash." Abal said the people, especially resource owners, must not travel to Port Moresby for the MoA funds as these were project funds and no cash would be handed out. Landowner leaders had welcomed the announcement by Abal. However, they said cabinet must also deal with the outstanding ministerial commitments made at the Kokopo umbrella benefits sharing agreement forum. They wanted both entitlements to be addressed this week.

### *Letter to the editor*

#### **Shame on Western Province**

Post-Courier 17.5.2011

What a shame on Western Provincial Administration who were not able to make a comprehensive presentation during the 2011 Southern Regional Intergovernmental and Service Delivery workshop. Why didn't they make a presentation? Simple, they had nothing to present because there is barely any evidence of tangible developments taking place in the province with the K200 million or so given to the province last November. Where is all that money? Is the Governor using it somewhere else? If there is any development happening in the province that we the people of Western Province do not know about? I welcome the Governor and his Provincial Administrator to advertise in the dailies their funded projects so far across the breath of this vast province. This is so that we are aware. The National Economic Fiscal Commission (NEFC) monitors the use of National grants and more broadly identifies financial impediments to service delivery in all districts in PNG. Moreover, it investigates and compiles data highlighting recurring issues that provincial administration needs to consider and address which was its purpose of establishment.

Drawing from that characterisation of NEFC, we all can be aware that every year, after their investigations, they advise all the districts in PNG of their shortfalls in implementing their grants. Illustration from that, why has Western Province failed miserably year after year when they have been advised on their weaknesses or recommendations by NEFC. This is a very sad scenario. The Governor, the three MPs and their incompetent staff should go. We do not need them when our province is not showing any signs of moving forward when we measure development indicators. Western Province citizens and its elite should wake up from their long sleep and see through the eyes of their province's development perspective and make better judgment for the good of our province. We and our brother, the Gulf province, can not always race for the poorest performing province flag yearly. It is time we pass it to another province!

Ted Malongim, Kiunga, Western Province

## **ARMED BANDITS RAID SOLOMONS FAURO GOLD MINE**

*Expensive equipment, gold samples stolen*

HONIARA, Solomon Islands (Solomon Times, May 16, 2011) – In the Solomons, unconfirmed reports state that a group of heavily armed bandits raided the Fauro Mine Site and stole very expensive equipments and gold samples. [PIR editor's note: [MineSite.com](http://www.minesite.com) reports, "Solomon Gold geologists believe Fauro to represent a gold rich high level variant sitting above a porphyry system similar to Bougainville, PNG. An exploration licence covering over 70 square kilometers of Fauro Island was granted to Solomon Gold on 30 November 2009 for a period of three years; It is owned 100 percent by [Solomon Gold](http://www.solomongold.com)."] Reports from Shortlands say that a group of heavily armed man arrived in at least three outboard motor engine boats and raided the Fauro Mine Site early this morning. "We are told to stay put in the village and not to go out fishing today. We have been advised that it is possible that these people are still hiding in the Islands," said one villager from Nilla in the Shortland Islands.

The person spoken to claimed that the armed bandits came from Bougainville, a claim difficult to verify at this point. "We were told that they might be hiding in the little Islands waiting to cross back to Bougainville at dark." "It would be hard to verify such claims, but if it is true than it will be very serious, as it is a cross border raid," said a senior police officer who did not want his name or rank disclosed. "Investigations are underway and we will act accordingly once the details are made clear." The Ministry of Foreign Affairs did not have any comments to make, although they say that they will follow the investigations closely. The Office of the Prime Minister was also tight lipped, stating that they will release a statement once they receive the actual report from police outposts in Shortlands. *Solomon Times*: <http://www.solomontimes.com/>

## **BOUGAINVILLE COPPER CHAIRMAN TO RETURN TO ISLAND**

*First visit by Rio Tinto since Panguna shut in 1989*

MELBOURNE, Australia (Radio Australia, May 16, 2011) - The Chairman of the Rio Tinto-owned Bougainville Copper is to visit Bougainville for the first time since the Panguna copper mine was shut down by a bloody civil war in 1989. The invitation is part of a strategy by Bougainville's President John Momis to attract new investment. Mr. Momis told investors attending the Papua New Guinea Australia Business Forum in Madang that the peace process on Bougainville is well established and the island is open for business. Mr. Momis said he is keen to attract smart responsible investors who will create jobs and improve life for rural people in the lead up to a referendum on independence from Papua New Guinea. The Chairman of Bougainville Copper will be part of a delegation of business leaders to visit the island on Thursday. Mr. Momis said the return of Bougainville copper shows there has been a sea-change in attitudes and economic conditions on the island. *Radio Australia*: [www.abc.net.au/ra](http://www.abc.net.au/ra)

### **Firm to study mine waste**

Post-Courier 16.5.2011

By ESTELLA CHEUNG

PETROMIN PNG Holdings Limited has engaged Everest Remediation Limited of Australia to conduct a feasibility study of the Tolukuma Gold Mine in Goilala District of Central Province. The agreement was signed on Friday in Port Moresby by Petromin's managing director and chief executive officer, Joshua Kalinoe and Everest Remediation's CEO, Patrick Salera. Minister for Mining John Pundari, who was there to witness and announce the agreement, said under the agreement, Everest would carryout a feasibility study in the next six months to assess the commercial benefits that could be derived from treating the waste at Tolukuma. He said Everest conducted an initial inspec-

tion at Tolukuma Gold Mine to assess the feasibility of building a treatment plant at the mine, which has accumulated more than 21 million tonnes of mine overburden and tailings over the past 20 years.

Mr Pundari said Everest owns highly specialised world class technology, and they are confident that once waste is treated and used for other purposes such as road construction, there would be no adverse environmental implications. “The decision of the board to get Petromin partnering with Everest Remediation Ltd is a way forward for PNG. I say this because at the present time we have a lot of litigation issues in the court as a result of environmental impact,” Mr Pundari said. He said Everest would be conducting the feasibility study under its own cost, which would amount to about K3.9m (US\$1.5m) or more. “I hope this announcement and the joint venture that you have now approved in going forward to do visibility studies, will be a stepping stone to enhance our environmental concerns especially in the mineral sector,” he said. Petromin PNG managing director and CEO Joshua Kalinoe said in mines such as Tolukuma, the waste had to be disposed off safely or disposed off at some considerable cost, but Everest Remediation Limited have the technology to extract all the harmful elements from the mine waste. “The board gave specific directions to look at the mine waste management process.

Up at Tolokuma, when you don’t manage the waste properly, you can expect some waste to get into the river system. That has been an issue and we are happy that we were able to find a company that is willing to work this out to help in reducing the environmental issues,” he said. Mr Kalinoe said Tolukuma was a test case, and if processing mine waste was indeed commercially viable, then Petromin and Everest would jointly try to apply the technology to mine sites throughout the country. “As a state-owned company, we have a lot of willingness to assist the State in enforcing and complying in certain regulatory requirements in the business we do. “And environmental issues are very high on our priority. This is just an evidence of the commitment of the board, management and staff of Petromin to work with the government to be the leader in ensuring compliance in regulatory issues are adhere to,” he added.

### **Ramu project faces further delay as court postpones verdict**

*Esmarie Swanepoel, Mining Weekly 16.5.2011*

Gold and base-metals developer Highlands Pacific on Monday said that its Ramu nickel project, in Papua New Guinea, had been delayed again, as the Madang National Court postponed its verdict on the project. The hearing started on February 8, 2011 and focused on a claim “seeking a permanent injunction to restrain the operation from committing an alleged nuisance arising from mining activities, in particular constructing and operating a deep sea tailings placement system (DSTP)”. Both parties made closing submissions in March, however, the court has now postponed judgment from May 23 to June 22. “We have not been advised why the extension of time is needed, but we hope that this will be the last delay and come June 22, a decision is forthcoming,” said Highlands Pacific MD John Gooding.

In September, the National Court of Madang province lifted an interim injunction that prevented the construction of the DSTP system at the project. The court injunction was first implemented in March, and arose out of a claim by individuals and groups claiming to have an interest in customary land in and around Basamuk bay, where the process plant site for the Ramu project is based. After the first injunction, the project faced a six-month delay, but was expected to start up during the March quarter of 2011. ASX-listed Highlands said on Monday that it was confident that production at the Ramu project would start in the June quarter, with a staged ramp-up through the year. The project would produce 31 150 t of nickel and 3 300 t of cobalt a year, over a 20-year life-of-mine.



Highlands holds an 8,56% shareholding in the \$1,5-billion project, with China's Ramu NiCo Management retaining the majority shareholding.

## **Landmark decision gives miners exclusive land rights in Papua New Guinea**

Spotted in the Post Courier; PNG Mine Watch 16.5.2011

A SENIOR lawyer has predicted that a recent landmark decision of the National Court giving Porgera Joint Venture Company exclusive rights of occupancy to its Special Mining Lease will affect thousands of landowners living in major resource development project areas throughout the country. Placer Dome (PNG) Ltd, as then manager of PJV, filed an Originating Summons in February 2006 claiming a number of declarations and permanent injunctions to re-assert their rights of occupancy as the holder of the Porgera SML against the landowners of Wapini sub-clan. Barrick (PNG) Ltd subsequently inherited the case when it bought out Porgera mine from Placer. PJV began erecting a new permanent fence in 2005 to improve security and safety and to prevent illegal miners and other unauthorised persons from entering the mine area. The company took the matter to court after the landowners disrupted the work by destroying parts of the fence and threatening to continue to do so.

The issue has been the subject of protracted court proceedings involving four or five separate cases, one of which is pending before the Supreme Court. The recent case was argued before Mt Hagen resident judge David Allen by Robert Bradshaw of Bradshaw Lawyers of Port Moresby for PJV and Danny Gonol of Paulus M Dowa Lawyers of Mt Hagen for the landowners. Mr Bradshaw argued that the company was entitled to exclusive occupancy to its SML for mining purposes and to carry on operations and works that were necessary or expedient for mining purposes. Mr Gonol submitted on behalf of the landowners that the company was constructing the fence through their village and this would result in their displacement, as well as destruction to their homes, food gardens and economic trees. He further told the court that the fencing would occupy the landowners' scarce arable land and raised safety and health issues as well. Mr Gonol further asserted that PJV should address and resolve all issues concerning compensation and relocation of the landowners first before constructing the fence.

"The (landowners') are free to pursue their claims concerning ownership and compensation in the other court proceedings," Mr Bradshaw argued. "Their rights in the other proceedings will not be extinguished by virtue of the (PJV) undertaking works in the SML area. The (landowners') claims in the other court proceedings will have to be determined on their own merits," he said. Justice Allen handed down his decision on May 3. "I consider that the plaintiff (PJV) has made out a case for the grant of permanent injunctions," he ruled. Judge Allen granted the following orders:

- PJV is entitled under the provisions of the Mining Act 1992 to exclusive occupancy of its SML for mining purposes and to carry on any operations or work that is necessary for mining purposes;
- the area of land known as Kulapi is part of the land in the SML; and
- the landowners or their agents are prohibited from preventing, attempting to prevent, intimidating, assaulting or interfering with PJV and its employees or agents from carrying out operations and undertaking fencing works on the land.

Commenting on the decision, Mr Gonol said that landowners were now effectively squatters. "The decision is a precedent that will affect landowners throughout the country. There are more than 6 000 people living in the Porgera SML area with permanent buildings, food gardens etc but the court did not address the question of relocation. "The effect of the decision can be likened to people squatting on State or customary land in towns and cities like Mt Hagen. The landowners in Porgera

and elsewhere are now squatters on their own customary land". Mr Gonol added the decision had ramifications for the developers and landowners of Ok Tedi, Lihir, Tolukuma, Ramu Nickel, Kutubu, Hides and other mining and petroleum development projects: "This is a landmark decision that gives the developer, whether it is PJV or any other, the right to do anything. The government must address this issue as a matter of priority because PJV can give the landowners marching orders at any time and there is nothing they can do about it". Mr Gonol said Paulus M Dowa Lawyers had received instructions and they were contemplating lodging a Supreme Court appeal against the National Court decision. "Other landowner groups in Porgera and other resource development projects are welcomed on onboard as joint appellants," Mr Dowa said.

### **Nautilus Minerals seabed mining escaping international scrutiny**

From Little Green Palai; PNG Mine Watch 14.5.2011

NAUTILUS Minerals and its Solwara 1 undersea mine is escaping the international seabed authority's (ISA) watchful eyes by mining within Papua New Guinea's exclusive economic zone, says private lawyer Moses Murray. Mr Murray said while Nautilus Minerals boasts world class technologies and sophisticated mining methods, it could not prove that its activities would not cause environmental harm. While world class scientists are still studying seabed mining, this Canadian company has managed to convince the government of Papua New Guinea to allow it to test this source of mineral extraction in its seabed. By mining in Papua New Guinea's territorial waters, the ISA could not scrutinise Nautilus Minerals' activities because it is now within Papua New Guinea's jurisdiction to make sure that this company applies best practice in mining in its sea bed. While the ISA would apply the international law of the sea for mining activities in the open sea, it could not do so here as this mining activity would take place within PNG's waters.

While he called on the government to develop PNG laws to govern the activities of this deep sea mining activity, he emphasised that this should be done slowly and properly. Furthermore, the government department responsible for environment and conservation (DEC) does not have the capacity to do the monitoring of a project this big and complicated. The government would be relying on its mining act which is based on terrestrial mining, and "there is no way this law can be applied for offshore mining," Mr Murray said. He also said that with the absence of concrete scientific data, Papua New Guinea has no other information on this form of mining but to rely on Nautilus Minerals. This, he said, is not helpful for a small country like Papua New Guinea. In the meantime Mr Murray also called on the government to start training up young Papua New Guineans in this field. He said, as a nation we do not have the skills in this field and it places Papua New Guinea in a spot where, the country will depend on Nautilus Minerals.

### **Solwara 1 undersea mine rushed by the government**

By Nickson Kami; PNG Mine Watch 14.5.2011

A community leader signs the Kokopo Statement opposing the Solwara 1 undersea mine. "Why is John Pundari, the Mining Minister questioning Australia's Greens Politician, Senator Bob Brown's actions, in calling for a senate inquiry into the already approved Solwara 1 Project, that will be conducting 'Deep Sea Mining' (DSM) in the Bismarck Sea?" That's from John Simoi, Chairman of the Bismarck Solomon Seas Indigenous People's Council (BSSIP) and Vice Chairman of the Madang Indigenous People's Forum (MIPF). Mr Simoi says the people, Land Owners asked the Senator to raise their concerns on this issue when they by chance bumped into him in his recent visit, because the project was rushed, and the government didn't care to listen to the people's pleas. Mr Simoi said from researches done by Executives in both the BSSIP and the MIPF groups, there's no indication that the DSM is safe.

“The Department of Environment and Conservation (DEC) doesn’t have enough, or don’t have any monitoring bodies or systems in place, to monitor what goes on under the sea when the Nautilus Mining Company starts turning the Bismarck Seabed upside down. We’ve also learnt that this tactic of Mining is the first in the world, and that International Scientists are still studying it, but our government has given the ok for Nautilus to use us as guinea pigs, to experiment the first Sea Bed Mining, and we the Land Owners will not fold our hands and watch this happen!”. A Private Lawyer, who’s most likely to be the only lawyer in the country who studied Sea Bed Mining, Moses Murray says, our Mining Act is inadequate and or inappropriate to deal with mining of the ocean seabed.

Mr Murray says, if our government is desirous of the mining of our seabed, which it has done by approving Nautilus, then it has to pass a law on seabed mining. The law on seabed mining must not be rushed and it must undergo scrutiny of our people and the International Seabed Organization (ISO). Mr Murray gave Legal Advice to participants in a Public Forum held in Kokopo, East New Britain Province, where Community Representatives, NGOs, MIPF, BSSIPC and the East New Britain and New Ireland Provincial and LLG Representatives attended to address the SBM issue. A statement showing that the people of the Bismarck Archipelago are now together and will do whatever it takes, with the Legal Advice of Moses Murray to avoid destruction to the Bismarck Sea, was put together after the forum, and signed by the representatives.

### **Locals close Kutubu**

The National, May 13, 2011

KUTUBU landowners protesting against the state over their benefits have shut down some facilities, stalling progress on the liquefied natural gas project in Southern Highlands. The landowners had shut the gates to Moro Airport, Angogo Ridge, access road and Mubi valve facilities at 6am yesterday. The landowner leaders said the central production facility (CPF) that pumps oil to the Kumul terminal in the Gulf of Papua would be shut down this morning. Fasu landowner leaders Kossy Sosoro, Keith Puara, Peter Heno and Foe leader Hami Yawari told a joint media conference the facilities “will remain shut until the state honours its outstanding commitments under the Kutubu petroleum development agreement”. The leaders said the Kutubu project started production in 1990. “We signed (the agreement) because we understand that we will get the MoA funds and special support grants. But, this has not been honoured by the state since 1990 with more than K5 billion outstanding in MoA and SSG commitments.”

Puara, a leader from Sisiba village that owns the Agogo facility, said the people had been patient for a long time and had never damaged project facilities. “What we are doing today is for our rights and it is a peaceful shutdown,” he said. Kossy Sosoro, who heads the Moro Airport landowners, said the government had set precedence by paying K16 million to Hides 4 landowners to allow for LNG work and “must do the same for Kutubu”. Chief landowner of the central production facility Peter Heno said: “I warn the state and Oil Search Ltd not to intimidate and harass my people because this is a peaceful protest. “We want our money.” Oil Search Ltd late yesterday issued a statement that there were a number of threats by landowner groups to disrupt oil operations because of their frustrations with the state over a number of alleged unfulfilled commitments, including the release of memorandum of agreement (MoA) funds and the review of the petroleum development licence 2 agreement.

“Oil Search Ltd will take all necessary action to protect its people and property and continue to undertake our lawful business within our licence areas,” it said. “Oil Search has obtained an order from the National Court, restraining any trespassing on its licence areas, as all the issues raised by the landowner groups relate only to outstanding state commitments and not actions or commitments by Oil Search.” The developer said it had been working tirelessly with landowner leaders to under-

stand their grievances and facilitate their communication with the state, “notwithstanding that all these issues are external to Oil Search”. “As a member of this community, Oil Search always welcomes constructive dialogue with project area landowners and appreciates the manner in which this is being conducted, but impacts on operations are unacceptable. “Following threats to government to shut oil operations, crowds have gathered around the Moro Airfield, the Agogo processing facility and the Moran oilfield.” All ExxonMobil, Oil Search and contractor-owned vehicles had been grounded and field work and business activities had stopped.

### **Government meets with Watut River Landowners**

Post-Courier 16.5.2011

THE Union of Watut River Communities (UoWRC) presented a petition to the Minister for Mining last week containing concerns regarding the operation of the Hidden Valley Mine. Minister for Mining, John Pundari initiated the meeting to allow the UoWRC, led by Reuben Mete to discuss their various issues and concerns directly with the agencies of the government such as the Department of Environment and Conservation and the Mineral Resources Authority (MRA). The petition requested the assistance of the national government to address a faction of the Watut River communities who refused to be paid compensation by the Hidden Valley Joint Venture (HVJV). At the meeting, it was agreed by all parties that within the next seven days the Government would provide a third party legal opinion on the use of Statutory Declaration Forms by HVJV as well as explain the process of compensation payments. It was also agreed by all parties in attendance at the meeting that the UoWRC would allow both the government and the HVJV to revisit their affected communities that were not paid compensation.

It was also agreed that HVJV would recommence the valuation and compensation payments for those Watut River communities who refused to receive payment previously. This exercise will be witnessed by the Government and local stakeholders. The government, through the Department of Environment and Conservation, confirmed that it has engaged a reputable engineering and environment firm, SMEC, to carry out an independent environmental audit of the sedimentation of the Watut River. As a result of the report, the government has directed HVJV to put in place a stringent Environment Improvement Plan (EIP) to mitigate the buildup of sediment loads into the Watut River. The government is monitoring the effective implementation of the EIP and will provide a full report to the affected communities next month.

Mr Pundari informed the meeting that the National Executive Council (NEC) approved the establishment of the State Inter Agency Team with a K500, 000 funding to allow the team to attend to the concerns of the Watut river communities. The State Team will be required to report to the Ministers for Mining and Environment on a monthly basis. The State Team’s first assignment will be helping the Watut River communities by witnessing the evaluation and payment of compensation by HVJV to the communities represented by UoWRC. The meeting was attended by representatives and presidents of UoWRC, the National government, Morobe Provincial Government, Local Level Government presidents, Hidden Valley Joint Venture and the Nakuwi Landowners Association.

### **Villagers leaving gardens for gold**

The National, May 13, 2011

By JAMES APA GUMUNO

ABOUT 360 people from the Saluk area, who share the border with the Enga and East Sepik provinces, have thrown away their gardening tools to go gold hunting. They are now actively involved in alluvial mining after gold was discovered in eight locations along river banks in their area. One of the villagers, Ipange Kiyalu, from the Wapi Lembel tribe in the Wapi local level government in

Enga's Kompiam district, who came into Mt Hagen to sell his gold on Tuesday, said the majority of the people walked six hours to Erem where they boarded a dinghy to follow the Yuat River to Angoram in East Sepik to sell their gold. He said alluvial mining started on a small scale in 2009 but as more gold was discovered along the river banks, it had lured the entire village into panning for the precious metal. Kiyalu said the people were no longer interested in gardening, instead they were going every day to pan for gold along the river banks. He said they made more money than they had ever made before.

Kiyalu said the people had stopped gold buyers from outside going in because they bought their gold at a much lower price. He said most people preferred going to Angoram and Mt Hagen to sell their gold. He said most of the people travelled to East Sepik because it was cheaper by boat where they paid K50 to travel from Erem to Angoram. Kiyula said sometimes they paid K270 and jumped on plane owned by Missionary Aviation Fellowship from Saluk to Mt Hagen to sell their gold. He said, at other times, people walked two days from Saluk into Kompiam to catch a PMV into Wabag. He said there was a major gold deposit there and appealed to exploration companies to check their area out. Kiyula said because of the remoteness of the area, they wanted companies to come in quickly by building roads, provide other services and, at the same time, mine the precious metal. He said he would be in Mt Hagen for two weeks and interested companies could call him on 7388 2667 so he could arrange a meeting with his people.

### **Oil Search Ltd. projects threatened**

Post-Courier 13.5.2011

OIL Search Limited says landowners in its project areas are frustrated against the government and holding its operations to ransom. Crowds from villagers have started to gather around Moro airport, Agogo processing facility and the Moran oil field following threats to shutdown the operations due to alleged unfulfilled state commitments. The alleged commitments include release of Memorandum Of Agreement (MOA) funds and the review of the Petroleum Development Licence 2 Agreement. The company said yesterday that it will take all necessary action to protect its people and property and continue to undertake our lawful business within our licence areas. "Oil Search has obtained an order from the national court, restraining any trespassing on its licence areas, as all the issues raised by the landowner groups relate only to outstanding State commitments and not actions or commitments by Oil Search." "Oil Search has been working tirelessly with the landowner leaders to understand their grievances and facilitate their communication with the State notwithstanding that all these issues are external to Oil Search."

"As a member of this community, Oil Search always welcomes constructive dialogue with project area landowners and appreciates the manner in which this is being conducted but impacts on operations are unacceptable." "Oil Search field operations are continuing on a restricted basis and we continue to work constructively with the community leaders, the wider community and the State to ensure an early return to normal operations," the company statement said. The landowners on Monday petitioned the state, giving a 48-hour ultimatum for the government to address six of the outstanding issues including K100m of outstanding MOA funds in the Moran Development Agreement and all ministerial commitments for Kutubu and Moran Petroleum projects. The petition also covered the outstanding LBBSA commitment of K50 million for Kutubu and K35 million for Moran Petroleum projects of which K30 million and K15 million have been released respectively, the outstanding 2008 and 2009 development levy for Moran petroleum project to Moran Special Purpose Authority. They also want the government to reimburse K4 million business development grant for PDL 6 which the Department of Commerce and Industry has released illegally-outside the North West Moran Development Agreement and Ministerial Determination on benefits gazette as G72 and G 178 and also ignoring the National Court (Restraining Order) stopping the Department of Commerce and Industry from releasing BD grants.

The landowners also wanted the state to release UBSA and LBBSA K1.2 billion Impact Infrastructure Development committed fund for PNG LNG project allocated for PDL 2, 5, 6 and Pipeline Segment 3 and 4. Some of the landowner leaders in Port Moresby including former Governor of Southern Highlands, Hami Yawari, the Fasu leaders in the likes of Keith Puara, Kossy Sosoro and Peter Heno told the reporters yesterday that the government should pay their outstanding MOA funds, ministerial commitments while reviewing the petroleum agreement signed in 1990. "The agreement which is supposed to be reviewed by the state and the developer, Oil Search Limited (OSL) after every six years did not happen since the last time they reviewed in 1996," said Mr Yawari. The leaders said it has been 17 years now the review has not been done meaning that OSL has been operating illegally in the area all these time.

### **Australia: Budget 'forgot' NSW mining communities**

Post-Courier 12.5.2011

SYDNEY: NSW is the forgotten state when it comes to resource funding in the federal budget, the NSW Minerals Council says. Only 0.52 per cent of the first round of the Regional Infrastructure Fund from the Mineral Resources Rent Tax (MRRT) will go to NSW. "People will be asking whether the federal government is listening to our mining communities, seemingly bereft of funding from the proposed MRRT infrastructure fund in this year's budget," said the council's acting CEO Sue-Ern Tan. Budget papers show more than \$380 million has been allocated to projects in Western Australia and Queensland, compared with \$2 million in NSW, the council said. Ms Tan said parts of NSW were in danger of missing out on badly needed funds to help manage the pressures from the growth in mining. "Mining communities deserve publicly funded infrastructure that keeps pace with that growth and that is the role of government," she said in a statement on Wednesday. Ms Tan commended a pledge to give a proportionate share of the revenue raised by the mining tax to NSW, but said she wanted projects identified now so that they would be shovel-ready ahead of next year's budget.

### **Simberi, Lihir face probe**

Post-Courier 12.5.2011

MINING Minister John Pundari yesterday assured Parliament that he will order an investigation into the operation of Simberi gold mine and Lihir Gold Limited for not honouring their memorandum of agreement obligations. Mr Pundari said this while responding to questions raised by Namanai MP Byron Chan, who wanted to know if the minister and his department were aware that the two mining companies in his electorate were not recognising the legitimate landowners of the mining areas. Mr Pundari said MoA or MoU obligations must be honoured by any developer or stakeholder for that matter and any breach of these agreements would result in serious consequences. He said no developer in the country must breach any agreement signed with the people who are the landowners. "Yes...I am going to order my department to investigate the matter as these are very serious allegations and as minister responsible, the interests of the legitimate landowners must be protected and I must inform this Parliament," Mr Pundari said.

Mr Chan informed Parliament that any development is accompanied by MoAs and both Simberi and Lihir Gold were entertaining groups outside of the mining lease areas. He said many of the landowners in the mining areas have been missing out on benefits and government intervention was necessary to correct the ignorant actions of the mining companies in the electorate. He said landowners have been suffering in the past two years. Mr Chan also asked Mr Pundari to explain to the people of New Ireland the status of the offshore seabed mining as it stood to destroy the cultures and traditional fishing zones of his people. He said some of the locals who would be affected by the mine were the only shark callers in the world and it was important that such unique cultures and traditions of our citizens were also protected.

Mr Pundari said in response that he would have detailed information in writing for for the benefit of the Members of Parliament and for the country. Lae MP Mart Philemon and Governor for Western Province, Dr Bob Danaya, raised supplementary questions to Mr Pundari on whether he was aware that offshore or deep sea mining in other parts of the world were abandoned due to the danger it would cause to human life and the environment. Mr Pundari denied any knowledge, saying according to his advisers and the Mineral Resources Authority, he was not aware of any failed seabed mining.

### **New Ireland miner warned**

Post-Courier 12.5.2011

By Harlyne Joku

One more spillage and the Simberi gold mine will be completely shut down, the director of Environment Dr Wari Iamo warned yesterday. Dr Iamo said the leakage incident at the mine's mix tailings disposal system in the New Ireland Province in March spoke volumes of the strength of the current deep sea disposal system in place. "We hope this is the first and last spillage of this nature and we hope the entire system is protected. They must take this incident and our warning seriously and operate with care," Dr Iamo said. He gave the warning yesterday after members of the Environment Council met the same day and reviewed his (Dr Iamo's) decision to issue an Environment Protection Order (EPO) against the company on March 16.

The Council, headed by temporary chairman addressing the Simberi slurry discharge case, Dr Simon Saulei, decided to lift the order after submissions from Simberi lawyers and independent investigator Cardno Acil. The company reported a leakage in its mixed tailings disposal system in early March to the Department of Environment and Conservation and advised it was doing its best to stop the leakage. The DEC acted swiftly and sent its officers to investigate. For the first time ever in the history of DEC and its monitoring of mining operations, the director issued an Environment Protection Order (EPO) on March 16 stopping the operation of the mine to allow for an independent investigation. Dr Saulei said the company lawyers made a convincing submission to the council yesterday that the company had complied with the requirements of the EPO.

### **Australia pumps up aid to PNG**

Post-Courier 12.5.2011

By JONATHAN TANNOS and YEHIURA HRIEHWAZI

AUSTRALIA yesterday announced its biggest aid package ever to PNG since independence - a whopping K1.2 billion [0.51 billion US\$] - up by K65m from last year. It comes amid some intense negotiations between the two countries on Australia's need to re-open the mothballed asylum detention centre at the PNG Defence Force navy patrol boat base in Lombrum, Manus Province. Top-level Canberra officials including Parliamentary Secretary for Pacific Islands Affairs Richard Marles have been in constant contact with PNG Foreign Affairs Minister Don Polye and his department negotiating the detention centre which was the Howard government's Pacific Solution initiative and closed by the Rudd government. Parliament was told yesterday that PNG will insist for a special and separate development package for Manus to be used as a processing centre for refugees caught in Australian waters.

Australian High Commissioner to PNG Ian Kemish said the increase aid demonstrates Australia's long-term commitment to help PNG. Managed by the Australian Agency for International Development (AusAID) in consultation with the Government of Papua New Guinea, Australia's aid program in PNG is focused on strengthening basic education, enhancing health care, supporting law and justice reform and improving infrastructure and transport. This approach reflects the priority the PNG Government gives to these sectors in its Vision 2050 and associated plans. Australian support



will continue to increase access to a quality education for girls and boys, including those with disabilities. An increase in health funding will also help PNG to strengthen its national health systems and to reduce the number of women who die needlessly during pregnancy or childbirth.

In 2011-12, Australia will work with PNG to ensure that the needs and views of women and men are reflected in decision making at community and nation. Today's announcement reaffirms Australia's ongoing commitment to scale up its development assistance program to 0.5 per cent of Gross National Income by 2015-16. The Australian Government remains committed to ensuring that every dollar spent on aid in PNG has the maximum impact on poverty and economic development. Mr Polye told Parliament yesterday that the basic infrastructure of the closed detention centre in Manus was still intact but it would have to be upgraded and expanded to cater for a possible larger number of refugees. Mr Polye said while acknowledging Australian development assistance to PNG worth over \$A400 million annually, Manus would have to be given its own concessions well and above what was already in place in the country in terms of aid.

Speaking from his Parliament office, Mr Polye said with both countries' long historical bilateral relations, Australia had again called on PNG to participate in a regional arrangement to tackle irregular movement of people within the Asia-Pacific region. Mr Polye said he held exploratory talks with the Australian Secretary for Immigration, Andrew Metcarfe, on March 14, 2011 over the matter in which he insisted on understanding the proposal before making any commitments. Mr Polye said as a follow up to the meeting he was handed a letter from Immigration and Citizenship Minister, Chris Bowen, which formally requested PNG to host a regional processing centre on Manus. The letter was hand-delivered to him by Parliamentary Secretary for the Pacific, Richard Marles, who visited PNG last week. Mr Polye in reply to Minister Bowen gave his assurance of support for what he called was an "important global challenge." He said his reply was in full consultation with Prime Minister, Sir Michael Somare, adding he had informed Acting Prime Minister, Sam Abal, that the matter was now with Cabinet for its consideration.

### **Australia: Mining economic boom inflates rates**

Post-Courier 11.5.2011

CANBERRA: A mining boom that helps lift economic growth to four per cent and push the jobless rate below five per cent should be good news for Australia. But the downside is likely higher inflation and the prospect of further interest rate hikes sooner rather than later. The 2011/12 budget papers, released on Tuesday, showed the Department of Treasury has forecast real gross domestic product (GDP) to expand by four per cent in 2011/12 and 3.75 per cent in 2012/13. The unemployment rate was predicted to sit at 4.75 per cent in the June quarter of 2012, before falling to 4.5 per cent a year later. A falling unemployment rate means there is more competition by employers for staff, which pushes up wages and puts pressure on inflation. "Wages growth returned to trend in 2010, and is expected to increase as the labour market tightens," the budget papers said.

Higher incomes, an improving terms of trade courtesy of the mining boom and a more positive outlook for the major developed economies was expected to put added pressure on inflation. Treasury forecasts in the budget papers showed the consumer price index (CPI) inflation was tipped to sit near the top of the Reserve Bank of Australia's (RBA) two-to-three-per-cent target band. The CPI was expected to rise by 3.25 per cent in 2010/11 and by 2.75 per cent in 2011/12, before increasing by three per cent in through-the-year terms in 2012/13. The cash rate has sat at 4.75 per cent since Melbourne Cup day in November last year, when the central bank announced a quarter of a percentage point rate hike. While the RBA has kept its powder dry since, some economists have predicted the central bank would pull the trigger and raise the cash rate as soon as next month. Meanwhile, others were tipping two rate rises over the rest of calendar 2011.

Treasurer Wayne Swan said the mining boom would continue to drive Australia's growth, helped by expanding Asian economies, but would also put pressure on inflation. "This historic investment boom will stretch our economy's capacity over the coming years - it will test the capacity of the work force and put added pressure on wages and prices," Mr Swan said in a statement on Tuesday. "High prices for Australia's key commodity exports underpin a record investment pipeline in the resources sector. "The mining industry is planning to invest \$76 billion in 2011/12 - around eight times the annual level of the preceding boom." However, Mr Swan said returning the budget to surplus by 2012/13 would help ease pressure on interest rates.

### **Bougainville: 'Environmental study needed'**

Post-Courier 11.5.2011

THE Panguna landowners want the Autonomous Bougainville Government and the National Government to facilitate an immediate environmental study for the Panguna Mine before any arrangements are made. Lower Tailings and Upper Tailings Associations, including other representatives from the six mine lease areas, met on Saturday in Panguna to discuss the way forward for the mine and came up with recommendations, first on the list, the environmental study issue. Benedine Kiraa of the Lower Tailings told the Post-Courier that they have agreed for the environmental study to be carried out immediately and by an independent body, with one or two representatives of their choice. Ms Kiraa said they also discussed a proposal by a new landowner group to be called the Coastal Sea Tailings, one that will cover parts of Torokina. They want to form a new mine lease association to bring the number to eight mine lease areas. This is because there is already another group, the Middle Tailings, covering parts of Pirurari and Topu School which have also put in a proposal for the incorporation of their association. Lower tailings of the Panguna mine were the most affected during the Bougainville crisis as it is the electorate which accommodates the Jaba River and its tailings. ABG advised that environmental scientists were already engaged and will soon start their expedition.

### **PNG LANDOWNERS URGE BARRICK GOLD TO ADDRESS ABUSES**

*Indigenous leaders say Porgera mine threatens their health, safety*

MELBOURNE, Australia (Radio Australia, May 11, 2011) - Papua New Guinea's indigenous leaders are urging the owners of the Porgera mine to do more about pollution and alleged human rights abuses associated with the mine. Attempts by PNG's environmental and land rights activists to meet with Canadian mining company Barrick Gold to raise their concerns have been unsuccessful. PNG activist Jethro Tulin says traditional owners living in the special mine lease area are worried about their health and safety. He has told Radio Australia's Pacific Beat program, Barrick should be helping them to relocate. "We are being made to live like squatter settlers in our own land," he said. "We want a proper resettlement program from Barrick, while they are still active in they have to put some money back into resettling the indigenous community that is living within the special mining lease." Barrick has been accused of dumping tailing and waste water containing high levels of chemicals including arsenic, mercury and cyanide into a river hundreds of people rely on for fishing and for their drinking supplies. The Porgera gold mine in Enga Province is 95 percent owned and operated by a Barrick subsidiary and the remainder is owned by the PNG Government. *Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

## AUSTRALIA TO PROVIDE PNG \$480 MILLION NEXT YEAR

*PNG is second largest aid recipient after Indonesia*

MELBOURNE, Australia (Radio Australia, May 10, 2011) - Australia will provide US\$480 million in aid to Papua New Guinea next year, making it the second largest aid recipient after Indonesia. The Australian Treasurer, Wayne Swan, delivered his fourth budget and the first for Prime Minister Julia Gillard's Government, on Tuesday. The budget includes increasing foreign aid to US\$4.8 billion in 2012. The Australian Government says PNG still faces serious challenges despite the longest period of economic growth in history from its resources sector. Australia says PNG is unlikely to meet any of the millennium development goals by 2015, and aid will be repositioned to focus on PNG's struggling health and education sectors. It says the importance of aid to PNG's revenue is declining as its mining sector grows. *Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

## Ramu: Miner gives 30 new houses to landowners

The National, May 10, 2011



MARIA Kikimbe, a mother of six from the Gavu sub-clan of Pagazi, in Kurumbukari, is a happy woman. She now owns a permanent home at the Enekuai relocation site in the Kurumbukari mine region, Madang. Kikimbe and her family were among local landowner families at the mine site that took ownership of 30 new homes on March 8 at the Enekuai relocation site. An emotional Kikimbe said she previously lived in a bush material house and was over the moon at having being relocated and now owning a brand new permanent house. "I am very happy. Words cannot express the feelings of gratefulness at owning a permanent home for my immediate family," she said. An excited Mama Maria, as she is known, heaped praise on Ramu NiCo for presenting her with the new house. She said she was grateful for the company's help in training her how to handle domestic items as well as buying other effects like curtains, floor mat and accessories for the upkeep of the house.

Ramu NiCo chief technical director Dr James Wang gave house keys to representatives from the Walium LLG so the families could move in. The hand-over was witnessed by Madang Governor and member for Raicoast James Gau and his provincial executives, including his deputy, Bob Wati, Walium LLG district administrator Jimmy Sekum, district officials and representatives from the MRA and MRDC. Congratulating the 30 families who own the new houses, Gau appealed to all impacted landowners of Ramu NiCo project to support the project. "This mine is our hope. That is why I supported it from before I became the governor," he said. "NGOs made a lot of noise but I told them to provide a better option because we are poor and isolated. We need the project. This is our only hope." Gau said Ramu NiCo and the upcoming Marengo mine could change the landscape

of the isolated Usino-Bundi and Raicoast electorates and urged the people to think positively and welcome positive developments.

### **Porgera guards abused, says report**

The National, May 10, 2011

By JEFFREY ELAPA

TWENTY-one people have been confirmed shot dead by Porgera mine security guards while another 59 people have been killed as a result of mine activities, a report presented at an international convention in Canada said. The report was presented at the convention by the Porgera Landowners Association chairman Mark Tony Ekepa. A copy of the report sent to The National said 80 people, including children, had died while 68 more people had been injured as a result of mine activities. It said 14 local women had been raped by mine security guards. The report said the Anjolek and Anawe dumps had caused massive destruction as the mine discharge “created mud floods, causing numerous deaths”. Ekepa said 21 deaths were caused by PJV gun shots, 24 injuries from gun shots, 24 deaths from drowning caused by the Anawe and Anjolek dumps, 33 deaths caused by other mining-related activities, four deaths by torture, 44 injuries by torture and 14 rapes by mine guards. The paper said health defects were high because of the unclean environment, air pollution and waste disposal.

Ekepa said the way to address the mine-related deaths “is to permanently resettle the landowners from the special mine lease area”. He said if the government and the developer continued to ignore the call for the relocation of the 10,000 people, “more lives will be lost as the people have no choice but to go look for something to eat after their traditional food gardens have been destroyed”. He called on the government and its agencies and departments to immediately address the landowner grievances and not to continue to allow investors to overexploit the resources and people. But Gary Halverson, regional president of Barrick Australia-Pacific, said Barrick and the Porgera Joint Venture “fundamentally disagrees with the report and a number of the sensationalist claims that were made”.

### **Deep sea mining: Pundari: Respect Government decision**

Post-Courier 10.5.2011

Mining Minister John Pundari yesterday said calls for an enquiry by Australian Greens Senator Bob Brown’s on deep sea mining in PNG were targeted towards environmental concerns and not questioning the sovereignty of PNG to permit offshore deep-sea explorations. “I note with interest the comments by the Australian Greens Leader Senator Bob Brown calling for an Australian Senate inquiry into the impact of deep sea mining in PNG. “I assume that the Honorable Senator’s concerns are targeted towards the environmental impacts of deep sea mining in general and not questioning the Government of PNG on its decision to grant an offshore mining lease,” Mr Pundari said. He said as a sovereign state, the Government has permitted offshore deep sea exploration for the past ten (10) years leading up to the granting of a mining permit early this year.

He said these were permitted activities governed by the independent state of Papua New Guinea’s mining, environment, business and other relevant laws. “I call upon Senator Brown to respect the decision of the PNG Government in permitting the Solwara-1 offshore mining project and to refrain from making public comments on a subject matter that is sensitive and which is being discussed by the various stakeholders including the national government, provincial governments and the respective communities. “I detest the fact that an Australian politician sees fit to immerse himself in matters that are far from his own jurisdiction with the intent of undermining the decision of a legitimate Government. “We would appreciate that this matter is raised in discussions at a Government to

Government level and not for someone like Senator Brown to be playing politics at a time when he is in PNG launching his sister political party leading up to the 2012 national elections," Mr Pundari said.

The minister said the grant of the Solwara-1 project was legally executed under the existing Mining Act 1992 with a review of the current legislation and policy is being embarked on and will be completed before the end of the year including specific consideration for the offshore seabed mining environment. "I, as Minister responsible for Mining, would be interested in discussing the prospects for any specialist assistance that the Australian Government will be willing to avail to my respective agencies to assist the Government in regulating this new frontier of offshore mining," Mr Pundari said. Senator Brown made the remarks during his recent visit to PNG to participate in a number of political activities related to the launching of the PNG Greens Party in preparations for the 2012 national elections.

## **PNG CORRUPTION RENDERS ECONOMIC BOOM WORTHLESS**

*Generated monies are misused, squandered*

MELBOURNE, Australia (Radio Australia, May 9, 2011) - The director of Papua New Guinea's Institute for National Affairs says ongoing corruption in parts of the country's public service means the nation as a whole is not benefiting from the current economic boom. Papua New Guinea's current economic growth is being generated by record prices for minerals and agricultural products. Paul Barker told Radio Australia's Pacific Beat that money earned from these sectors is often being misused and squandered. He said unfortunately nepotism meant those appointed to some administrative roles in PNG's public service were not always the most suitable. "You will have good people who are capable and experienced who are available and yet these people get appointed who sometimes the politician just wants to manage activities and manage public funds for his own use and unfortunately that is not often the priority of the public need," he said. Mr. Barker said more money should be spent on improving infrastructure, education and health services.

*Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **Axiom hires Coffey International for Solomon Islands nickel project**

Steelguru 9.5.2011

Axiom Mining has appointed Coffey International as a specialist mining and environmental consultant for the company's Isabel Nickel Deposit Project in the Solomon Islands. Coffey's significant experience throughout the Pacific Islands will also provide Axiom with exploration project management, environment and social planning, impact assessments, monitoring and services for best practice environmental management. Mr Ryan Mount CEO of Axiom said that "They have an exceptional track record in the Pacific Islands in providing social, environmental and mining services to major LNG and mining projects."

The Isabel laterite nickel deposits are located on Santa Isabel and San Jorge Islands, with these typical tropical nickel and cobalt laterite deposits were first explored and defined by the International Nickel Company Limited from 1957 until 1975. Axiom's detailed exploration will begin by identifying and evaluating the scope of the nickel deposit on Santa Isabel Island. The company was granted a license over Isabel last month, providing an exclusive right to explore for minerals over a specified area of land for a period not exceeding 3 years, with a right of renewal for a further 2 years. Axiom is well funded to explore Isabel after recently securing USD 4 million through an unsecured convertible note facility. The company also has interests in Vietnam and projects in Australia. (Sourced from [www.proactiveinvestors.com.au](http://www.proactiveinvestors.com.au))

## **US firm goes in search of rare earths**

The National, May 9, 2011

By BOSORINA ROBBY

THE mining industry is slowly moving away from traditional gold and copper mining with the onset of other mining companies looking into minerals such as nickel and cobalt (Ramu NiCo), molybdenum, rhenium (Yandera) and now rare earths by an American company called Geovic Mining Corporation. Rare earths are elements that are abundant in the earth's crust but because of their geochemical properties, they are typically dispersed and not often found in concentrated and economically exploitable forms, thus known as 'rare earth minerals'. Geovic Mining Corp is one of few mining companies in the world that specialises in the exploration and extraction of these "elusive" minerals. Speaking at the Mineral Resources Authority (MRA) twilight hour session last week, Geovic founder William Buckovic, said that exploration of these minerals were different from gold and copper. He said the minerals could be found anywhere but with highly specialised tools to help locate deposits.

However, it is the extraction of the minerals that is very expensive and difficult as the minerals can be found in places where it is economically impossible to extract. Rare earths are used to produce mobile phones, jet carriers and stealth technology besides satellites, radar and sonar technology, batteries, lasers, portable X-ray machines and equipment used by military agencies. Geovic Exploration geologist Erwin Schutfort said they came to PNG early this year in the hopes of exploring the geological terrain to see if PNG had deposits of rare earths. So far, they had applied for and received an exploration licence for two years in Morobe. Schutfort said the venture into non-traditional mining was a new thing for the country, as could be seen from other mines but was also to see if PNG could contribute to the global demand for these minerals. Currently, China is the world's biggest producer of rare earths. However, the supply is slowly decreasing and Geovic is stepping in to see if PNG has the potential. MRA managing director Kepas Wali said this was an exciting time for PNG and the mining industry because there were only a few rare earth countries in the world and this would diversify mining activities in the country. He said if the exploration turned up positive, it should pave the way for more people to come to PNG in search of these very valuable minerals.

## **Rebel wages war on Bougainville Government**

Post-Courier 9.5.2011

ONE of Bougainville's notorious Me'ekamui rebel hardliners has declared war on his own Autonomous Government leaders with a bitter feeling towards the empty promises made to them. Damien Koike had launched an operation code named "Operation Leader out" in their base in Lukauko village, south Bougainville. When asked why he was doing that, he said that was to counter the empty promises of the ABG, but could not further speak on the matter. Bougainville's top cop ACP Thomas Eluh confirmed the operation was launched but could not elaborate on the issue. And Police Station Command in Buin said the ABG should now take an immediate step to address the issue because it has now become political to address. The United Nations and the Churches are also aware of this operation but could not fully comment on the latter.

But Moongai homeguards said that villagers in Wisai received a threatening phone call from their VSAT from one of the criminal element members saying their now well equipped and ready to move and execute the operation in Konnou constituency and in South Bougainville. Wisai Liberation Movement (WILMO) commander Philip Pusua confirmed the report to the Post Courier last week.

But Me'ekamui Defence Force Commander Chris Uma when contacted told the Post Courier he was the original Me'ekamui and chief and the actions by Koike were not supported by him and his soldiers. Moses Pipiro's hardline executives in Panguna also said that Koike was doing this alone, not with their support and advised they will travel to Buin this week to try and sort the problem out. Late last week, the Post-Courier received a report from four other armed factions in Buin claiming they were ready to combat and counter the operation. They claimed they were fed up of the actions by Koike and his men.

Reports detailed the person who issued the threat was one of those who allegedly fired upon civilians over the Easter weekend instantly killing one of them. "Now the ABG leadership is under threat from these criminals, and the only way now is law and order needs to take its course, these people need to be arrested and face the full force of the law now before it's too late...these are mere criminals taking the Law into their own hands as if their kings of this land. "We find it hard to abide by the peace agreement because if we do and we will surely die at the hands of these criminals because we have taken up arms to protect ourselves and our people in the Konnou constituency."

### **Peace brokers in war zone**

Post-Courier 9.5.2011

By ANDREW ALPHONSE

POLICE and Peace and Good Order Committee members (P&GOC) have moved into the battlefields of North West Moran oilfields in Komo Margarima electorate of Southern Highlands Province to broker peace. Komo Margarima MP and Minister for Administrative Services and Minister Assisting the Prime Minister on Constitutional Matters, Francis Potape, last week made available K40,000 for the police and P&GOC members to meet their transportation, accommodation, food and other camping expenses. Five policemen from Margarima police station and about 30 P&GOC members from the electorate went to Moro last Friday and are camping at the Inu guesthouse on the shores of Lake Kutubu. Mr Potape said the fight had claimed the lives of many innocent people while severe destructions had been done to both public and private properties.

Mr Potape said the fight had also placed the NW Moran and Moran oil project sites under serious security concern. He therefore stressed the importance of the police and P&GOC team to ensure a lasting and peaceful end to the three-year conflict to foster a long term peace in the communities of Homa-Paua-Beneria and the security of the multi-billion kina PNG LNG project. Mr Potape also commended the newly appointed Hela provincial police commander Superintendent John Anawe for leading the police and P&GOC team into the trouble zone. Mr Potape has appealed to the leaders and elites of the warring clans, the Toma Peri and Toma Kondos, to cooperate with the police and P&GOC members for reconciliation among themselves. He also urged Port Moresby-based landowners from the two clans to go back home and help the police and P&GOC members from Margarima, Hulia and Beneria areas to broker peace and ceasefire between the clans.

Margarima police station commander Sergeant John Sali told the Post-Courier on Friday night from Inu that they had begun the process of bringing together the fight leaders from both sides. However, Sgt Sali said they were running into problems now with the shortage of food, accommodation, transportation and logistics. "We may abort the negotiations as we are running out of food rations, accommodation, transport, fuel, helicopter and other logistics. "Only PNG LNG project developer ExxonMobil donated us with a week's supply of food, accommodation and fuel apart from the MP's support and we are running short of supply this week," Sgt Sali said. He said they also requested for a chopper from OSL to uplift the fighting leaders from Beneria and the far-flung Homa-Paua areas but their response had also been futile. Sgt Sali said they were still waiting for more logistics and support from the developers before they gathered together about 52 fight leaders to start the peace negotiation process where Supt Anawe would be facilitating.



More than 21 people have been killed since the conflict flared up in May 2009 between the Toma Peli and Toma Kondo in relation to the prolonged tribal dispute over the customary land ownership of North West Moran oil fields. Last week, Beneria community leader James Harape blamed the State through the Department of Petroleum and Energy (DPE), NW Moran project developer OSL and ExxonMobil for their failure in identifying the genuine and legitimate landowners of NW Moran that resulted in the two clans' clash. Mr Harape said the fight started in May 2009 when DPE, OSL and ExxonMobil failed to carry out proper social mapping, landowner identification process and establish Incorporated Landowner Groups (ILGs) for proper and equal benefit sharing. Mr Harape said that the fight had destroyed about 800 homes in the area while an estimated 776 men, women and children from Beneria were displaced, homeless and taking refuge in the bush without any food and shelter, and were also prone to malaria carrying mosquitoes.

### **Papua New Guinea's copper/gold opportunities evoking geological superlatives**

By: Martin Creamer, Mining Weekly, 6th May 2011

Geologists regard Papua New Guinea (PNG) as a rousing copper/gold province. "It's a place where geologists have great fun," says Harmony Gold CEO Graham Briggs, who is eager to build Harmony's second PNG mine in joint venture with Australian major Newcrest. Harmony, a \$6.5-billion company, has a 50:50 management partnership with Newcrest, which is a \$30-billion company. Briggs makes no bones about the propensity of PNG's near-mine communities to protest about any errant environmental behaviour that may occur. For instance, the joint venture's Hidden Valley mine is being called to account for discharging sediment into a nearby river. "It was simply sediment, not tailings, and, yes, there's a bit of legal action, but the communities have been compensated," Briggs explains.

PNG has adopted tough World Bank environmental protection standards and miners need to establish nurseries to replace vegetation on steep hills in order to prevent erosion, which can lead to land slides. Malaria and waterborne diseases are prevalent in the remote Wafi-Golpu area, where Harmony intends building the new mine and where health services are having to be expanded to serve a community of 2 500 people, most of whom speak pidgin English. Since the joint venture has been active in the area, it has managed to get infant mortality down to zero. "Even at this early stage, we can confidently say that Wafi-Golpu is going to be a mine. There's no doubt about it," Briggs tells *Mining Weekly*.

PNG is seismically active, but Briggs points out that most of the seismicity takes place 30 km below ground. This results in little more than "a rumble and a shake" on surface, which engineers take into account when designing mine infrastructure. The PNG government has the right to buy up to 30% of mining projects, but is required to contribute in full if it opts to do so. There is no "free carry", says Briggs. Although the government did not follow its rights at Hidden Valley, which is expected to produce at a rate of 280 000 oz/y for the next 14 years, it could still decide to do so at Wafi-Golpu, where capital of \$3-billion to \$4-billion will be required to build the mine. Because of its high grades, Wafi-Golpu is not regarded as being a "capital-sensitive" project. Harmony CFO Hannes Meyer reports that Wafi-Golpu is well positioned for cash generation and he also foresees that \$500-million to \$1-billion will be raised by selling copper forward.

The Wafi part of Wafi-Golpu is a gold-only resource, and the Golpu part is a copper/ gold porphyry. Total joint venture expenditure on Wafi-Golpu to date has been \$300-million and the current year's budget is \$150-million. Continual exploration drilling since 2007 indicates the potential presence of 38-million gold equivalent ounces, with recent drilling unearthing a long 883 m of strike with grades of 5 g/t to 7g/t gold equivalent – higher than those at Oyu Tolgoi, in Mongolia,

and the renowned Grasberg, in Indonesia. “Wafi-Golpu’s grade beats everything around it,” says Briggs. The calculations have been done using a copper price of \$4 412/t and a gold price of \$950/oz. The total cost of mining is expected to be \$25/t, and revenue of \$100/t to \$300/t is expected, which makes Wafi-Golpu a high-margin prospect. When Harmony has to raise the Wafi-Golpu capital in 2014/15, its South African projects will no longer be requiring high levels of capital. In fact, Phakisa, Doornkop and Kusasalethu are likely to be generating cash. Harmony is thus eager to become increasingly involved in PNG, which is currently the world’s eleventh-largest gold-producing country. Where else in the world, Briggs asks, can an explorer go from zero to 70-million ounces of gold equivalent in ten years, as Harmony and Newcrest have done with their PNG Morobe joint venture?

By the end of 2011, Morobe expects to be at 100-million ounces of gold equivalent from its resource bases at Hidden Valley, Hamata, Golpu, Wafi, Nambonga, Golpu Extension and Wafi-Golpu. “And there’s more to be found,” says Briggs. The exploration joint venture has 20 geologists and Harmony has another nine geologists in the areas where it owns 100% of the assets. Briggs, himself a geologist, worked in PNG from 2003 up until he received the call to replace Bernard Swanepoel as Harmony CEO at the end of 2007. Geologists working on the eastern half of the island of New Guinea – the Indonesian provinces of Papua and West Papua are on the western portion – know that the region’s copper/gold porphyries are drill-intensive. A dominant geological feature is the mobile belt, where two continents have crashed together, resulting in the formation of the renowned Ok Tedi, Frieda River and Porgera deposits, as well Bougainville and Lihir on scattered offshore islands.

North of PNG is Japan, the scene of another recent devastating earthquake, and to the south is Australia. In between are tectonic plates that give rise to volcanic, tsunami and quake activity within the so-called Rim of Fire, extending down to South America, which is also an acclaimed copper/gold porphyry region. PNG’s oldest rocks are 14-million years old and many are only three-million to four-million years of age, which is far younger than the rocks of South Africa’s Witwatersrand, which are close to three-billion years old. A crashing together of continental plates has caused some zones to rise and others to fall, creating plumes of faulted and complex copper/gold porphyries, which tend to be clustered. The ‘blind’ below-surface ringlet deposits are elusive and can only be discovered by the drill bit. Golpu, for instance, a copper/gold deposit, is 150 m to 200 m below the surface, and Wafi, which is closer to surface, is a gold-only deposit. Golpu is already known to be a 500-million-ton copper resource, and the combined high-grade Wafi-Golpu has 38-million tons of gold equivalent.

### **New Mine By 2016**

Harmony expects the new Wafi-Golpu copper/gold mine to come into production in 2016. The project’s initial \$3-billion price tag was linked to mining taking place at a rate of 20-million tons a year, but current thinking is that actual output using the block-cave mining method may be 30-million tons a year, which would require more capital. Block-cave mining is considered low-cost mining and the final cost will be known when the prefeasibility study is concluded. The JSE- and NYSE-listed Harmony is committed to providing half of whatever capital is required.

The challenge is to build a mine as quickly as possible, probably while generating early cash flow from the high-grade Wafi areas and sinking a decline shaft into Golpu. The expectation is that mining will take place at a rate of 30-million tons a year in order to yield 700 000 oz/y of gold and 300 000 t/y of copper. “There’s no doubt that this is a corker when it comes to grade,” says Briggs. He sees Wafi-Golpu as having the potential to change Harmony significantly, with the company’s longer-term wholly owned tenements providing ongoing momentum. The wholly owned Southern Highlands portion, for example, is near the proven Porgera, where there are 20-million ounces, and

Ok Tedi and Frieda, which each have 14-million ounces. Every time Harmony drills “another corker of a hole”, its share price is likely to reach a new high, as it did after the March 30 Wafi-Golpu announcement.

### **Nautilus orders undersea slurry pump**

By: Liezel Hill, 6<sup>th</sup> May 2011



TORONTO (miningweekly.com) – TSX- and Aim-listed Nautilus Minerals has given the green light to an order for a key piece of equipment for its Solwara 1 seafloor mining project, the firm announced on Friday. The company has reinstated a contract with GE Oil & Gas for a subsea slurry lift pump that will pump high-grade slurry from the bottom of the riser to a production support vessel, floating about 1 600 m above. The contract was initially awarded in June 2008, but was suspended later that year because of the global financial crisis. Nautilus was awarded the world's first deep-sea mining lease by the government of Papua New Guinea earlier this year, and said last month it had signed an strategic partnership agreement with Germany's Harren & Partner, to provide the offshore mining vessel. "We are now taking a number of steps to move the Solwara 1 project forward pending final sanction of the project by the Nautilus board of directors," said CEO Steve Rogers. "By lifting the suspension, we are securing this critical component and ensuring that we meet our project timelines," he said. Nautilus plans to mine high-grade copper and gold ore on the seafloor off the shore of Papua New Guinea.

### **PNG a ‘star performer’ with 7.1% GDP growth**

The National, May 6, 2011

By BOSORINA ROBBY

PAPUA New Guinea has been identified in a United Nation-sponsored survey to be the star performer among the Pacific Islands’ economies with a 7.1% GDP growth last year, compared to 5.5% in 2009. The report titled “Asia-Pacific economies face fresh challenges to sustaining dynamic growth of 2010”, which was launched yesterday, was conducted by the UN Economic and Social Commission for Asia and the Pacific (ESCAP). It stated that PNG was one of three economies in the Asia-Pacific region to record improved GDP growth performance, with most of the other islands virtually stagnating. UN resident coordinator Dr Bertrand Desmoulins, who presented the report to the Bank of PNG’s acting governor Benny Popoitai, highlighted other results of the survey, including challenges the region would face this year.

With 8.8% growth last year, the economies of Asia-Pacific recovered strongly from the global financial crisis in 2008-09 but challenges facing them now include the return of the food and fuel price crises, sluggish recovery in the advanced economies and a deluge of short term capital flows leading to volatility in capital markets, asset bubbles and appreciating exchange rates. The report stated that PNG's strong economic growth was a result of good higher commodity prices from strong demands of oil, gold, copper, coffee, cocoa and palm oil, and also from the LNG project. It, however, warned of the high inflation rates that would occur. Desmoulins said while overall, there was deceleration in inflation in some major Pacific Islands' developing economies, PNG recorded the highest inflation rate in this region at 6% last year.

The report further revealed that PNG was expected to lead the growth of the Pacific Islands' economies of 2.4% with an 8% growth this year, boosted by rising commodity prices and growth in domestic demand coupled with acceleration in investment in the LNG and several mining projects. However, the resource boom needed to be well managed so that rapid economic expansion does not translate into continuously high inflation. Desmoulins stated that the government was encouraged to translate the funds from the resource boom into social benefits, especially for the most disadvantaged and vulnerable population groups. The report identified that the ever-present challenge for the Pacific Island developing economies, including PNG, was to diversify their economies, having been seen now as the growth driver and anchor of stability of the global economy.

### **Bougainville violence threat comes from minority says expert**

ABC, Radio Australia, May 6, 2011

Threats from hardline supporters of a separatist group on the Papua New Guinea Island of Bougainville against the re-opening of the mine there are not representative of what most people there think. That's according to Dr Tony Regan, from the State, Society and Governance in Melanesia program at the Australian National University in Canberra. A group calling itself the Mekamui Hardliners says negotiations about reopening the Panguna copper and gold mine are not taking place with their members, who they say are the real landowners, and not others who live in Port Moresby. They're threatened a return to violence if the mine reopens, saying all it takes is one bullet to stop it. Dr Regan says the Mekamui faction does represent some landowners, but it's a minority, and most Bougainvillians are in favour of getting the mine operational again.

*Presenter: Bruce Hill*

*Speaker: Dr Tony Regan, from the State, Society and Governance in Melanesia program at the Australian National University*

DR REGAN: I understand the group of Bougainvilleans living in Melbourne and in Solomon Islands, however they do go back to Bougainville where they're from and they are in touch with people in Bougainville who still are opposed to mining, some on cultural grounds, some on environmental grounds, but in general there's never been a huge level of opposition to mining in Bougainville. The conflict is not originally about total opposition to mining. It was much more about the unfairness of the distribution of revenue and benefits from the mine. Even Francis Ona has wrongly portrayed, the original leader of the BRA, he's wrongly portrayed by many in Australia as an environmental warrior. He wasn't. He was somebody who was using the environmental issues and the damage from the environment from the mine as a way of emphasising the point that the damage being done in Bougainville was significant and the revenue should be flowing much more to Bougainvilleans. And when he became a secessionist, he envisaged the mine being the main source of revenue to an independent Bougainville.

HILL: What's the sentiment on reopening the mine on the island at the moment, because I remem-

ber at the end of the Bougainville civil war, I spoke to Sam Kauona and Joseph Kabui, two of the Bougainville Revolutionary Army leaders and asked them if they ever thought the mine would reopen and they were both vehemently opposed to it and said no, it started this war, we don't want it happening ever again.

DR REGAN: Yes, and in due course, both of them have become supporters of the reopening of mining, because it was clear that without mining, it was going to be difficult to get the revenue needed to make Bougainville autonomy work or for independence to be realistic. So there's been a significant swing of opinion from people who were originally thought after the conflict, that the conflict had been caused by mining and therefore we should avoid mining, to a much more open opinion on it. However, there still is a significant minority of Bougainvilleans opposed to mining. But basically the threat is not particularly important, because it's been made very clear by the Bougainville government, by BCL, by the National Government that in the end, the opening of the mine is a matter for the Bougainville government to decide, ask for consultation with the people and if there's strong views against mining, it's very unlikely that anyone's going to want to invest the three or four billion US dollars that's going to be required to reopen the mine. And so threats really aren't necessary. It's clear that all views are going to be taken into account.

HILL: Well, the president of the autonomous government, John Momis, has said that they want mining to restart, they want foreign investment, but to get foreign investment, they're going to have to ensure that they're investment is safe, which is why they want to get all the guns off people and he's threatened if that doesn't work, RAMSI-style intervention forces might be needed. Is that something that's possible or likely?

DR REGAN: It would be very difficult to organise an international intervention in Bougainville again, but not impossible. The UN remains very interested in Bougainville, the region remains very interested. The problem that the president is talking about is very real. There's significant numbers of weapons in Bougainville and there's been many efforts made in the last five years, since the first significant weapons disposal, both are supervised by the UN ended, to get weapons out and they've not been very successful. So what the president is saying is that if the leaders of the group that are holding weapons cannot get together with communities, find a way of ensuring all groups feel secure enough and safe enough to give up their weapons, then serious alternatives are going to have to be looked at. So he's really just signalling to people think about this and of course disposal of weapons is not merely about mining. Of course, it's going to be necessary to have the disposal of weapons if mining is to go ahead, but there are many other significant reasons why Bougainvilleans want the weapons got rid off, including just the threat to security and peace of the ordinary people, the use of weapons in crime, in violence and so on and the president's very concerned about those issues as well from many statements that he's made.

### **BOUGAINVILLE MILITANTS ON KILLING RAMPAGE**

President Momis prepares to call on UN peacekeepers

WELLINGTON, New Zealand (RNZI, May 5, 2011) - Bougainville's assistant police commissioner says armed militants in the south of the autonomous province of Papua New Guinea are killing civilians. The president John Momis has said if negotiations don't quell violence and lawlessness in the area he's prepared to call in United Nations peacekeepers. The assistant commissioner Thomas Eluh says a group of about 30 men under the command of a former Bougainville Revolutionary Army combatant named Damien Koike are killing civilians. Mr. Eluh says Mr. Koike had agreed to speak with him but then reneged on the deal. "From the information we've been getting he just goes out and kills people you know at his own wish. Maybe people who dislike him or people who talk against or people who may be in some dispute against him or his group, they just go out and kill these innocent people." Thomas Eluh says police are also

considering calling on other ex-BRA combatants who may have been associated with Damien Koike to try and negotiate with him. Radio New Zealand International: <http://www.rnzi.com/>

### **Greens leader vows to probe undersea mining**

The National, May 4, 2011

By PATRICK TALU

THE Australian Greens leader, Bob Brown, said he will push for an Australian senate inquiry into the impact of the world's first undersea mining operated by Nautilus Minerals for its Solwara 1 project in the Bismarck Sea. Brown had just left Port Moresby after attending PNG Greens Party launch in Madang, where he met with Environment Minister Benny Allan and representatives of the PNG Greens party. Brown told Radio Australia upon his return home early this week that he was worried about the environmental impact of the Solwara 1 gold and copper project on PNG's north coast, the world's first deep sea mine. Brown said the project was using new robot technologies to mine the sea floor. "This is something that's going to, if it works there, and Singaporean vessels are currently involved in experimenting with that, extend to oceans elsewhere around the world and of course, the dumping from the process metals there is going to be left on the sea floor as well. "It's a very, very worrying direction for mining to be taking," he said.

The deep sea mining project is set to begin production in 2013 following the official contract signing between the company and the state's nominee, Petromin Holdings, in March to finalise details to start work. The project is said to set the benchmark as the world's first deep sea mining project with capital investment of about US\$387 million, which is almost K1 billion in the 20 years of its lifespan. Nautilus' exploration results have shown that there are high grade mineralised copper deposits 1,600m below sea level and extending to a maximum depth of 52m below the seafloor. The exploration and drilling results show that the site is expected to produce around 800,000 tonnes of copper and up to 200,000 ounces of gold a year. It is speculated that the project begins a new factor in the mining industry with the start of the first deep sea mining project. Petromin, who owns 30% of the project will be meeting the costs on its own strengths while Nautilus, as the operator will put up 70%.

### **GOLD MINING COMPANY TO START EXPLORATION IN FIJI**

*Australia's Newcrest Mining to begin in two weeks*

By Farzana Nisha

SUVA, Fiji (Fijilive, May 3, 2011) – Australia's largest gold producer and one of the world's top 10 gold mining companies, [Newcrest Mining Limited](http://www.newcrest.com/) is to begin exploration work at Mt Kasi in Fiji, in two weeks. This was confirmed to FijiLive by Land's Permanent Secretary, Filimoni Kau. Kau said the Fiji government has given a license to Newcrest to begin exploration. "They will begin work this week or next," he said. Kau added that if there are enough resources then Newcrest will continue and this means a huge investment for Fiji. Newcrest is currently exploring for gold and gold-copper deposits in Australia, Indonesia, the United States, Canada and Peru. The company has a world class exploration team that has an enviable track record of discovery as all Newcrest's mining projects were discovered by the company. *Fijilive*: <http://www.fijilive.com>

### **BARRICK GOLD CLAIMS PNG SUPPORT DESPITE PROTESTS**

Canadian company accused of human rights violations

WELLINGTON, New Zealand (RNZI, May 2, 2011) - The Canadian based mining giant, Barrick Gold Limited, maintains it has strong support from governments and local communities where it operates, including at Papua New Guinea's Porgera mine, despite protests during its annual general meeting last week. Protest groups had voiced their opposition outside of Barrick Gold's AGM in Toronto. They had raised concerns that the company has failed to deal with violence and human rights violations at its mining operations. In an emailed statement, Barrick Gold's spokesman, Andy Lloyd, says the protest was relatively muted, though the company respects the rights of any group to make a peaceful protest. He says, despite the criticism which followed a report by Human Rights Watch, Barrick has earned the trust of communities by operating to high social and environmental standards. Mr Lloyd says the company is also an engine of economic growth and a creator of employment in local communities. Radio New Zealand International: <http://www.rnzi.com/>

**PNG told to step up security**  
By PETER KORUGL

Post-Courier 2.5.2011

Japan has urged Papua New Guinea to improve its internal security to facilitate the smooth implementation of the first liquefied natural gas project in Southern Highlands. Japan's Foreign Minister Takeaki Matsumoto informed his PNG counterpart Don Polye that this must be done because Japanese companies are participating in the project as well as in the second LNG project operated by InterOil Corporation. A brief from the Japan Embassy in Port Moresby highlighted that Mr Matsumoto put the request to Mr Polye when the two ministers met last Tuesday in Tokyo before the signing of the investment agreement for the protection and promotion of Japanese investments in PNG. The request from Japan comes at a time when landowners at oil rich Gobe are planning to disrupt the oil flow over outstanding MoA funds. And this is not the first time PNG, the investors and the world has learnt of threats from the landowners in Southern Highlands.

In recent months, killings and attacks have been reported in Southern Highlands, raising security concerns about the developers and the contractors as well as the Government. The Government has stationed police units in the oil and gas rich region. It is in Japan's interest for the two LNG projects to get off the ground successfully as it looks for cleaner sources of energy after the recent tsunami and earthquakes created nuclear disasters in the country. In their meeting, Mr Matsumoto expressed his expectation that PNG would become a stable supplier of LNG for Japan. In response, Mr Polye said PNG would support the smooth implementation of the LNG project and commit the PNG Government to make every effort to ensure the safety of Japanese people, including Japanese travellers and investors. Mr Polye said PNG would like to deepen its bilateral ties with Japan in areas other than natural resources and energy. Both ministers emphasised the importance of human resource development, after Mr Polye expressed his appreciation for Japan's economic assistance to date, adding that PNG would like to bolster its co-operation in the area of human resource development. Mr Matsumoto expressed his gratitude for the assistance from PNG in the wake of the earthquake and tsunami. He said he was pleased to sign the investment agreement between Japan and PNG as it would promote further development of economic relations between the two countries. Mr Polye said the agreement was a culmination of their negotiation efforts, and it would contribute to broaden bilateral economic relations. Mr Matsumoto explained the measures taken to control the situation at the Fukushima Daiichi nuclear power station, adding Japan would continue to make efforts to bring the situation under control with maximum transparency. Both ministers exchanged views on co-operation in international flora, including the issues of climate change and United Security Council reform. The meeting ended with both ministers agreeing to strengthen their joint efforts to cope with various issues.

**PNG: Economic activities picking up**

Post-Courier 2.5.2011



By DAVID MURI

ECONOMIC activities in Papua New Guinea have dramatically picked up in 2010 compared to 2009, according to economic indicators available to the Central Bank, as of last Thursday. And the bank's employment index indicated that the level of employment in the formal private sector increased in the December quarter of 2010 from the previous quarter. As the world economy continued to recover from the recession, the bank said, global demand for raw materials increased, which led to higher international prices. Bank of Papua New Guinea Governor Loi Bakani said the government's improved fiscal position, increased spending and continued lending by commercial banks are indicative of this growth. He further stressed that increased business activities in the private sector, as reflected by higher business revenue compounded with increased employment level are also signs of positive growth. Mr Bakani highlighted in his quarterly economic bulletin of December 2010 report that the increase in activity was largely due to the construction phase of the Liquefied Natural Gas (LNG) project.

He said in the December quarter of 2010, the Trade Weighted Index (TWI) exchange rate depreciated slightly as a result of a strengthening Australian dollar. "The balance of payments recorded an overall surplus as a result of increased investment inflows and the Government recorded a budget surplus. With increased economic activity, inflation increased to 7.2 percent in 2010 compared to 5.7 percent in 2009," he stated. Mr Bakani promised that the bank is mindful of the underlying inflationary price pressures and will respond appropriately through its monetary policy where necessary, to maintain price stability. He said the monthly Kina Facility Rate (KFR) was maintained at 7.0 percent throughout 2010. Data from the bank's Business Liaison Survey (BLS) show that the total nominal value of sales in the private sector increased by 8.8 percent in the September quarter of 2010, after increasing by 2.3 percent in the June quarter. "Excluding the mineral sector, sales increased by 5.0 percent in the September quarter, compared to 16.1 percent in the previous quarter," he emphasized.

Mr Bakani said there were increases in all sectors, except the building and construction, and financial/business and other service sectors while sales picked up in all regions, except the Highlands region. He pointed out that over the twelve months to September 2010, total sales increased by 20.4 percent. "The bank's employment index shows that the level of employment in the formal private sector increased by 2.1 percent in the December quarter of 2010, following an increase of 0.4 percent in the previous quarter." "Excluding the mineral sector, the level of employment increased by 1.2 percent in the December quarter of 2010, after a decline of 0.8 percent in the previous quarter," Mr Bakani reported. He also revealed that employment increased in the mineral, financial/business and other services, manufacturing, building and construction, wholesale and retail sectors while the agriculture/forestry/fisheries and transportation sectors recorded decreases.

Governor Bakani said employment increased in the NCD, Southern, Morobe, Momase, and Islands regions, while it decreased in the Highlands region. "In 2010, the total level of employment increased by 1.9 percent, while excluding the mineral sector, employment increased by 1.2 percent." The Governor cautioned that in interpreting the growth figures for both the BLS and the employment surveys, it is important to note that many companies engaged in the construction phase of the LNG project are currently not in the sample of companies covered by the surveys. "These companies will be considered for inclusion in the sample when the re-sampling exercise is undertaken by the Bank." He did not state when the re-sampling exercise will commence.

## **Boards suspended over Casino shady dealings**

By MOHAMMAD BASHIR

Post-Courier 2.5.2011

THE board of directors of Petroleum Resources Gobe (PRG) and Petroleum Resource Moran (PRM) have reportedly been suspended by acting Prime Minister Sam Abal over their investment in the financially crippled 5 Star Casino Hotel project and various other shady investments. On top of that, the powerful chairman of the Nama'Aporo Association who is the automatic Chairman of the Petroleum Resources Kutubu (PRK) but has yet to assume the latter role due to a bungle up by the management of Mineral Resources Development Company (MRDC) has called on the Acting Prime Minister to suspend and investigate the MRDC board and management as well. The suspension of PRM and PRG boards were confirmed yesterday by two directors of PRM and one from PRK who did not want to elaborate further or comment until the gazettal notices of the decision was published.

MRDC is the unit trust manager of PRM, PRG, PRK and other landowner companies of Ok Tedi, Porgera and Lihir and the Prime minister is MRDC's sole shareholder by law. PRK Chairman Mark Sakai yesterday labeled MRDC as a liability and said, "MRDC has become a morale hazard now and its scary when you have the future of landowners managed by MRDC under trust deeds. If Gobe and Moran landowner monies are squandered as reported by the Post-Courier, then there is no guarantee that Kutubu monies are safe either." Mr Sakai said there have been similar investments done by MRDC for PRK like buying 50 per cent of Hevilift for a reportedly whopping K70 million when the book value of the company was about K30 million.

"I call on the Prime minister as the sole shareholder of MRDC and Chief Executive Officer of this country to intervene and suspend MRDC management and order a full investigation before landowners future are destroyed by a company entrusted by the State to safely and prudently manage landowner monies," Mr Sakai said. In response to MRDC press release last Friday, Mr Sakai described it as narrow and irresponsible. MRDC is passing the buck to PRG board and that clearly indicates that MRDC failed to do its own due proper diligence and checks on the back ground of the Korean investor whether it has the capacity to finance, build and operate the venture. Every investment proposals are designed to be attractive to the eyes on face value but it carries no guarantee. Meanwhile, the National Gaming control Board has not issued any Casino licence so far despite the government approving the one and only licence for the Boroko 5 Star project.

### **Solomons' gold set to reshape South Pacific nation**

As the timber and fishing industries decline in the Solomon Islands, the government is seeking miners to return to the country after strife drove them out a decade ago

By James Regan / Reuters, HONIARA

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Elijah David traipsed the 55km in plastic sandals from his home in Guadalcanal Province to the only gold mine in the Solomon Islands, hoping to find work that may transform his life and that of his South Pacific island nation, for better or perhaps worse. It had taken a decade to rebuild the mine after warring tribespeople from another province, bent on maintaining an agrarian society in the Solomon Islands, chased workers away with machetes and destroyed just about everything in sight. When it opened last month with a workforce of about 550, mostly local people, the mine's Australian owner predicted it would soon account for about one-third of the Solomons' GDP. Skeptics, however, point to cautionary tales following mining booms in the South Pacific.



Two workers talk next to trucks before the reopening of the Gold Ridge mine in the Solomon Islands on March 4. May 01, 2011; Photo: Reuters

Take the nearby Republic of Nauru, the South Pacific's poster child for a mining frenzy gone wrong. After decades of phosphate mining, Nauru had the world's highest GDP per capita, only to go broke once its reserves were mined out, leaving a legacy of widespread squalor and a mostly unemployable workforce. Nothing that drastic is likely to happen to the Solomon Islands, home to about 1,000 islands and 523,000 people. The Solomon Islands can still count on strong demand for palm oil and copra — the dried white flesh of the coconut used to make coconut oil — even as its exports of timber and fish wane. On his journey, David passed the reminders of that economy and a subsistence lifestyle that persists 33 years after independence from Britain. Women cook yellow fish and burnt-black potatoes smoldering in roadside umu pits; men weighed down with coconuts and pineapples trek to village markets. "Everybody here fishes or grows food. It's how we make our living," said David, who grows pineapples.

However, decades of logging and the steady depletion of fish stocks have led Solomon Islander Prime Minister Danny Philip to single out mining as the new growth engine. Philip couldn't have picked a better time. Gold prices have never been higher and industrial staples such as copper, zinc and nickel have also soared thanks to a seemingly insatiable appetite for raw materials to feed the mass urbanization in Asia. The Solomon Islander Ministry of Mines, Energy and Rural Electrification has warned "dormant mines and mineral investors" to demonstrate a willingness to invest in the sector or have their licenses revoked and handed out to others. "Now is the time to make hay in the mining sector," Mine Life analyst Gavin Wendt said. "China is buying all the metal it can and demand is strong elsewhere too." The Gold Ridge mine consists of four open pits in the jungle-draped hills southeast of the port capital of Honiara. The mine, which reopened last month, meant relocating and building new homes for people in 27 villages in the area, the mine's operator Allied Gold Ltd said.

"We see opportunities in the South Pacific which I believe has been under-explored over the years," Allied Gold executive chairman Mark Caruso said in an interview in the Solomons. Allied Gold, which has a market capitalization of about A\$700 million (US\$768 million), also has a mining operation in neighboring Papua New Guinea. It is listed on stock exchanges in Australia, Canada and Britain. Allied says it aims to produce 120,000 ounces (3,402kg) a year from the Gold Ridge mine — that would come to about US\$183.6 million at current gold prices — and expects the mine to run for at least 10 years. The company says it is also exploring for new deposits of gold as well as copper that could extend the life of the Gold Ridge mine. The government and landowners around the

mine stand to benefit from royalty payments that are still being negotiated with Allied. Caruso said the mine would still turn a profit even if gold prices dropped to half what they are today.

Gold Ridge was discovered in 1931 by an Australian botanist and was worked briefly in 1999-2000 before being left to rot after islanders from nearby Malaita Province overran the site. In 2006, riots aimed at running Chinese businesses out of Honiara caused renewed concerns about security among foreign investors. Only after tensions eased for a second time did Allied agree to purchase the mine, spending US\$150 million to bring it back into service. With gold fetching record prices and with an “intervention mission” of Australian, New Zealand and South Pacific military forces assuring security, the mine has been given a second life. How it will change life in the Solomons is another question. The Asia Development Bank forecasts that Gold Ridge, along with higher sales of copra and palm oil will help accelerate GDP growth in the Solomons to 7.2 percent this year, offsetting declines from logging. The prime minister says he is committed to attracting international mining companies to the country, though to date he has seen little more than passing interest. “Mining is a relatively new industry in Solomon Islands,” Philip told an Australia-Solomon Islands business forum, adding that he was considering granting five-year tax holidays to international mining companies as a lure.

Security concerns after the tribal conflict a decade ago largely sidelined investment, but concerns about governance were also a factor. Bob Pollard of Transparency International, which measures corruption worldwide and rates the Solomon Islands a dismal 110 out of 178, says he has no doubts corruption was impeding foreign investment in mining, but believes things are improving. “There are people in parliament now who understand the issues pertaining to corruption and have the integrity to make changes,” he said. “But it is going to be very difficult for them, because we’ve got a large number of people who still hold the power and who are fairly vulnerable.” Former Philippine president Gloria Macapagal Arroyo once said mining was the way to “unshackle the chains of poverty” in the developing world.

Not everyone is convinced.

Former Papua New Guinean prime minister Sir Julius Chan (陳仲民) this month warned of a “resource curse” linked to mining, which he said drives up the cost of doing business in the country to the point all other sectors of the economy suffer while only the resource sector prospers. However, for people entrenched in poverty gold still sends pulses racing. “Now that the mine is here, maybe more people will come from Australia and look for gold,” said Del Wenton, a subsistence farmer near Honiara. Wenton said her two brothers have little interest in farming or fishing and are envious of the small number of alluvial miners who live in shacks outside the perimeter of the mine and spend their days panning for errant gold dust. Then, however, she seemed to have second thoughts. “They tell me gold will make us rich, but I don’t know,” she said before entering the hustle-bustle of Honiara’s Central Market, joining the daily throng of islanders hawking vegetables, fish and other Melanesian staples displayed on long narrow tables. “This seems much easier.”

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